**Telegram Channel: AcFn Second Year**

**Link: t.me/acfn2nd**

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### INDIVIDUAL ASSIGNMENT ON FINANCIAL ACCOUNTING II

Assume that Br. 5000,000 of five-year, 10% term bonds are authorized and issued by a corporation. Assume also that the effective (yield) rate of interest for such types of bonds is:

Case 1. 12%

Case 2. 8%

**Required**

1. Compute the amount of annual interest.
2. Compute the amount of proceeds from bonds under case 1.
3. Compute the amount of discount on bonds under case 1.
4. Present the journal entry to record the issuance of the bonds under case 1.
5. Compute the amount of proceeds and premium on bonds under case 2.
6. Present the journal entry to record the issuance of the bonds under case 2.
7. Compute the amount of effective interest expense over the term of the bonds under case 1.
8. Compute the amount of effective interest expense over the term of the bonds under case 2.
9. Prepare discount amortization table under case 1 using effective interest method.
10. Present journal entries to record the first two annual interest payments under case 1 using effective interest method.
11. Prepare premium amortization table under case 2 using effective interest methods.
12. Present journal entries to record the first two annual interest payments under case 2 using effective interest method.
13. Prepare discount amortization table under case 1 using straight-line method.
14. Present journal entries to record the first two annual interest payments under case 1 using straight-line method.
15. Prepare premium amortization table under case 2 using straight-line method.
16. Present journal entries to record the first two annual interest payment under case 2 using straight – line method.