

**Q1: Record the accounting entries for the following cases:**

- A- Ordinary shares issued, par value\$ 5 per each on 100000 shares, the sale price \$15 collection cash.
- B- Ordinary shares issued, par value\$ 10 per each on 50000 shares, the sale price \$15 collection cash.
- C- Blue Diamond Corporation issued 300 shares of \$10 par value Ordinary shares for \$4,500.

**Q2: Record the accounting entries for the following cases**

- A- Ordinary shares issued 50000 shares; par value \$10 each, issuance price is \$ 15 each collected in subscription basis, first payment 60%, and second payment 40% .
  - B- Video Electronics Corporation is organized with 10,000 shares authorized without par value. If Video Electronics issues 500 shares for cash at \$10 per share.
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- A- Ordinary shares issued 50000 shares; par value \$10 each, issuance price is \$ 15 each collected in subscription basis, first payment 60%, and second payment 40% .
- B- Video Electronics Corporation is organized with 10,000 shares authorized without par value. If Video Electronics issues 500 shares for cash at \$10 per share

**Q3: Record the accounting entries for the following cases:**

- A- Preferred shares issued, par value \$100 per each on 20000 shares, issuance price\$ 110 collection cash.
- B- Ordinary shares issued 100000 shares; par value\$ 5 each, issuance price is \$ 15 each collected in subscription basis, first payment 60%, and second payment 40%.

**Q3: Record the accounting entries for the following cases:**

- A- Preferred shares issued, par value \$100 per each on 20000 shares, issuance price\$ 110 collection cash.
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- A- Preferred shares issued, par value \$100 per each on 20000 shares, issuance price\$ 110 collection cash.
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### **Retained earnings:**

**Q:4:** KKR Corporation has retained earnings 5,130,000 on Jan 1 ,2011. During the year KKR net income 2,000,000, it decided and paid 250000 cash and 150,000 shares dividends, KKR recorded and adjustment 180000 understatement (from mathematical error) of 2010 depreciation expense.

**Prepare retained earnings statement for 2011.**

**Q:5:** Kurdistan Corporation has retained earnings 6,200,000 on Jan 1 ,2010. During the year Kurdistan net income 2,500,000, it decided and paid 300000 cash and 120000 shares dividends, Kurdistan recorded and adjustment 150000 overstatement (from mathematical error) of 2009 inventory error.

**Prepare retained earnings statement for 2010.**

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### **Retained earnings:**

**Q:6:** HAMA Corporation has retained earnings 1,050,000 on Jan 1 ,2013. During the year HAMA net income 300,000, it decided and paid 100000 cash and 80,000 shares dividends, HAMA recorded and adjustment 50000 understatement (from mathematical error) of 2012 depreciation expenses.

**Prepare retained earnings statement for 2013.**

**Q:7:** AAS Corporation has retained earnings 4,600,000 on Jan 1 ,2015. During the year AAS net income 2,200,000, it decided and paid 330000 cash and 120000 shares dividends, AAS recorded and adjustment 150000 overstatement (from mathematical error) of 2014 inventory error.

**Prepare retained earnings statement for 2015.**



**dividends Preferred**

**Q (8)** In 2012, MAS Company is to distribute \$50,000 as cash dividends, its outstanding ordinary share have a par value of \$400,000, and its 6 percent preference share have a par value of \$100,000. If the preference share are non-cumulative.

**Q (9)** In 2012, MAS Company is to distribute \$50,000 as cash dividends, its outstanding ordinary share has a par value of \$400,000, and its 6 percent preference share has a par value of \$100,000. If the preference share is cumulative and MAS Company did not pay dividends on the preference share in the preceding two years.

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**Q10: The following are the information from MCC. Company:**

- 1 -Preferred shares \$100 par value of 40,000 shares issued and outstanding
- 2 -Ordinary shares no par. stated value10 per shares, 500,000 shares.
- 3 -Ordinary shares dividends distribution 30,000 shares.
- 4 -Shares premium - Preferred 250,000.
- 5 -Shares premium - Ordinary 940,000.
- 6 -Retained earnings 5,360,000.
- 7-Cost of treasury shares 290,000.

- 1- **Prepare shareholders equity presentation.**
- 2- **Compute book value per share (ordinary).**

**Q11:** On January 1<sup>st</sup>, 2011 **RRW**. Corporation purchased 1000 treasury shares, other information regarding **RRW** Corporation is provided below.

