

10-1A – Equity transactions, Statement of Changes in Shareholders' Equity

The December 31, 2016 shareholders' equity section of Bossman Inc.'s balance sheet is shown below:

Preferred shares, \$10 non-cumulative, 500 issued	\$50,000
Common shares, 20,000 issued	200,000
Retained earnings	750,000
Total shareholders' equity	<u>\$1,000,000</u>

The following equity transactions occurred during 2017:

- Jan 31 Issued 5,000 common shares for \$12 each.
- May 14 Issued 100 preferred shares in exchange for equipment with a fair value of \$90,000.
- July 1 Declared the regular cash dividend on preferred shares.
- July 15 Paid the regular cash dividend on preferred shares.
- August 7 Declared and issued a 20% stock dividend on common shares at a time when the market price was \$13 per share.

Required:

- a.) Journalize the transactions above.
- b.) Assuming net income for the year was \$125,000, prepare the statement of changes of shareholders' equity for the year ended December 31, 2017.