On April 1, 20X7, Miller Oil Company purchased a pumping truck. The sole consideration was a $100,000 note due in one year. Interest of $12,000 was included the face amount of the note. If Miller had purchased the truck for cash, the purchase price would have been only $88,000.

(a) Prepare the appropriate journal entry to record the purchase on April 1, 20X7.

(b) Prepare the appropriate journal entry to record the year-end discount amortization on December 31, 20X7.

(c) Prepare the appropriate journal entry to record the payment of the note on March 31, 20X8.

(d) What was the actual rate of interest on this loan?