DCC 205 Bond Payable In Class Assignment Wild 8e

Problem 10-2A

Straight-Line: Amortization of bond discount P1 P2

Hillside issues $4,000,000 of 6%, 15-year bonds dated January 1, 2016, that pay interest semiannually on June 30 and December 31. The bonds are issued at a price of $3,456,448.

Required

1. Prepare the January 1, 2016, journal entry to record the bonds' issuance.
2. For each semiannual period, compute (*a*) the cash payment, (*b*) the straight-line discount amortization, and (*c*) the bond interest expense.
3. Determine the total bond interest expense to be recognized over the bonds' life.

Check   (3) $4,143,552

1. Prepare the first two years of an amortization table like Exhibit 10.7 using the straight-line method.

12/31/2017 carrying value, $3,528,920

1. Prepare the journal entries to record the first two interest payments.

Problem 10-3A

Straight Line: Amortization of bond premium P1 P3

Refer to the bond details in Problem 10-2A, *except* assume that the bonds are issued at a price of $4,895,980.

Required

1. Prepare the January 1, 2016, journal entry to record the bonds' issuance.
2. For each semiannual period, compute (*a*) the cash payment, (*b*) the straight-line premium amortization, and (*c*) the bond interest expense.
3. Determine the total bond interest expense to be recognized over the bonds' life.

Check   (3) $2,704,020

1. Prepare the first two years of an amortization table like Exhibit 10.11 using the straight-line method.

12/31/2017 carrying value, $4,776,516

1. Prepare the journal entries to record the first two interest payments.

QS 10-2

Journalizing bond issuance **P1**

Enviro Company issues 8%, 10-year bonds with a par value of $250,000 and semiannual interest payments. On the issue date, the annual market rate for these bonds is 10%, which implies a selling price of 87½. Prepare the journal entries for the issuance of the bonds. Assume the bonds are issued for cash on January 1, 2016.

QS 10-4

Journalizing bond issuance **P1**

Garcia Company issues 10%, 15-year bonds with a par value of $240,000 and semiannual interest payments. On the issue date, the annual market rate for these bonds is 8%, which implies a selling price of 117¼. Prepare the journal entry for the issuance of these bonds. Assume the bonds are issued for cash on January 1, 2016.