

P10-5A Otto Electronics issues a R\$800,000, 8%, 10-year mortgage note on December 31, 2013. The proceeds from the note are to be used in financing a new research laboratory. The terms of the note provide for semiannual installment payments, exclusive of real estate taxes and insurance, of R\$58,865. Payments are due June 30 and December 31.

Prepare installment payments schedule and journal entries for a mortgage note payable.

(LO 7, 8)

Instructions

- (a) Prepare an installment payments schedule for the first 2 years.
- (b) Prepare the entries for (1) the loan and (2) the first two installment payments.
- (c) Show how the total mortgage liability should be reported on the statement of financial position at December 31, 2014.

- (b) June 30 Mortgage Payable debit R\$26,865
- (c) Current liability—2014 R\$59,276

Prepare entries to record issuance of bonds, interest, and straight-line amortization of bond premium and discount.

(LO 5, 11)

- (a) Amortization Rs4,500
- (b) Amortization Rs6,000
- (c) Carrying value of bonds payable Rs3,085,500
Carrying value of bonds payable Rs2,886,000

***P10-9A** West Bengal Company sold Rs3,000,000, 8%, 10-year bonds on July 1, 2014. The bonds were dated July 1, 2014, and pay interest July 1 and January 1. West Bengal Company uses the straight-line method to amortize bond premium or discount. Assume no interest is accrued on June 30.

Instructions

- (a) Prepare all the necessary journal entries to record the issuance of the bonds and bond interest expense for 2014, assuming that the bonds sold at 103.
- (b) Prepare journal entries as in part (a) assuming that the bonds sold at 96.
- (c) Show statement of financial position presentation for each bond issued at December 31, 2014.

P11-3A The equity accounts of Terrell Corporation on January 1, 2014, were as follows.

Journalize and post transactions, prepare equity section.

(LO 2, 3, 4, 7)

Share Capital—Preference (9%, €50 par, cumulative, 10,000 shares authorized)	€ 400,000
Share Capital—Ordinary (€1 stated value, 2,000,000 shares authorized)	1,000,000
Share Premium—Preference	100,000
Share Premium—Ordinary	1,450,000
Retained Earnings	1,816,000
Treasury Shares—Ordinary (20,000 shares)	50,000

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During 2014, the corporation had the following transactions and events pertaining to its equity.

- Feb. 1 Issued 25,000 ordinary shares for €120,000.
- Apr. 14 Sold 9,000 treasury shares—ordinary for €46,000.
- Sept. 3 Issued 7,000 ordinary shares for a patent valued at €42,000.
- Nov. 10 Purchased 1,000 ordinary shares for the treasury at a cost of €6,000.
- Dec. 31 Determined that net income for the year was €452,000.

No dividends were declared during the year.

Instructions

- (a) Journalize the transactions and the closing entry for net income.
- (b) Enter the beginning balances in the accounts, and post the journal entries to the equity accounts. (Use J5 for the posting reference.)
- (c) Prepare an equity section at December 31, 2014, including the disclosure of the preference dividends in arrears.

(c) Total equity €5,370,000

Prepare dividend entries and equity section.

(LO 5, 7)

P11-4A On January 1, 2014, Prasad Corporation had the following equity accounts.

Share Capital—Ordinary (\$25 par value, 48,000 shares issued and outstanding)	\$1,200,000
Share Premium—Ordinary	200,000
Retained Earnings	600,000

During the year, the following transactions occurred.

- Feb. 1 Declared a \$1 cash dividend per share to shareholders of record on February 15, payable March 1.
- Mar. 1 Paid the dividend declared in February.
- Apr. 1 Announced a 5-for-1 share split. Prior to the split, the market price per share was \$36.
- July 1 Declared a 10% share dividend to shareholders of record on July 15, distributable July 31. On July 1, the market price was \$7 per share.
- 31 Issued the shares for the share dividend.
- Dec. 1 Declared a \$0.40 per share dividend to shareholders of record on December 15, payable January 5, 2015.
- 31 Determined that net income for the year was \$350,000.

Instructions

- (a) Journalize the transactions and the closing entries for net income and dividends.
- (b) Enter the beginning balances, and post the entries to the equity accounts. (Note: Open additional equity accounts as needed.)
- (c) Prepare an equity section at December 31.

(c) Total equity \$2,196,400