# E 11-1

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **1.1.X8** | **issuance of bonds** | | | |
| Cash |  | 370.800,00 |  |  |
| Unamortized Bond Premium | |  | 10.800,00 |  |
| Bonds Payable |  |  | 360.000,00 |  |
|  |  |  |  |  |
| **1.7.X8** |  |  |  |  |
| Interest Expense |  | 16.200,00 |  | TL 360.000 x0.09/2 |
| Unamortized Bond Premium | | 1.800,00 |  | TL 18.000-16.200 |
| Cash |  |  | 18.000,00 | TL 360.000 x0.10 /2 |
|  |  |  |  |  |
| **1.1.X9** |  |  |  |  |
| Interest Expense |  | 16.605,00 |  |  |
| Unamortized Bond Premium | | 1.395,00 |  |  |
| Cash |  |  | 18.000,00 | TL 360.000 x0.10 /2 |

# E 11-2

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Interest Expense | Cash Interest Paid | Amortization | Unamort.  Discount | Carrying Value |
| 01.04.X1 | - | - | - | 32,000 | 768,000 |
| 01.10.X1 | 34,560 | 32,000 | 2,560 | 29,440 | 770,560 |
| 01.04.X2 | 34,675 | 32,000 | 2,675 | 26,765 | 773,235 |
| 01.10.X2 | 34,796 | 32,000 | 2,796 | 23,969 | 776,031 |
| 01.04.X3 | 34,921 | 32,000 | 2,921 | 21,048 | 778,952 |
| 01.10.X3 | 35,053 | 32,000 | 3,053 | 17,995 | 782,005 |

|  |  |  |  |
| --- | --- | --- | --- |
| 01.April.X1 | issue date |  |  |
| Cash |  | 768.000,00 |  |
| Unamortized Bond Discount | | 32.000,00 |  |
| Bonds Payable |  |  | 800.000,00 |
|  |  |  |  |
| 01.Oct.X2 |  |  |  |
| Interest Expense |  | 34.796,00 |  |
| Unamortized Bond Discount | |  | 2.796,00 |
| Cash |  |  | 32.000,00 |
|  |  |  |  |
| 01.April.X3 |  |  |  |
| Interest Expense |  | 34.921,00 |  |
| Unamortized Bond Discount | |  | 2.921,00 |
| Cash |  |  | 32.000,00 |
|  |  |  |  |

**E 11-3**

|  |  |  |  |
| --- | --- | --- | --- |
| 01.Sept.x1 | issue date | including the interest | |
| Cash | 408.000,00 |  |  |
| Interest Expense |  | 8.000,00 | TL 400.000 x 0.06 x 4/12 - 1 May to 1 Sept |
| Bonds Payable |  | 400.000,00 |  |
|  |  |  |  |
| 01.Nov.X1 | first interest date; | |  |
| Interest Expense | 12.000,00 |  | TL 400.000x0.06 x 6/12 1 May to 1 Nov |
| Cash |  | 12.000,00 | TL 400.000 x 0.06 x1/2 |
|  |  |  |  |
| 01.May.X2 |  |  |  |
| Interest Expense | 12.000,00 |  |  |
| Cash |  | 12.000,00 | TL 400.000 x 0.06 x1/2 |

**E 11-4**

|  |  |  |  |
| --- | --- | --- | --- |
| 02.May.X8 |  |  |  |
| Bonds Payable | 500.000 |  |  |
| Loss on Retirement on Bonds | 15.000 |  |  |
| Cash |  | 515.000 | TL 500.000 x 1.03 |

