

# 會計學課堂作業

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會計習題 11-5

Ex 11-5 Issuing stock

Willow Creek Nursery, with an authorization of 75,000 shares of preference share and 200,000 shares of ordinary share, completed several transactions involving its stock on October 1, the first day of the first day of operations. The trial balance at the close of the day follows

Cash	3,780,000	
Land	840,000	
Building	2,380,000	
Share Capital - Preference .1% \$80 per		2,800,000
Share Premium - Preference		420,000
Share Capital - Ordinary, \$30 per		3,600,000
Share Premium - Ordinary		180,000
	7,000,000	7,000,000

All shares within each class of stock were sold at the same price. The preference share was issued in exchange for the land and buildings. Journalize the two entries to record the transactions summarized in the trial balance.

Ans: Oct 1

Cash (120,000 shares x \$31.5)	\$3,780,000
Share Capital - Ordinary (120,000 share x \$30)	\$3,600,000
Share Premium - Ordinary	\$180,000

Nov 30

Cash (9500 shares x \$72)	684,000
Share Premium from sale of Treasury	28,500
Share (9500 shares x (75-72))	
Treasury share (9500 x \$75)	712,500

b \$55,500 (\$84,000 - \$28,500) credit

c Equity section

d. Biscayne Bay Water Inc. may have purchased the stock to support the market price of the stock, to provide shares for resale to employees, or for reissuance to employees as a bonus according to stock purchase agreements.