

This question consists of 10 items. Select the **best** answer for each item. Use a No. 2 pencil to blacken the appropriate ovals on the *Objective Answer Sheet* to indicate your answers. **Answer all items.** Your grade will be based on the total number of correct answers.

Min Co. is a publicly-held company whose shares are traded in the over-the-counter market. The stockholders' equity accounts at December 31, 1993, had the following balances:

Preferred stock, \$100 par value, 6% cumulative; 5,000 shares authorized; 2,000 issued and outstanding	\$ 200,000
Common stock, \$1 par value, 150,000 shares authorized; 100,000 issued and outstanding	100,000
Additional paid-in capital	800,000
Retained earnings	<u>1,586,000</u>
Total stockholders' equity	<u>\$2,686,000</u>

Transactions during 1994 and other information relating to the stockholders' equity accounts were as follows:

- February 1, 1994 – Issued 13,000 shares of common stock to Ram Co. in exchange for land. On the date issued, the stock had a market price of \$11 per share. The land had a carrying value on Ram's books of \$135,000, and an assessed value for property taxes of \$90,000.
- March 1, 1994 – Purchased 5,000 shares of its own common stock to be held as treasury stock for \$14 per share. Min uses the cost method to account for treasury stock. Transactions in treasury stock are legal in Min's state of incorporation.
- May 10, 1994 – Declared a property dividend of marketable securities held by Min to common shareholders. The securities had a carrying value of \$600,000; fair value on relevant dates were:

Date of declaration (May 10, 1994)	\$720,000
Date of record (May 25, 1994)	758,000
Date of distribution (June 1, 1994)	736,000
- October 1, 1994 – Reissued 2,000 shares of treasury stock for \$16 per share.
- November 4, 1994 – Declared a cash dividend of \$1.50 per share to all common shareholders of record November 15, 1994. The dividend was paid on November 25, 1994.
- December 20, 1994 – Declared the required annual cash dividend on preferred stock for 1994. The dividend was paid on January 5, 1995.
- January 16, 1995 – Before closing the accounting records for 1994, Min became aware that no amortization had been recorded for 1993 for a patent purchased on July 1, 1993. The patent was properly capitalized at \$320,000 and had an estimated useful life of eight years when purchased. Min's income tax rate is 30%. The appropriate correcting entry was recorded on the same day.
- Adjusted net income for 1994 was \$838,000.

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Required:

Items 1-8 represent amounts to be reported in Min's financial statements. **Items 9 and 10** represent other financial information. For all items, calculate the amounts requested. To record your answer, blacken the ovals on the *Objective Answer Sheet*. If zeros precede your numerical answer, blacken the zeros in the ovals preceding your answer. **You cannot receive credit for your answers if you fail to blacken an oval in each column.** You may write the numbers in the boxes provided to facilitate blackening the ovals; however, the numbers written in the boxes will **not** be graded.

Items 1 through 4 represent amounts to be reported on Min's 1994 statement of retained earnings.

1. Prior period adjustment.
2. Preferred dividends.
3. Common dividends – cash.
4. Common dividends – property.

Items 5 through 8 represent amounts to be reported on Min's statement of stockholders' equity at December 31, 1994.

5. Number of common shares issued at December 31, 1994.
6. Amount of common stock issued.
7. Additional paid-in capital, including treasury stock transactions.
8. Treasury stock.

Items 9 and 10 represent other financial information for 1993 and 1994.

9. Book value per share at December 31, 1993, before prior period adjustment.
10. Numerator used in calculation of 1994 earnings per share for the year.