Appendix 2 Prob. 14–5A

1\. 2010

July	1	Cash	30,237,139	
		Discount on Bonds Payable	1,762,861	
		Bonds Payable		32,000,000

2\.

a\. 2010

Dec.	31	Interest Expense	1,965,414*	
		Discount on Bonds Payable		45,414
		Cash		1,920,000

*$30,237,139 × 6.5%

b\. 2011

June	30	Interest Expense	1,968,366*	
		Discount on Bonds Payable		48,366
		Cash		1,920,000

*($30,237,139 + $45,414) × 6.5%

3\. $1,965,414

Appendix 2 Prob. 14–6A

1\. 2010

July	1	Cash	3,461,181	
		Premium on Bonds Payable		461,181
		Bonds Payable		3,000,000

2\.

a\. 2010

Dec.	31	Interest Expense	173,059*	
		Premium on Bonds Payable	6,941	
		Cash		180,000

*$3,461,181 × 5%

b\. 2011

June	30	Interest Expense	172,712*	
		Premium on Bonds Payable	7,288	
		Cash		180,000

*($3,461,181 – $6,941) × 5%

3\. $173,059