rcise 12–16
d stock and dividend actions
ctives 6, 7

Selected transactions completed by Aft Boating Supply Corporation during the current fiscal year are as follows:

Jan. 7. Split the common stock 4 for 1 and reduced the par from \$100 to \$25 per share. After the split, there were 200,000 common shares outstanding.
Mar. 1. Declared semiannual dividends of \$2 on 8,000 shares of preferred stock and \$0.10 on the common stock to stockholders of record on March 31, payable on April 15.
Apr. 15. Paid the cash dividends.
Nov. 1. Declared semiannual dividends of \$2 on the preferred stock and \$0.25 on the common stock (before the stock dividend). In addition, a 1% common stock dividend was declared on the common stock outstanding. The fair market value of the common stock is estimated at \$30.
Dec. 15. Paid the cash dividends and issued the certificates for the common stock dividend.

Journalize the transactions.

ise 12–17
nd yield
ctive 8

Real World

The financial statements for **Cisco Systems, Inc.**, are presented in Appendix G at the end of this text.

a. What was the amount of the dividends declared and paid by Cisco Systems, Inc., in 2000 and 1999?
b. Given Cisco Systems' dividend policy, why would an investor be attracted to this company?

ise 12–18
nd yield
ctive 8

Real World

In 1999, **Hershey Foods Corporation** paid dividends of \$1.00 per share to its common stockholders (excluding its Class B Common Stock). The market price of Hershey's common stock on December 31, 1999, was \$47.44.

a. Determine Hershey's dividend yield on its common stock as of December 31, 1999.
b. What conclusions can you draw from an analysis of Hershey's dividend yield?

OBLEMS SERIES A

lem 12–1A
nds on preferred and on stock
ctive 3

SPREADSHEET

mmon dividends in 2001:

Magnifico Inc. owns and operates movie theaters throughout Georgia and Mississippi. Magnifico has declared the following annual dividends over a six-year period: 1999, \$32,000; 2000, \$65,000; 2001, \$84,000; 2002, \$60,000; 2003, \$72,000; and 2004, \$95,000. During the entire period, the outstanding stock of the company was composed of 25,000 shares of cumulative, nonparticipating, \$2 preferred stock, \$100 par, and 50,000 shares of common stock, \$7 par.

Instructions

1. Calculate the total dividends and the per-share dividends declared on each class of stock for each of the six years. There were no dividends in arrears on January 1, 1999. Summarize the data in tabular form, using the following column headings:

	Total	Preferred Dividends		Common Dividends	
Year	Dividends	Total	Per Share	Total	Per Share
1999	\$32,000				
2000	65,000				
2001	84,000				

(continued)

Year	Total Dividends	Preferred Dividends Total	Preferred Dividends Per Share	Common Dividends Total	Common Dividends Per Share
2002	$60,000				
2003	72,000				
2004	95,000				

2. Calculate the average annual dividend per share for each class of stock for th year period.
3. Assuming that the preferred stock was sold at par and common stock was so $8 at the beginning of the six-year period, calculate the percentage return on shareholders' investment, based on the average annual dividend per share (a) preferred stock and (b) for common stock.

Problem 12–2A
Stock transactions for corporate expansion

Objective 4

GENERAL LEDGER

On January 1 of the current year, the following accounts and their balances appe the ledger of Osaka Corp., a meat processor:

Preferred $4 Stock, $100 par (20,000 shares authorized, 7,500 shares issued)	$ 750,000
Paid-In Capital in Excess of Par—Preferred Stock	150,000
Common Stock, $50 par (100,000 shares authorized, 40,000 shares issued)	2,000,000
Paid-In Capital in Excess of Par—Common Stock	300,000
Retained Earnings	805,000

At the annual stockholders' meeting on February 20, the board of directors pres a plan for modernizing and expanding plant operations at a cost of approxim $1,200,000. The plan provided (a) that a building, valued at $375,000, and the la which it is located, valued at $75,000, be acquired in accordance with prelimina gotiations by the issuance of 8,000 shares of common stock, (b) that 5,000 shares unissued preferred stock be issued through an underwriter, and (c) that the corpo borrow $200,000. The plan was approved by the stockholders and accomplished b following transactions:

Mar. 7. Issued 8,000 shares of common stock in exchange for land and a buil according to the plan.
21. Issued 5,000 shares of preferred stock, receiving $125 per share in cash the underwriter.
29. Borrowed $200,000 from US East National Bank, giving a 7% mortgage n

No other transactions occurred during March.