<b>explanation</b>	<b>2011</b>	<b>2012</b>
Net income	230000	260000
Dividends in preference shares	50000	50000
ordinary shares equity beginning of year	740000	730000
ordinary shares equity end year	700000	870000
Cash dividends	110000	120000

- 1- **Calculate rate of return on ordinary shares equity for two years.**
- 2- **Compute pay-out ratio for two years.**

**Q (12):** Salvador Inc. purchases 3000 shares of it \$50 par value ordinary share for \$180,000 cash on July 1. It will hold the shares in the treasury until resold. on November 1 the corporation sell 1000 treasury shares for cash at \$70 per share

**Recording the accounting entries.**

**Q (13):** on January 1 2011 BSS. Corporation purchased 2000000 treasury shares, other information regarding BSS. Corporation is provided below (all amount is thousand).

explanation	2010	2011
Net income	110000	110000
Dividends in preferred shares	10000	10000
Common Shares equity beginning of year	500000	400000
Common shares equity end year	500000	400000

**Calculate rate of return on Ordinary shares equity for two year.**

**Q (14):** The MCC. Corporation is authorized to issue 1000000 shares \$5 par value ordinary shares in its first year. The company has the following share transaction.

Jan. 10: issued 400000 (ordinary share at \$8 per share.)

Sept 1: purchased 10000 Ordinary shares for the treasury at \$9 per share.

Dec. 1: sold 4000 treasury shares at \$ 10 per share.

**Recording accounting entries.**

**Q (15):** The following are the information from MCC. Company:

1 -Preferred Shares \$100 par value of 30,000 shares issued and outstanding

2 -ordinary Shares no par. stated value10 per shares, 400,000 shares.

3 -ordinary Shares dividends distribution 20,000 shares.

4 -Share premium- preferred 150,000.

5 -Share premium - ordinary 840,000.

6 -Retained earnings 4,360,000.

7-cost of treasury shares 190,000.

**Prepare stockholders equity presentation.**

**Q (16): The following equity accounts are in the ledger of Rizzo corporation at December 31 2011.**

ordinary Shares \$5 stated value	2,500,000
Share premium – treasury	10,000
Share premium – ordinary	1,600,000
Share premium – preference	679,000
Preference Shares (8%. \$50 par. Non- cumulative)	800,000
Retained earnings	1,448,000
Treasury ordinary - ordinary	130,000

- 1- Prepare an equity section at December 31. 2011.**
- 2- Compute book value per share (ordinary).**

**Q (17): The equity section of grabber Inc. includes as follows:**

Preference shares (6000 shares of 120).

Dividends arrears (6000 share .9%).

Total equity 4,810,000.

Number of common shares outstanding 390000

**Compute the book value per share (ordinary).**

**Q(18):** on January 1 2010 TTR. Corporation purchased 1000 treasury shares, other information regarding TTR. Corporation is provided below (all amount is thousand).

<b>explanation</b>	<b>2010</b>	<b>2011</b>
Net income	200000	210000
Dividends in preferred shares	30000	30000
Ordinary shares equity beginning of year	600000	750000
Ordinary shares equity end year	750000	830000
Cash dividends	150000	140000

**1- Calculate rate of return on Ordinary shares equity for two year.**

**2- Calculate payout ratio for two year.**

### **Corporation capital Increase**

**Q (19):** Corporation Company (AAS) has decided to increase its capital by issuing 10,000 for public subscription at a par value of 4 per share. Issuances price is 10 collections.

**Q (20):** Corporation Company (QA) has decided to increase its capital by issuing 50,000 for public subscription at a par value of 10 per share. Issuances price is 12 collections paid the first payment 40% and the second payment 60%, and premiums paid in full for cash.

**Q (21):** GGD Corporation decided to increase its capital of \$ 3,000,000 and the distribution of 300,000 shares with a par value of 10 per share to the shareholders through the conversion of surplus reserves.

**Q (22):** WWQ Corporation decided to increase its capital according to the following:

- 1- The surplus reserves 20000.
- 2- The bondholders 100000.
- 3 - Issuances 70,000 subscription paid in lump sum 10 par value each per shares.

