

Chapter 15 – Questions (cont'd)

Record the first semi-annual interest payment.

Bond Interest Expense	16,000	
Cash		16,000

Record SL amortization for the first semi-annual period.

Prem on Bonds Payable	2,000	
Bond Interest Expense		2,000

Second semi-annual interest payment?

Bond Interest Expense	16,000	
Cash		16,000

Second amortization entry?

Prem on Bonds Payable	2,000	
Bond Interest Expense		2,000

What is the total interest expense for 2008?

<u>Bond Interest Expense</u>		
	*	
16,000	*	2,000
16,000	*	2,000
	*	
B = 28,000	*	
	*	

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17.

Record the entry to issue the bonds.

Cash	520,000	
Premium on Bonds Pay		20,000
Bonds Payable		500,000

Record the first semi-annual interest payment.

Bond Interest Expense	22,500	
Cash		22,500

Record amortization for the first period.

Prem on Bonds Payable	???	
Bond Interest Expense		???

Annual interest expense will **DECREASE** as the BCA decreases over the life of the bond.

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9.

Bonds Payable	face	
Prem on Bonds Payable	bal	
Gain on Redemption		gain
Cash		97%