

Homework Prob: _____

Name: _____

1.

Par Value: _____
 Bond Term, in years: _____
 Interest Payments: _____
 Stated Interest Rate: _____
 Market Interest Rate: _____

- a. Is the bond sold at par value, premium or discount? _____
- b. What is the dollar amount of each interest payment? **Show Work.** _____
- c. How many interest payments will be made over this bond's life? _____

- d. Compute the price of the bonds as of their issue date. **Show Work.**

- e. Prepare the journal entry to record the bonds' issuance from the seller

	Debit	Credit

- f. Prepare the journal entry to record the FIRST interest payment.

	Debit	Credit

- g. Prepare the journal entry to record the SECOND interest payment.

	Debit	Credit