Ex. 14–3

Nike's major source of funding is common stock. It has long-term debt, excluding current installments, of $409.5 million, compared to stockholders' equity of $7,025.4 million.

Ex. 14–4

The bonds were selling at a premium. This is indicated by the selling price of 126.987, which is stated as a percentage of face amount and is more than par (100%). The market rate of interest for similar quality bonds was lower than 8%, and this is why the bonds were selling at a premium.

Ex. 14–5

Apr.	1	Cash	24,000,000	
		Bonds Payable		24,000,000
Oct.	1	Interest Expense	1,200,000	
		Cash		1,200,000
Dec.	31	Interest Expense	600,000*	
		Interest Payable		600,000
		Accrue interest.		

*24,000,000 × 10% × 3/12

Ex. 14–6

a.	1.	Cash	44,346,760	
		Discount on Bonds Payable	5,653,240	
		Bonds Payable		50,000,000
	2.	Interest Expense	2,000,000	
		Cash		2,000,000
	3.	Interest Expense	2,000,000	
		Cash		2,000,000
	4.	Interest Expense	1,130,648	
		Discount on Bonds Payable		1,130,648

$5,653,240 ÷ 5 years = $1,130,648.

b.	Annual interest paid	$4,000,000
	Plus discount amortized	1,130,648
	Interest expense for first year	$5,130,648