**Common Stock Transaction and Stockholders’ Equity**

P1. On March 1, 2011 Dora Corporation began operations with a charter from the state that authorized 50,000 shares of $4 par value common stock. Over the next quarter, the firm engaged in the transactions that follow.

Mar. 1 issued 15,000 shares of common stock, $100,000.

Mar. 2 paid fees associated with obtaining the charter and starting up and organizing the corporation, $12,000.

Apr. 10 issued 6,500 shares of common stock, $65,000.

Apr. 15 purchased 2,500 shares of common stock, $25,000

May 31 the board of directors declared a $0.20 per share cash dividend to be paid on June 15 to shareholders of record on June 10.

**Required**

1. Record the above transactions in T accounts.
2. Prepare the stockholders’ equity section of Dora Corporations balance sheet on May 31, 2011. Net income earned during the first quarter was $15,000.
3. What effect, if any, will the cash dividend declaration on May 31 have on Dora Corporation’s net income, retained earnings, and cash flows?