

B-13.06

Ace Brick company issued \$100,000 of 5-year bonds. The bonds were issued at par on January 1, 20X1, and bear interest at a rate of 8% per annum, payable semiannually.

- (a) Prepare the journal entry to record the bond issue on January, 20X1.
- (b) Prepare the journal entry that Ace would record on each interest date.
- (c) Prepare the journal entry that Ace would record at maturity of the bonds.
- (d) How much cash flowed "in" and "out" on this bond issued, and how does the difference compare to total interest expense that was recognized?