

Ardmark Corporation was incorporated on January 1, 2003. It is authorized to issue an unlimited number of \$10 preferred shares (\$2 dividend) that have no par value, and are cumulative and 1,000 common shares of no par value. The following share transactions were completed during the first year:

- Jan. 1 Issued 100 common shares for cash at \$40 per share.
- Mar. 21 Issued 10,000 preferred shares for land. The land was listed for sale at \$110,000, but was valued by a licensed appraiser at \$100,000.
- Apr. 17 Issued 200 common shares to pay a consultant's bill of \$8,000.
- July 23 Issued 5,000 preferred shares for cash at \$10 per share.
- Sept. 1 Issued 20 common shares to a law firm for payment of their bill of \$800 to file the company's incorporation documents.
- Sept. 1 Issued 40 common shares for \$2,000 cash.
- Dec. 18 Issued 6,000 preferred shares for cash at \$10 each.

### Instructions

- (a) Journalize the transactions.
- (b) Calculate the year-end balance in each of the share capital accounts.

### Action Plan

- In a noncash transaction, the fair market value of what is given up should be used. If that is not clearly identifiable, then the fair market value of what is received should be used.
- To calculate the year-end balances, accumulate the transactions of the year by share class.