

ACCOUNTING in the headlines

What is the impact of the Candy Crush Saga maker's IPO on its balance sheet?

King Digital Entertainment (NYSE: KING), the maker of the Candy Crush Saga app, had its initial public offering (IPO) the week of March 24th, 2014. King's stock was priced at \$22.50 per share for the IPO; its par value is \$0.000197 per share. The IPO raised about \$500 million for King. Assume that approximately 2,300,000 shares were issued in the IPO.

Questions

1. Assume the IPO took place on March 26, 2014. What journal entry would King make on this day to reflect the stock issuance?
2. What is the impact on assets of this IPO? On liabilities? On stockholders' equity?