Problem 1 (10 Points)

Halpern Corporation is authorized to issue 1,000,000 shares of $3 par value common stock. During 2015, its first year of operation, the company has the following stock transactions.

Jan.	1	Paid the state $5,000 for incorporation fees.
Jan.	15	Issued 500,000 shares of stock at $6 per share.
Jan.	30	Attorneys for the company accepted 500 shares of common stock as payment for legal services rendered in helping the company incorporate. The legal services are estimated to have a value of $7,000.
July	2	Issued 100,000 shares of stock for land. The land had an asking price of $900,000. The stock is currently selling on a national exchange at $8 per share.
Sept.	5	Purchased 15,000 shares of common stock for the treasury at $8 per share.
Dec.	6	Sold 11,000 shares of the treasury stock at $11 per share.

Instructions

Indicate the accounts that are increased and/or decreased in the above transactions for Halpern Corporation.

chapter 8 Stockholder Rights → CORPORATE CAPITAL. 8.3 → Similar to 8-15 homework.

Problem 2 (12 Points)

The following items were shown on the balance sheet of Easton Corporation on December 31, 2015:

Stockholders' equity	
Paid-in capital	
Capital stock	
Common stock, $10 par value, 400,000 shares authorized; ______ shares issued and ______ outstanding .... -18,000	$1,850,000
Additional paid-in capital	
In excess of par	165,000
Total paid-in capital	2,015,000
Retained earnings	750,000
Total paid-in capital and retained earnings	2,765,000
Less: Treasury stock (18,000 shares)	270,000
Total stockholders' equity	$2,495,000

Instructions

Complete the following statements and show your computations.

(a) The number of shares of common stock issued was 400,000. ↗ given

(b) The number of shares of common stock outstanding was 38,2000. → 400,000 − 18,000 (stock authorized − treasury stock)

(c) The sales price of the common stock when issued was $48.429. → $\frac{1,850,000}{38,200}$

(d) The cost per share of the treasury stock was $15. $\frac{270,000}{18,000}$

(e) The average issue price of the common stock was $31.7145. ← $\frac{(48.429+15)}{2}$ =

(f) Assuming that 25% of the treasury stock is sold at $20 per share, the balance in the Treasury Stock account would be $292,500.

25% of 18000 = 4500

4,500 · 20$/share = 90,000

other 75% of treasury stock → 13,500 · 15$/share = 202,500

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Problem 7 (20 Points)

(a) Brown Company purchased equipment in 2008 for $150,000 and estimated a $10,000 salvage value at the end of the equipment's 10-year useful life. At December 31, 2014, there was $98,000 in the Accumulated Depreciation account for this equipment using the straight-line method of depreciation. On March 31, 2015, the equipment was sold for $40,000.

Indicate the accounts that are increased and/or decreased to remove the equipment from the books of Brown Company on March 31, 2015.

(b) Finney Company sold a machine for $15,000. The machine originally cost $35,000 in 2012 and $8,000 was spent on a major overhaul in 2015 (charged to the Equipment account). Accumulated Depreciation on the machine to the date of disposal was $28,000.

Indicate which accounts are increased and /or decreased to record the disposition of the machine.