**CONCEPT**: ISSUING COMMON STOCK FOR ASSETS OR SERVICES

- When a company ***issues*** shares of a common stock, it just means they are selling them to the public
  - □ ***Value Received –*** The ________________ of the assets or services received
  - □ ***Par Value –*** The amount for which a security can be redeemed
    - The par value per share issued still goes to the ________________ account
  - □ ***Additional Paid-in Capital –*** The amount above ____________ of the value received

- A trick that professors use is to give you the seller's book value as well as the fair market value of the assets received:

The Apartment Depot exchanged 100,000 shares of $0.50 par value common stock for a building. The building had an original cost of $120,000, while being depreciated using the straight-line method over a twenty-year useful life (accumulated depreciation is currently $48,000). The fair market value of the building is $80,000.

Journal Entry:

| Assets | = | Liabilities | + | Equity |
|---|---|---|---|---|
| | | | | |

- The value of services should be expensed in the period the benefit is received

The Apartment Depot exchanged 200,000 shares of $0.50 par value common stock for legal services with a fair market value of $140,000.

Journal Entry:

| Assets | = | Liabilities | + | Equity |
|---|---|---|---|---|
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