**E15-2 (Recording the Issuance of Common and Preferred Stock)** Abernathy Corporation was organized on January 1, 2012. It is authorized to issue 10,000 shares of 8%, $50 par value preferred stock, and 500,000 shares of no-par common stock with a stated value of $2 per share. The following stock transactions were completed during the first year.

Jan. 10 Issued 80,000 shares of common stock for cash at $5 per share.

Mar.1 Issued 5,000 shares of preferred stock for cash at $108 per share.

Apr.1 Issued 24,000 shares of common stock for land. The asking price of the land was $90,000; the fair value of the land was $80,000.

May1 Issued 80,000 shares of common stock for cash at $7 per share.

Aug.1 Issued 10,000 shares of common stock to attorneys in payment of their bill of $50,000 for services rendered in helping the company organize.

Sept.1 Issued 10,000 shares of common stock for cash at $9 per share.

Nov.1 Issued 1,000 shares of preferred stock for cash at $112 per share.

**Instructions**

Prepare the journal entries to record the above transactions.

**E15-3 (Stock Issued for Land)** Twenty-five thousand shares reacquired by Pierce Corporation for $48 per share were exchanged for undeveloped land that has an appraised value of $1,700,000. At the time of the exchange, the common stock was trading at $60 per share on an organized exchange.

**Instructions**

**(a)** Prepare the journal entry to record the acquisition of land assuming that the purchase of the stock was originally recorded using the cost method.

**(b)** Briefly identify the possible alternatives (including those that are totally unacceptable) for quantifying the cost of the land and briefly support your choice.

**E15-5 (Lump-Sum Sales of Stock with Preferred Stock)** Hartman Inc. issues 500 shares of $10 par value common stock and 100 shares of $100 par value preferred stock for a lump sum of $100,000.

**Instructions**

**(a)** Prepare the journal entry for the issuance when the market price of the common shares is $168 each and market price of the preferred is $210 each. (Round to nearest dollar.)

**(b)** Prepare the journal entry for the issuance when only the market price of the common stock is known and it is $170 per share.

**E15-9 (Correcting Entries for Equity Transactions)** Davison Inc. recently hired a new accountant with extensive experience in accounting for partnerships. Because of the pressure of the new job, the accountant was unable to review what he had learned earlier about corporation accounting. During the first month, he made the following entries for the corporation’s capital stock.

May 2     Cash 192,000

       Common Stock 192,000

(Issued 12,000 shares of $10 par value common stock at $16 per share)

10     Cash 600,000

        Common Stock 600,000

(Issued 10,000 shares of $30 par value preferred stock at $60 per share)

15 Common Stock 14,000

       Cash 14,000

(Purchased 1,000 shares of common stock for the treasury at $14 per share)

31 Cash 8,500

       Common Stock 5,000

       Gain on Sale of Stock 3,500

(Sold 500 shares of treasury stock at $17 per share)

**Instructions**

On the basis of the explanation for each entry, prepare the entries that should have been made for the transactions.