**E 11-5**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Period | Installment | Bal-Beg | Interest Expense | Principal Payment | Bal -end |
|  |  |  | 12% |  |  |
| 0 |  |  |  |  | 225.000,00 |
| 1 | 30.570 | 225.000 | 13.500,00 | 17.070,00 | 207.930,00 |
| 2 | 30.570 | 207.930 | 12.475,80 | 18.094,20 | 189.835,80 |
| 3 | 30.570 | 189.836 | 11.390,15 | 19.179,85 | 170.655,95 |
| 4 | 30.570 | 170.656 | 10.239,36 | 20.330,64 | 150.325,30 |
| 5 | 30.570 | 150.325 | 9.019,52 | 21.550,48 | 128.774,82 |
| 6 | 30.570 | 128.775 | 7.726,49 | 22.843,51 | 105.931,31 |
| 7 | 30.570 | 105.931 | 6.355,88 | 24.214,12 | 81.717,19 |
| 8 | 30.570 | 81.717 | 4.903,03 | 25.666,97 | 56.050,22 |
| 9 | 30.570 | 56.050 | 3.363,01 | 27.206,99 | 28.843,24 |
| 10 | 30.574 | 28.843 | 1.730,59 | 28.843,24 | 0,00 |
| 01.June.X2 |  |  |  |  |  |
| Installment Loans | 17.070,00 |  |  |  |  |
| Interest Expense | 13.500,00 |  |  |  |  |
| Cash |  | 30.570,00 |  |  |  |
| 01.Dec.X2 |  |  |  |  |  |
| Installment Loans | 18.094,20 |  |  |  |  |
| Interest Expense | 12.475,80 |  |  |  |  |
| Cash |  | 30.570,00 |  |  |  |
| (the interest expense accrual adjustments are ignored) | | | | | |

**E 11-6**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| a. | | | | | | | | | | | | | | | |
| Cost of the machinery: | | | | | | |  | | | | | |  |  |  |
| TL 11.000 x PVF of annuity interest=12% n= 5 | | | | |  | | | | | |  |
| 11.000 | x 3.605 = | | | 39.655 |  | | | | | |  |
| b. | | | | | | | | | | | | | | | |
| 01.April.X1 | |  |
| Machinery under Capital Lease | | | | | | | 39.655 |  | |
| Lease Obligations | | | | | | |  | 39.655 | |
| c. | | | | | | | | | | | | |
| 31.Dec.X1 | |  | | | |  | | | | | | |
| Depreciation Expense | | 2.974,13 | | | | TL 39.655 / 10 x 9/12 mos | | | | | | |
| Accum.Depr. Leased Machinery | |  | | | | 2.974,13 | | | | | | |
|  | |  | | | |  | | | | | | |
| 31.Dec.X1 | |  | | | |  | | | | | | |
| Interest Expense | | 3.568,95 | | | | TL 39.655 x 0.12 x 9/12 mos | | | | | | |
| Interest Payable | |  | | | | 3.568,95 | | | | | | |
|  | |  | | | |  | | | | | | |
| d. | | | | | | | | | | | | |
| 01.April.X2 | |  | | | | | | |  | | | |
| Interest Expense | | 1.190,00 | | | | | | |  | | | |
| Lease Obligation | | 6.241,00 | | | | | | |  | | | |
| Interest Payable | | 3.569,00 | | | | | | |  | | | |
| Cash | |  | | | | | | | 11.000,00 | | | |

**E 11-7**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Interest Expense | Cash Interest Paid | Amortization | Unamortized Premium | Carrying Value |
| 0 | - | - | - | 10,000 | 260,000 |
| 1 | 13,910 | 13,125 | 785 | 9,215 | 259,215 |
| 2 | 13,868 | 13,125 | 743 | 8,472 | 258,472 |
| 3 | 13,828 | 13,125 | 703 | 7,769 | 257,769 |

**Journal Entries:**

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Description** | **Debit** | **Credit** |
| a.01-Aug-X1 | Cash | 260.000 |  |
|  | Bonds Payable |  | 250.000 |
|  | Unamortized Premium on Bonds |  | 10.000 |
|  |  |  |  |
| b.01-Feb-X2 | Interest Expense | 13.910 |  |
|  | Unamortized Premium on Bonds | 785 |  |
|  | Cash |  | 13.125 |
|  |  |  |  |
| 1-Aug-X2 | Interest Expense | 13.868 |  |
|  | Unamortized Premium on Bonds | 743 |  |
|  | Cash |  | 13.125 |

