Morris Corporation starts business on March 1, 2011. They have authorization to issue 1,000,000 shares of $1 par value Common Stock.

Required: Record journal entries for the following transactions.

1. On March 1, 2011, Morris issues 200,000 shares of Common Stock for $12 each.

2. On April 17, 2011, Morris issues 10,000 shares of its Common Stock to the inventor of a patent in exchange for the patent. The fair market value of the patent is $100,000.

3. On May 6, 2011, Morris declares a 10% stock dividend to all holders of its Common Stock. The market price for the stock is $15 today.


5. On June 21, 2011, Morris repurchases 3,000 shares of its own Common Stock by paying $11 per share.
ANSWERS TO CLASS 22 REVIEW QUIZ:

1. DR. Cash 2,400,000
   CR. Common Stock 200,000
   CR. Paid-in-Capital, Excess over Par Value 2,200,000

2. DR. Patent 100,000
   CR. Common Stock 10,000
   CR. Paid-in-Capital, Excess over Par Value 90,000

3. DR. Stock Dividends -- Common 315,000 *
   CR. Stock Dividends to be Issued 21,000
   CR. Paid-in-Capital, Excess over Par Value 294,000

   * = 210,000 shares X .10 = 21,000 shares; 21,000 shares X $15 = $315,000

4. DR. Stock Dividend to be Issued 21,000
   CR. Common Stock 21,000

5. DR. Treasury Stock -- Common 33,000
   CR. Cash 33,000