B-09.05 *Bond investment purchased at par*

Beckwith Boots invested $100,000 in 5-year bonds issued by Ace Brick Company. The bonds were purchased 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 initial investment on January, 20X1.

(b) Prepare the journal entry that Beckwith would record on each interest date.

(c) Prepare the journal entry that Beckwith would record at maturity of the bonds.

(d) How much cash flowed "in" and "out" on this investment, and how does the difference compare to total interest income that was recognized?