**E 11-8**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Date | Interest Expense | Cash Interest Paid | Amortization | Unamortized Discount | Carrying Value |
| 0 | - | - | - | 1,920 | 46,080 |
| 1 | 2,189 | 2,040 | 149 | 1,771 | 46,229 |
| 2 | 2,196 | 2,040 | 156 | 1,615 | 46,385 |
| 3 | 2,203 | 2,040 | 163 | 1,452 | 46,548 |
| 4 | 2,211 | 2,040 | 171 | 1,281 | 46,719 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Description** | **Debit** | **Credit** |
| 01-Apr-X4 | Cash | 46.080 |  |
|  | Unamortized Discount on Bonds | 1.920 |  |
|  | Bonds Payable |  | 48.000 |
|  |  |  |  |
| 01-Oct-X4 | Interest Expense | 2.189 |  |
|  | Cash |  | 2.040 |
|  | Unamortized Discount on Bonds |  | 149 |
|  |  |  |  |
| 1-Apr-X5 | Interest Expense | 2.196 |  |
|  | Cash |  | 2.040 |
|  | Unamortized Discount on Bonds |  | 156 |

**E 11-9**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Interest** | **Interest** | **Amortization** | **Total Interest** | **Unamortized** | **Carrying Value** |
| **Period** | **Paid** | **of Premium** | **Expense** | **Premium** | **of Bonds** |
| 0 | - | - | - | 5.700 | 100.700 |
| 1 | 4.513 | 31 | 4.481 | 5.669 | 100.669 |
| 2 | 4.513 | 33 | 4.480 | 5.636 | 100.636 |
| 3 | 4.513 | 34 | 4.478 | 5.602 | 100.602 |
| 4 | 4.513 | 36 | 4.477 | 5.566 | 100.566 |
| 5 | 4.513 | 37 | 4.475 | 5.529 | 100.529 |
| 6 | 4.513 | 39 | 4.474 | 5.490 | 100.490 |
| 7 | 4.513 | 41 | 4.472 | 5.449 | 100.449 |
| 8 | 4.513 | 43 | 4.470 | 5.406 | 100.406 |
| 9 | 4.513 | 44 | 4.468 | 5.362 | 100.362 |
| 10 | 4.513 | 46 | 4.466 | 5.316 | 100.316 |
| 11 | 4.513 | 48 | 4.464 | 5.267 | 100.267 |
| 12 | 4.513 | 51 | 4.462 | 5.217 | 100.217 |
| 13 | 4.513 | 53 | 4.460 | 5.164 | 100.164 |
| 14 | 4.513 | 55 | 4.457 | 5.109 | 100.109 |
| 15 | 4.513 | 58 | 4.455 | 5.051 | 100.051 |
| 16 | 4.513 | 60 | 4.452 | 4.991 | 99.991 |
| 17 | 4.513 | 63 | 4.450 | 4.928 | 99.928 |
| 18 | 4.513 | 66 | 4.447 | 4.862 | 99.862 |
| 19 | 4.513 | 69 | 4.444 | 4.793 | 99.793 |
| 20 | 4.513 | 72 | 4.441 | 4.722 | 99.722 |
| … |  |  |  |  |  |
| 40 |  |  |  |  |  |

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Description** | **Debit** | **Credit** |
| 01-May-X8 | Cash | 100.700 |  |
|  |  |  |  |
|  | Bonds Payable |  | 95.000 |
|  | Unamortized Premium on Bonds |  | 5.700 |
|  |  |  |  |
| 30-Jun-X8 | Interest Expense | 1.494 |  |
|  | Unamortized Premium on Bonds | 10 |  |
|  | Interest Payable |  | 1.504 |
|  |  |  |  |
| 1-Nov-X8 | Interest Expense | 2.987 |  |
|  | Unamortized Premium on Bonds | 21 |  |
|  | Interest Payable | 1.504 |  |
|  | Cash |  | 4.513 |

**E 11-10**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Interest** | **Interest** | **Amortization** | **Total Interest** | **Unamortized** | **Carrying Value** |
| **Period** | **Paid** | **of Discount** | **Expense** | Discount | **of Bonds** |
| 0 | - | - | - | 1.280 | 30.720 |
| 1 | 1.600 | 90 | 1.690 | 1.190 | 30.810 |
| 2 | 1.600 | 95 | 1.695 | 1.096 | 30.904 |
| 3 | 1.600 | 100 | 1.700 | 996 | 31.004 |
| 4 | 1.600 | 105 | 1.705 | 891 | 31.109 |
| 5 | 1.600 | 111 | 1.711 | 780 | 31.220 |
| 6 | 1.600 | 117 | 1.717 | 663 | 31.337 |
| 7 | 1.600 | 124 | 1.724 | 539 | 31.461 |
| 8 | 1.600 | 130 | 1.730 | 409 | 31.591 |
| 9 | 1.600 | 138 | 1.738 | 271 | 31.729 |
| 10 | 1.600 | 271 | 1.871 | 0 | 32.000 |

