

## CONCEPT: ISSUING PAR VALUE COMMON STOCK

- When a company **issues** shares of common stock, it just means they are selling them to the public
  - **Selling Price** – The amount the investors paid per share of common stock
  - **Par Value** – The amount for which a security can be redeemed
    - A \$1,000 par value bond can be redeemed for \$1,000
    - Common stock generally has a \_\_\_\_\_ par value
  - **Additional Paid-in Capital** – The amount above \_\_\_\_\_ that investors paid for the stock



- When the selling price is \_\_\_\_\_ the par value, the journal entry does not include \_\_\_\_\_

The Apartment Depot issued 500,000 shares of \$0.50 par value common stock for \$250,000.

Journal Entry:

<u>Assets</u>	=	<u>Liabilities</u>	+	<u>Equity</u>
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- When the selling price is \_\_\_\_\_ the par value, the journal entry includes \_\_\_\_\_

The Apartment Depot issued 500,000 shares of \$0.50 par value common stock for \$2 per share.

Journal Entry:

<u>Assets</u>	=	<u>Liabilities</u>	+	<u>Equity</u>
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