MGAB02 Final Exam - Review Questions & Answers

Question 1

Barton Corporation was created on January 1, 2022. Barton is authorized by its articles of incorporation to issue 100,000 shares of $10 cumulated preferred shares and an unlimited number of common shares. The following transactions relating to shareholders' equity occurred during the first two years of the company's operations.

Jan. 2/2022	Issued 200,000 common shares at $12 per share
Jan. 2	Issued 100,000 common shares in exchange for a building valued at $820,000 and merchandise inventory valued at $380,000.
Jan. 3	Paid a cash reimbursement to the company's founders for $100,000 of organization costs; these costs are to be amortized over ten years.
Jan. 3	Issued 12,000 preferred shares for cash at $110 per share.
Dec. 31	The Income Summary account for 2022 had a $125,000 credit balance and was to be closed.