**Q (23):** QQW Corporation decided to decrease the capital through the purchase of 5,000 shares, that the par value of \$50 per share

. **Required:** Recording accounting entries under each of the following cases:

- 1 - Purchase of shares at par value of the share.
- 2 - Purchase of shares at \$ 60 per share.
- 3 - Purchase of shares at \$ 40 per share

**Q24:** The statement of shareholder's equity of **Wareen Co.** for the year ended at 31/12/2012 was:

Ordinary shares, at a \$10 par value	400,000	
<u>Share Premium- ordinary</u>	<u>160,000</u>	
Paid in capital		560,000
Beginning Retained Earnings	150,000	
+ Net Profit for 2012	90,000	
- Dividends	<u>(40,000)</u>	
Ending Retained Earnings		<u>200,000</u>
Total Shareholder's Equity		760,000

The Co. **increases** its capital in 2013 by issuing 10,000 ordinary shares, with a \$10 par value share, at \$15 per share. and purchase of treasury shares 400 of \$15 per share.

Required:

1. Record necessary journal entry. And post to ledger.
2. Prepare the statement of shareholder's equity for the year ended at 31/12/2013.
3. Compute book value per ordinary share.

**Q25:** The statement of shareholder's equity of **RRA. Co.** for the year ended at 31/12/2013 was:

Preferred shares at \$30 par value	250,000	
Ordinary shares, at a \$10 par value	420,000	
<u>Share Premium-Ordinary</u>	<u>160,000</u>	
Paid in capital		830,000
Beginning Retained Earnings	120,000	
+ Net Profit for 2013	70,000	
- Dividends	<u>(40,000)</u>	
Ending Retained Earnings		<u>150,000</u>
Total Shareholder's Equity		980,000

The Co. **Decrease** its capital in the following ways:

- 1- Reducing the par value of ordinary shares equal to the 60,000 of convertible loss.
- 2- Purchase of treasury shares ordinary 500 shares of \$12 per share.

**Required:**

1. Record necessary journal entry. And post to ledger
2. Prepare the statement of shareholder's equity for the year ended at 31/12/2014.
3. Compute book value per ordinary share.

**Q26:** This information from statement of shareholder's equity of **AAQ. Co.** for the year ended at 31/12/2012 was:

1- Net profit for 2012	80,000
2- Cash Dividends	45,000
3- Preferred shares, at a 30 par value	120,000
4- Ordinary shares, at a 10 par value	265,000
5- Share's premium- ordinary	160,000
6- Beginning Retained earnings	125,000

The Co. **Decrease** its capital in the following ways:

- Reducing the corporation capital by Purchase 1000 ordinary shares of 12 per share.
- Purchase of treasury shares ordinary 1000 shares of 12 per share.

**Required:**

1. Record necessary journal entry. And post to ledger
2. Prepare the statement of shareholder's equity for the year ended 31/12/2013.
3. Compute book value per ordinary share.

**Q:27:**

**1- Assume that on December 1 , 2012 the director of DLEER Co. declare cash dividend \$50000.**

**2- Assume the payment date is jan 22, 2013.**

**Record the accounting entries**

**Q:28:**

**Midland corporation has a balance 300000 in retained earnings, it declared %10 share dividends on its 50000 shares of 10 par value ordinary share. The current value of its share 15 per share, the number of shares to be issued 5000 (50000 x %10) therefore the total amount to be debited to share dividends (decrease retained earnings 75000 (5000 x15)).**

**1- Record the accounting entries.**

**2- Determine the effect of share dividends.**

**Q 29 :** Vargas Corporation is authorized to issue 20,000 shares of 50 par value, 10% preferred Shares and 125,000 shares of 3 par value Ordinary shares. On January 1, 2010, the ledger **contained the following shareholders' equity balances.**

Preferred Shares (10,000 shares)	500,000
Share premium -Preferred	75,000
Ordinary shares (70,000 shares)	210,000
Shares premium -Ordinary	700,000
Retained Earnings	300,000
Cost of treasury shares – Ordinary	210,000

**During 2010, the following transactions occurred.**

Feb. 1 Issued 2,000 shares of preferred shares for. cash at 62 per share

Mar. 1 Issued 1,000 shares of preferred shares for cash at 65 per share.

July 1 Issued 16,000 shares of ordinary shares for cash at 7 per share.

Sept. 1 Issued 400 shares of preferred shares for 70 per share.

Dec. 1 Issued 8,000 shares of ordinary shares for cash at 7.50 per share.

Dec. 31 Net income for the year was 260,000. No dividends were declared.

**Instructions:**

(a) Journalize the transactions and the closing entry for net income.

(b) post the journal entries to the shareholders equity accounts.

(c) Prepare a shareholders' equity section at December 31, 2010. And compute book value per ordinary share.

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