

B-14.08

Pasquali Corporation was incorporated on January 1, 20X4. The following equity-related transactions occurred during 20X4. Evaluate these activities and prepare a statement of stockholders' equity for the year ending December 31, 20X4.

Issued 4,000,000 shares of \$1 par value common stock at \$3 per share.

Declared and issued a 5% stock dividend (200,000 shares) at a time when the market value the stock was \$6 per share.

Reacquired 15,000 treasury shares at \$5 per share.

Declared and paid cash dividends of \$100,000.

Reported net income for the full year of \$1,500,000.