Instructions
Journalize the entries to record the foregoing transactions.

Problem 12–3A
Selected stock transactions

Objectives 4, 5, 7

GENERAL LEDGER

The following selected accounts appear in the ledger of Cyma Environmental Corpo on July 1, 2003, the beginning of the current fiscal year:

Preferred 3% Stock, $75 par (10,000 shares authorized, 7,000 shares issued)	$525,000
Paid-In Capital in Excess of Par—Preferred Stock	60,000
Common Stock, $10 par (50,000 shares authorized, 30,000 shares issued)	300,000
Paid-In Capital in Excess of Par—Common Stock	100,000
Retained Earnings	937,000

During the year, the corporation completed a number of transactions affecti stockholders' equity. They are summarized as follows:

a. Issued 10,000 shares of common stock at $20, receiving cash.
b. Sold 1,000 shares of preferred 3% stock at $90.

c. Purchased 5,000 shares of treasury common for $105,000.
d. Sold 3,000 shares of treasury common for $75,000.
e. Sold 1,000 shares of treasury common for $20,000.
f. Declared cash dividends of $2.25 per share on preferred stock and $0.50 per share on common stock.
g. Paid the cash dividends.

Instructions

Journalize the entries to record the transactions. Identify each entry by letter.

Problem 12–4A

Entries for selected corporate transactions

Objectives 4, 5, 7

SPREADSHEET
GENERAL LEDGER

✓ 3. $3,001,100

Sasquatch Enterprises Inc. manufactures bathroom fixtures. The stockholders' equity accounts of Sasquatch Enterprises Inc., with balances on January 1 of the current fiscal year, are as follows:

Common Stock, $20 stated value (100,000 shares authorized, 80,000 shares issued)	$1,600,000
Paid-In Capital in Excess of Stated Value	300,000
Retained Earnings	625,000
Treasury Stock (4,000 shares, at cost)	120,000

The following selected transactions occurred during the year:

Jan. 10. Received land from the Wilsall City Council as a donation. The land had an estimated fair market value of $100,000.
30. Paid cash dividends of $1 per share on the common stock. The dividend had been properly recorded when declared on December 30 of the preceding fiscal year for $76,000.
Feb. 19. Issued 10,000 shares of common stock for $350,000.
Apr. 1. Sold all of the treasury stock for $140,000.
July 1. Declared a 5% stock dividend on common stock, to be capitalized at the market price of the stock, which is $42 a share.
Aug. 11. Issued the certificates for the dividend declared on July 1.
Oct. 20. Purchased 7,500 shares of treasury stock for $285,000.
Dec. 27. Declared a $0.90-per-share dividend on common stock.
31. Closed the credit balance of the income summary account, $369,400.
31. Closed the two dividends accounts to Retained Earnings.

Instructions

1. Enter the January 1 balances in T accounts for the stockholders' equity accounts listed. Also prepare T accounts for the following: Paid-In Capital from Sale of Treasury Stock; Donated Capital; Stock Dividends Distributable; Stock Dividends; Cash Dividends.
2. Journalize the entries to record the transactions, and post to the nine selected accounts.
3. Determine the total stockholders' equity on December 31.

Problem 12–5A

Entries for selected corporate transactions

Objectives 4, 5, 6, 7

SPREADSHEET
GENERAL LEDGER

Selected transactions completed by Silver Gate Boating Supply Corporation during the current fiscal year are as follows:

Jan. 6. Split the common stock 4 for 1 and reduced the par from $100 to $25 per share. After the split, there were 150,000 common shares outstanding.
Mar. 13. Purchased 7,500 shares of the corporation's own common stock at $35, recording the stock at cost.
May 1. Declared semiannual dividends of $2 on 18,000 shares of preferred stock and $0.60 on the common stock to stockholders of record on May 20, payable on June 1.
June 1. Paid the cash dividends.
Sept. 17. Sold 2,500 shares of treasury stock at $40, receiving cash.
Nov. 2. Declared semiannual dividends of $2 on the preferred stock and $0.60 on the common stock (before the stock dividend). In addition, a 2% common stock