Bonds issued at a premium; effective interest **I-13.03**

On January 1, 20X2, Paisley Corporation issued $2,000,000 face amount of 6% bonds. These bonds are dated January 1, and mature in 6 years, with semiannual interest payments. The market rate of interest at the time of issue was 5%, and the bonds priced at $2,102,578. Paisley uses the effective-interest method of amortization.

(a) Prepare a 6-year amortization table for Paisley's bonds.

(b) Prepare 20X2's entries for these bonds; specifically, the initial bond issuance, the June 30 interest payment, and the December 31 interest payment.

(c) Demonstrate the appropriate balance sheet presentation for the bonds, as of December 31, 20X4.