**Weekly Schedule**

1) Read Ch 10*: Stockholder’s Equity*

2) DB **Due:**

3) Assign #10 **Due:**

4) DB **Due:**

5) Assign #11 **Due:**

**Lecture:**

Page 200-214 (LO1-LO4)

This chapter is focus is Corporations: legal characteristics, reporting issues, ownership, etc. I feel the book does an excellent job providing terminology and framework but I wanted to explain a few concepts. I have not included everything here so make sure you read the chapter and ask questions:

Number of shares:

Authorized: The number of shares a corporation can issue by the state charter

Issued: The number of shares a corporation has printed and sold to the stockholder

Outstanding: The number of shares in the hands of the shareholder

( # Issued – # Treasury Stock )

Par Value vs Stated Value vs Neither

Shares of stock will have one of the above properties – only one.

Par Value: Legal value that is assigned on a per share basis to the stock within the state charter.

Stated Value: Legal value that is assigned on a per share basis by the Board of Directors.

Neither: The sales price is considered the legal capital.

The theory is the same to record Par or Stated but the account names change.

Market value: The prices the stock sells for.

Ownership Payout:

Preferred Stockholders get there first.

Read the section on Dividends in Arrears and ask questions!

Cash Dividends

Stock Dividends

Stock Splits

Stockholder Equity Section of Balance Sheet:

Stockholders’ Equity

Paid-in Capital: *This is the amount paid into company by shareholders / owners*

Capital Stock: *This is the legal value.*

Additional Paid in Capital: *This is the amount over received over legal value.*

Retained Earnings

Less: Treasury Stock

Treasury Stock:

Cost method – record it at what you paid for it.

Reasons to buy your own stock:

1. Influence the sales price

2. Reduce the amount of shares to protect company from takeover

3. Issue stock option

If sell for more than you paid (cost) CR Paid in Capital from Treasury Stock

If sell for less than you paid (cost) DR depends on remaining balance in Paid in Capital from Treasury Stock account.

**Homework and Discussion Forum**

1) Discussion Board: **DB 7 Wed**

You must have a MINIMUM of three posts. I expect a mix of original and response post.

*Topic:* Please discuss one or both of the topics below.

Go to the Public Company Accounting Oversight Board’s comments on the value of professional skepticism - <http://pcaobus.org/Standards/Auditing/Pages/AU230.aspx#ps-pcaob_1c410f9b-5033-4f18-b865-af1307863bee>. Read the comments and discuss how you can or would practice this required skepticism?

Discuss all the places they you might go to find financial and management information about a particular company.

2) **Assign #10**: CengageNow

3) Discussion Board: **DB 7 Sat**

You must have a MINIMUM of three posts: at least one original and one response.

*Topic:* Discuss the homework.

4) **Assign #11**: CengageNow