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Description** | **Debit** | **Credit** |
| 01-Jun-X7 | Cash | 30.720 |  |
|  | Unamortized Discount on Bonds | 1.280 |  |
|  | Bonds Payable |  | 32.000 |
|  |  |  |  |
| 30-Sep-X7 | Interest Expense | 1.126 |  |
|  | Interest Payable |  | 1.067 |
|  | Unamortized Discount on Bonds |  | 60 |
|  |  |  |  |
| 1-Dec-X7 | Interest Expense | 563 |  |
|  | Interest Payable | 1.067 |  |
|  | Cash |  | 1.600 |
|  | Unamortized Discount on Bonds |  | 30 |
|  |  |  |  |
| 1-June-X8 | Interest Expense | 1.695 |  |
|  | Cash |  | 1.600 |
|  | Unamortized Discount on Bonds |  | 95 |

**P 11-1 Angora Pharmaceuticals**

**a.**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Period | interest  expense | Cash  interest | discount  amortized | unamortized  discount | carrying  value |
|  | 12%/2 | 10%/2 |  |  |  |
| Issue date |  |  |  | 42.350,00 | 342.650,00 |
| 7.1.X1 | 20.559,00 | 19.250,00 | 1.309,00 | 41.041,00 | 343.959,00 |
| 1.1.X2 | 20.637,54 | 19.250,00 | 1.387,54 | 39.653,46 | 345.346,54 |
| 7.1.X2 | 20.720,79 | 19.250,00 | 1.470,79 | 38.182,67 | 346.817,33 |
| 1.1.X3 | 20.809,04 | 19.250,00 | 1.559,04 | 36.623,63 | 348.376,37 |
| 7.1.X3 | 20.902,58 | 19.250,00 | 1.652,58 | 34.971,05 | 350.028,95 |
| 1.1.X4 | 21.001,74 | 19.250,00 | 1.751,74 | 33.219,31 | 351.780,69 |
| 7.1.X4 | 21.106,84 | 19.250,00 | 1.856,84 | 31.362,47 | 353.637,53 |
| 1.1.X5 | 21.218,25 | 19.250,00 | 1.968,25 | 29.394,21 | 355.605,79 |
| 7.1.X5 | 21.336,35 | 19.250,00 | 2.086,35 | 27.307,87 | 357.692,13 |
| 1.1.X6 | 21.461,53 | 19.250,00 | 2.211,53 | 25.096,34 | 359.903,66 |
| 7.1.X6 | 21.594,22 | 19.250,00 | 2.344,22 | 22.752,12 | 362.247,88 |
| 1.1.X7 | 21.734,87 | 19.250,00 | 2.484,87 | 20.267,25 | 364.732,75 |
| 7.1.X7 | 21.883,97 | 19.250,00 | 2.633,97 | 17.633,28 | 367.366,72 |
| 1.1.X8 | 22.042,00 | 19.250,00 | 2.792,00 | 14.841,28 | 370.158,72 |
| 7.1.X8 | 22.209,52 | 19.250,00 | 2.959,52 | 11.881,76 | 373.118,24 |
| 1.1.X9 | 22.387,09 | 19.250,00 | 3.137,09 | 8.744,66 | 376.255,34 |
| 7.1.X9 | 22.575,32 | 19.250,00 | 3.325,32 | 5.419,34 | 379.580,66 |
| 1.1.X10 | 24.669,34 | 19.250,00 | 5.419,34 | 0,00 | 385.000,00 |

**b.**

|  |  |  |  |
| --- | --- | --- | --- |
| 1.1.X1 |  |  |  |
| Cash |  | 342.650,00 |  |
| Unamortized Bond Discount | | 42.350,00 |  |
| Bonds Payable | |  | 385.000,00 |
|  |  |  |  |
| 1.1.X2 |  |  |  |
| Interest Expense |  | 20.637,54 |  |
| Unamortized Bond Discount | |  | 1.387,54 |
| Cash |  |  | 19.250,00 |
|  |  |  |  |
| 7.1.X3 |  |  |  |
| Interest Expense |  | 20.902,58 |  |
| Unamortized Bond Discount | |  | 1.652,58 |
| Cash |  |  | 19.250,00 |

