Commerce Corporation’s post-closing trial balance at

December 31, 2010, was as follows.

**Commerce Corporation**

**Post-Closing Trial Balance**

**December 31, 2010**

**Dr. Cr.**

**Accounts payable $ 668,000**

**Accounts receivable $ 605,000**

**Accumulated depreciation—equipment 450,000**

**Additional paid-in capital—common**

**In excess of par value 1,900,000**

**From sale of treasury stock 35,000**

**Allowance for doubtful accounts 20,000**

**Equipment 6,800,000**

**Cash 260,000**

**Common stock ($1 par value) 500,000**

**Dividends payable**

**on common stock—cash 50,000**

**Inventories 750,000**

**Investments 2,500,000**

**Preferred stock ($100 par value) 6,500,000**

**Prepaid insurance 65,000**

**Retained earnings 982,000**

**Treasury stock**

**—common at cost 125,000**

**Totals $11,105,000 $11,105,000**

At December 31, 2010, Commerce had the following number of common and preferred shares.

Common Preferred

Authorized 2,500,000 1,000,000

Issued 500,000 65,000

Outstanding 490,000 65,000

The dividends on preferred stock are 6% cumulative. In addition, the preferred stock has a preference in liquidation of $102 per share.