NOTE: Use any piece of paper. You only need to write the question number followed by your answer. Homework is due at the BEGINNING of the next class session.

WeLuvAccounting, Inc., is authorized to issue up to 1,000,000 shares of it’s $1 par common stock. This is their first day of operation and they have no equity balances before the following takes place:

January 1, 2004:
Issue 750,000 shares of common stock for $10 per share. From the proceeds, they pay Moron Studley $200,000 in connection with raising this capital.

February 1, 2004:
The Company repurchases 100,000 shares for $9 per share. The stock is not “retired”, but “held in treasury”

April 1, 2004:
The Company sells 50,000 shares of the “Treasury Stock” for $11 per share.

November 1, 2004:
The Company declares a $1 per share dividend for every share of stock outstanding (excludes treasury stock) as of October 31, 2004. The payment date is January 5, 2005.

December 31, 2004:
The Company closes their books with $2,000,000 of net income for the year.

INSTRUCTIONS:
(A) Present the journal entry for each date above. Because there are numerous ways to reflect “closing out retained earnings” no entry need be shown for December 31, 2004.

(B) Present the stockholder’s equity section of the balance sheet as of December 31, 2004. Be sure to include all necessary descriptions.

(C) Assume that an additional activity occurred on December 31, 2004- the Company sold the remaining 50,000 shares of treasury stock for $6 per share. What entry would the Company record?