

P11-29A (L.OBJ. 2, 6) Analyzing the stockholders' equity section of the balance sheet [15–20 min]

The balance sheet of Ballcraft, Inc., reported the following:

Preferred stock, \$6 par, 6%, 5,000 shares authorized and issued	\$ 30,000
Common stock, \$4.00 par value, 45,000 shares authorized; 10,000 shares issued	40,000
Additional paid-in capital—common	219,000
Total paid-in capital	289,000
Retained earnings	90,000
Total stockholders' equity	<u>\$ 379,000</u>

Preferred dividends are in arrears for two years, including the current year. On the balance sheet date, the market value of the Ballcraft common stock was \$31 per share.

Requirements

1. Is the preferred stock cumulative or noncumulative? How can you tell?
2. What is the total paid-in capital of the company?
3. What was the total market value of the common stock?
4. Compute the book value per share of the common stock.

P11-30A (L.OBJ. 3) Journalizing corporate transactions and preparing the stockholders' equity section of the balance sheet [20–25 min]

C-Mobile Wireless needed additional capital to expand, so the business incorporated. The charter from the state of Georgia authorizes C-Mobile to issue 60,000 shares of 10%, \$150-par preferred stock, and 140,000 shares of no-par common stock. C-Mobile completed the following transactions:

Dec 2	Issued 21,000 shares of common stock for equipment with a market value of \$140,000
6	Issued 500 shares of preferred stock to acquire a patent with a market value of \$75,000
9	Issued 10,000 shares of common stock for cash of \$60,000

Requirements

1. Record the transactions in the general journal.
2. Prepare the stockholders' equity section of the C-Mobile Wireless balance sheet at December 31. The ending balance of Retained Earnings is \$90,000.