

ACCOUNTING

in the headlines

How will Samsung's stock buyback impact its assets, liabilities, and equity?

In late 2014, [Samsung Electronics](http://www.samsung.com), the smartphone maker, announced that it would be buying back \$2 billion of its own shares. Specifically, it expects to buy back 1.65 million common shares and 250,000 preferred shares. Samsung is also expected to increase its dividend in 2015.

Questions

1. What is the impact on Samsung's balance sheet (assets, liabilities, and equity) from the share buyback?
2. Once Samsung purchases back the shares, how will these shares be shown on its balance sheet?
3. Why would Samsung's current shareholders support a share buyback?
4. Will dividends be paid on the shares that Samsung buys back? Why or why not?