

In January 2021, the stock dividends was issued, and the company re-acquired some of its common shares from the market, by paying \$240,000, when the market price was \$ 6 per share.

Required: how many shares are outstanding at the end of January 2021?

(Write your answer as a number only (no commas or \$ signs).

Answer:



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◀ Quiz # 3- Chapter 13

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The Dayton Corporation began the current year with a retained earnings balance of \$25,000. During the year, the company corrected an error made in the prior year, which was a failure to record depreciation expense of \$3,000 on equipment. Also during the current year, the company earned net income of \$12,000 and declared cash dividends of \$5,000. Compute the year end retained earnings balance.

- a. \$29,000
- b. \$35,000
- c. \$39,000
- d. \$45,000



On 31/12/2020, the stockholders' equity of **BST Corporation** was as follows:

Paid in capital:

Preferred stock, \$ 100 par, authorized 20,000 shares, issued and Outstanding 4,000 shares	\$400,000
Common stock, \$ 5 par, authorized 2 million shares, issued and Outstanding ???????? shares	\$1,800,000
Common stock dividends distributable	\$90,000
Paid in capital in excess of par- common	\$200,000
Paid in capital in excess of par- preferred	<u>\$82,000</u>
Total paid in Capital	\$2,572,000
Retained Earnings	<u>\$540,000</u>
Total stockholders' Equity	\$3,112,000

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its common shares from the market, by paying \$240,000, when the market price was \$ 6

per share.

Required: how many shares are outstanding at the end of January 2021?

Question 1

Correct

Mark 1.00 out of 1.00

🚩 Flag question

The amount of a cash dividend liability is recorded on the date of record because it is on that date that the persons or entities who will receive the dividend are identified.

- a. TRUE
- b. FALSE



Question 2

Correct

Mark 1.00 out of 1.00

🚩 Flag question

The primary purpose of a stock split is to reduce the number of shares outstanding in order to encourage more investors to enter the market for the company's shares.

- a. TRUE
- b. FALSE



Each of the following decreases total stockholders' equity except a

- a. cash dividend.
- b. net loss.
- c. stock dividend. ✓
- d. All of these decrease total stockholders' equity.

Income statements for corporations are the same as the statements for proprietorships except for the reporting of

- a. gross profit.
- b. income from operations.
- c. income tax expense. ✓
- d. other revenues and gains.

Corporations generally issue stock dividends in order to

- a. increase the market price per share.
- b. exceed stockholders' dividend expectations.
- c. increase the marketability of the stock.
- d. decrease the amount of capital in the corporation.

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Common stock dividends distributable	\$90,000
Paid in capital in excess of par- common	\$200,000
Paid in capital in excess of par- preferred	<u>\$82,000</u>

What is the total stockholders' equity based on the following account balances?
Common Stock \$450,000, Paid-In Capital in Excess of Par \$90,000, Retained Earnings \$190,000, and Treasury Stock \$10,000:

- a. \$740,000
- b. \$730,000
- c. \$720,000
- d. \$640,000



Question 4

Correct

Mark 1.00 out of 1.00

Flag question

Burnell, Inc. has 5,000 shares of 4%, \$50 par value, cumulative preferred stock and 100,000 shares of \$1 par value common stock outstanding at December 31, 2016, and December 31, 2017. The board of directors declared and paid a \$9,000 dividend in 2016. In 2017, \$30,000 of dividends are declared and paid. What are the dividends received by the preferred and common shareholders in 2017?

- a. Preferred \$18,000 and common \$12,000
- b. Preferred \$15,000 and common \$15,000
- c. Preferred \$11,000 and common \$19,000
- d. Preferred \$10,000 and common \$20,000

Question 5

Correct

Mark 1.00 out of 1.00

Flag question

Outstanding stock of the Larson Corporation included 40,000 shares of \$5 par common stock and 10,000 shares of 5%, \$10 par non-cumulative preferred stock. In 2016, Larson declared and paid dividends of \$4,000. In 2017, Larson declared and paid dividends of \$12,000. How much of the 2017 dividend was distributed to preferred shareholders?

- a. \$6,000
- b. \$7,000
- c. \$5,000
- d. None of these answer choices are correct

Question 6

What is the total stockholders' equity based on the following account balances?