

Q2. Discount, straight-line amortization (折價發行, 直線攤銷) [18 marks · ~12 min]

On Jan 1, Orion issues \$200,000 of 8% bonds, 5-year life, interest semiannually, for **\$185,000** (market rate > contract rate).

Required: (a) Compute the discount and the semiannual straight-line amortization. (b) Journalize the issue and the first interest payment.

提示 Hints

1. Discount = par – issue price.
2. Periods = $5 \times 2 = 10$; amortization per period = discount \div periods.
3. Interest expense = cash interest + discount amortized; Cr. Discount on Bonds Payable.

Q3. Premium amortization (溢價攤銷) [16 marks · ~10 min]

On Jan 1, Polaris issues \$100,000 of 10% bonds, 5-year, semiannual interest, for **\$108,100** (contract rate > market rate).

Required: (a) Compute the premium and semiannual straight-line amortization. (b) Journalize the first interest payment.

提示 Hints

1. Premium = issue price – par.
2. Periods = 10; amortization = premium \div periods.
3. Premium amortization **reduces** interest expense; Dr. Premium on Bonds Payable.

Q4. Bond price as a percentage (以百分比報價) [12 marks · ~7 min]

(a) A \$50,000 bond issue is quoted at **97.5**. Compute the proceeds. Discount or premium? (b) A \$30,000 bond issue is quoted at **102**. Compute the proceeds. Discount or premium?

提示 Hints

1. Proceeds = quote% × par.
2. Below 100 → discount (contract < market); above 100 → premium.

Q5. Early retirement (到期前贖回) [16 marks · ~10 min]

Sirius has bonds with par \$100,000 and a carrying value of **\$96,200** (unamortized discount \$3,800). It calls and retires them at **\$98,000** cash.

Required: Compute the gain or loss and journalize the retirement.

