BE14-2 The **Colson** Company issued $300,000 of 10% bonds on January 1, 2014. The bonds are due January 1, 2019, with interest payable each July 1 and January 1. The bonds are issued at face value. Prepare Colson's journal entries for (a) the January issuance, (b) the July 1 interest payment, and (c) the December 31 adjusting entry.

(a)	Cash	300,000	
	Bonds Payable		300,000
(b)	Interest Expense.......................................	15,000	
	Cash ($300,000 X 10% X 6/12)......		15,000
(c)	Interest Expense.......................................	15,000	
	Interest Payable		15,000

BE14-3 Assume the bonds in BE14-2 were issued at 98. Prepare the journal entries for (a) January 1, (b) July 1, and (c) December 31. Assume The Colson Company records straight-line amortization semiannually.

(a)	Cash ($300,000 X 98%)	294,000	
	Discount on Bonds Payable................................	6,000	
	Bonds Payable		300,000
(b)	Interest Expense...	15,600	
	Discount on Bonds Payable		
	($6,000 X 1/10 = $600).........................		600
	Cash ($300,000 X 10% X 6/12)...............		15,000
(c)	Interest Expense...	15,600	
	Discount on Bonds Payable		
	($6,000 X 1/10 = $600).........................		600
	Interest Payable		15,000

BE14-4 Assume the bonds in BE14-2 were issued at 103. Prepare the journal entries for (a) January 1, (b) July 1, and (c) December 31. Assume The Colson Company records straight-line amortization semiannually.

(a)	Cash ($300,000 X 103%)	309,000	
	Bonds Payable		300,000
	Premium on Bonds Payable		9,000
(b)	Interest Expense...	14,100	
	Premium on Bonds Payable ($9,000 X 1/10 = $900)	900	
	Cash ($300,000 X 10% X 6/12)......		15,000
(c)	Interest Expense...	14,100	
	Premium on Bonds Payable ($9,000 X 1/10 = $900)	900	
	Interest Payable		15,000

BE14-5 Devers Corporation issued $400,000 of 6% bonds on **May** 1, 2014. The bonds were dated January 1,2014, and mature January 1, 2017, with interest payable July 1 and January 1. The bonds were issued at **face value** plus accrued interest. Prepare Devers's journal entries for (a) the May 1 issuance, (b) the July 1 interest payment, and (c) the December 31 adjusting entry.

(a)	Cash	408,000	
	Bonds Payable		400,000
	Interest Payable ($400,000 X 6% X 4/12)		8,000
(b)	Interest Expense..	4,000	
	Interest Payable	8,000	
	Cash ($400,000 X 6% X 6/12)		12,000
(c)	Interest Expense..	12,000	
	Interest Payable		12,000

BE14-9 At December 31, 2014, Hyasaki Corporation has the following account balances:

Bonds payable, due January 1, 2023 $2,000,000
Discount on bonds payable 88,000
Interest payable 80,000
Show how the above accounts should be presented on the December 31, 2014, balance sheet, including the proper classifications.

Current liabilities	
Bond Interest Payable	$ 80,000
Long-term liabilities	
Bonds Payable, due January 1, 2023	$2,000,000
Less: Discount on Bonds Payable............................	88,000
	$1,912,000

BE14-12 Coldwell, Inc. issued a $100,000, 4-year, 10% note at **face value** to Flint Hills Bank on January 1,2014, and received $100,000 cash. The note requires annual interest payments each December 31. Prepare Coldwell's journal entries to record (a) the issuance of the note and (b) the December 31 interest payment.

(a)	Cash	100,000	
	Notes Payable...		100,000
(b)	Interest Expense...	10,000	
	Cash ($100,000 X 10%)............................		10,000

Presented below are two independent situations.

1. On **January** 1, 2014, **Simon Company** issued $200,000 of 9%, 10-year bonds at par. Interest is payable quarterly on April 1, July 1, October 1, and January 1.

2. On June 1, 2014, **Garfunkel Company** issued $100,000 of 12%, 10-year bonds dated January 1 at par plus accrued interest. Interest is payable semiannually on July 1 and January 1.

Instructions

For each of these two independent situations, prepare journal entries to record the following.

(a) The issuance of the bonds.

(b) The payment of interest on July 1.

(c) The accrual of interest on December 31.

Simon Company:				
(a)	1/1/14	Cash	200,000	
		Bonds Payable		200,000
(b)	7/1/14	Interest Expense...........................	4,500	
		($200,000 X 9% X 3/12)		
		Cash		4,500
(c)	12/31/14	Interest Expense...........................	4,500	
		Interest Payable		4,500

Garfunkle Company:				
(a)	6/1/14	Cash..	105,000	
		Bonds Payable		100,000
		Interest Payable......................		5,000
		($100,000 X 12% X 5/12)		
(b)	7/1/14	Interest Expense	1,000	
		Interest payable	5,000	
		Cash		6,000
		($100,000 X 12% X 6/12)		

(c)	12/31/	Interest Expense	6,000	
		Interest Payable.....................		6,000

Celine Dion Company issued $600,000 (Par value 100) of 10%, 20-year bonds on January 1, 2014, at 102. Interest is payable semiannually on July 1 and January 1. Dion Company uses the straight-line method of amortization for bond premium or discount.

Instructions Prepare the journal entries to record the following.

(a) The issuance of the bonds

(b) The payment of interest and the related amortization on July 1, 2014.

(c) The accrual of interest and the related amortization on December 31, 2014.

(a)	1/1/14	Cash ($600,000 X 102%)	612,000	
		Bonds Payable		600,000
		Premium on Bonds		
		Payable..		12,000
(b)	7/1/14	Interest Expense....................................	29,700	
		Premium on Bonds Payable	300	
		($12,000 ÷ 40)		
		Cash...		30,000
		($600,000 X 10% X 6/12)		
(c)	12/31/14	Interest Expense....................................	29,700	
		Premium on Bonds Payable	300	
		Interest Payable		30,000