

a.

Lyons Inc.  
Statement of Changes in Stockholders' equity  
For the year ended December 31, 2005

	TOTAL	Common Stock and Additional Paid-in Capital	Preferred Stock and Capital in excess of par value	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income
Balance at Dec. 31, 2004	<u>8,760,000</u>	4,840,000		3,800,000		120,000
(e) Net income	748,000			748,000		
(f) Equity securities— unrealized loss	<u>(45,000)</u>					(45,000)
Total comprehensive income	<u>703,000</u>					
(g) Dividends declared	(298,800)			(298,800)		
(b) Treasury stock	(120,000)				(120,000)	
(d)	40,000	(8,000)			48,000	
(a) Preferred stock issued (30,000 shares)	3,150,000		3,150,000			
(c) Common stock issued (50,000 shares)	<u>600,000</u>	<u>600,000</u>				
Balance at Dec. 31, 2005	<u>12,834,200</u>	<u>5,432,000</u>	<u>3,150,000</u>	<u>4,249,200</u>	<u>(72,000)</u>	<u>75,000</u>

## b. Shareholders' Equity:

Common stock (\$10 par), 1,000,000 shares authorized, 450,000 issued, 444,000 outstanding	\$ 4,500,000
Additional paid-in-capital—common	932,000
Preferred stock (30,000 shares, 7% cumulative)	3,150,000
Retained earnings	4,249,200
Other comprehensive income	75,000
Treasury stock	<u>(72,000)</u>
Total shareholders' equity	<u>\$ 12,834,200</u>