19-2: EXCEL: Stock Dividends: The owners' equity accounts for Hexagon International are shown here:

Common stock ($1 par value) $20,000

Capital surplus 210,000

Retained earnings 735,300

Total owners' equity $965,300

a. If Hexagon stock currently sells for $48 per share and a 10 percent stock dividend is declared, how many new shares will be distributed? Show how the equity accounts would change.

b. If Hexagon declared a 25 percent stock dividend, how would the accounts change?

19-4: EXCEL: Stock Splits and Stock Dividends. Roll Corporation (RC) currently has 260,000 shares of stock outstanding that sell for $78 per share. Assuming no market imperfections or tax effects exist, what will the share price be after:

a. RC has a five-for-three stock split?

b. RC has a 15 percent stock dividend?

c. RC has a 42.5 percent stock dividend?

d. RC has a four-for-seven reverse stock split?

20-5: The St. Anger Corporation needs to raise $35 million to finance its expansion into new markets. The company will see new shares of equity via a general cash offering to raise the needed funds. If the offer price is $31 per share and the company's underwriters charge an 8 percent spread, how many shares need to be sold?

20-6: EXCEL: Calculating Flotation Costs: In the previous problem if the SEC filing fee and associated administrative expenses of the offering are $900,000, how many shares need to be sold?

21-7: EXCEL: Super Sonics Entertainment is considering buying a machine that costs $435,000. The machine will be depreciated over five years by the straight-line method and will be worthless at that time. The company can lease the machine with year-end payments of $107,500. The company can issue bonds at a 9 percent interest rate. If the corporate tax rate is 35 percent, should the company buy or lease?