**c.**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| TL 200.000 / TL 385.000= | | 51,95% |  |  |
|  |  |  |  |  |
| carrying value of the TL 200.000 bonds= | | | 183.707,81 |  |
| Or unamortized discount can be computed as 51.95% x 31.362,47 = | | | | 16.292,19 |
| call price of the bonds: TL 200.000 x 1.02 = | | |  | 204.000 |

|  |  |  |  |
| --- | --- | --- | --- |
| 7.2.X4 |  |  |  |
| Bonds Payable |  | 200.000,00 |  |
| Loss on Retirement of Bonds | | 20.292,19 |  |
| Unamortized Bond Discount | |  | 16.292,19 |
| Cash |  |  | 204.000,00 |

**P 11-2 Red-Bird Company**

**a.**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Period | interest  expense | Cash  interest | Premium  amortized | Unamortized  premium | Carrying  value |
|  | 8% | 10% |  |  |  |
| 1Jan-X1 issue |  |  |  | 68.930,00 | 520.930,00 |
| 7.1.X1 | 20.837,20 | 22.600,00 | 1.762,80 | 67.167,20 | 519.167,20 |
| 1.1.X2 | 20.766,69 | 22.600,00 | 1.833,31 | 65.333,89 | 517.333,89 |
| 7.1.X2 | 20.693,36 | 22.600,00 | 1.906,64 | 63.427,24 | 515.427,24 |
| 1.1.X3 | 20.617,09 | 22.600,00 | 1.982,91 | 61.444,33 | 513.444,33 |
| 7.1.X3 | 20.537,77 | 22.600,00 | 2.062,23 | 59.382,11 | 511.382,11 |
| 1.1.X4 | 20.455,28 | 22.600,00 | 2.144,72 | 57.237,39 | 509.237,39 |
| 7.1.X4 | 20.369,50 | 22.600,00 | 2.230,50 | 55.006,89 | 507.006,89 |
| 1.1.X5 | 20.280,28 | 22.600,00 | 2.319,72 | 52.687,16 | 504.687,16 |
| 7.1.X5 | 20.187,49 | 22.600,00 | 2.412,51 | 50.274,65 | 502.274,65 |
| 1.1.X6 | 20.090,99 | 22.600,00 | 2.509,01 | 47.765,63 | 499.765,63 |
| 7.1.X6 | 19.990,63 | 22.600,00 | 2.609,37 | 45.156,26 | 497.156,26 |
| 1.1.X7 | 19.886,25 | 22.600,00 | 2.713,75 | 42.442,51 | 494.442,51 |
| 7.1.X7 | 19.777,70 | 22.600,00 | 2.822,30 | 39.620,21 | 491.620,21 |
| 1.1.X8 | 19.664,81 | 22.600,00 | 2.935,19 | 36.685,02 | 488.685,02 |
| 7.1.X8 | 19.547,40 | 22.600,00 | 3.052,60 | 33.632,42 | 485.632,42 |
| 1.1.X9 | 19.425,30 | 22.600,00 | 3.174,70 | 30.457,72 | 482.457,72 |
| 7.1.X9 | 19.298,31 | 22.600,00 | 3.301,69 | 27.156,03 | 479.156,03 |
| 1.1.X10 | 19.166,24 | 22.600,00 | 3.433,76 | 23.722,27 | 475.722,27 |
| 7.1.X10 | 19.028,89 | 22.600,00 | 3.571,11 | 20.151,16 | 472.151,16 |
| 1.1.X11 | 18.886,05 | 22.600,00 | 3.713,95 | 16.437,20 | 468.437,20 |
| 7.1.X11 | 18.737,49 | 22.600,00 | 3.862,51 | 12.574,69 | 464.574,69 |
| 1.1.X12 | 18.582,99 | 22.600,00 | 4.017,01 | 8.557,68 | 460.557,68 |
| 7.1.X12 | 18.422,31 | 22.600,00 | 4.177,69 | 4.379,99 | 456.379,99 |
| 1.1.X13 | 18.220,01 | 22.600,00 | 4.379,99 | 0,00 | 452.000,00 |

**b.**

|  |  |  |  |
| --- | --- | --- | --- |
| at issue date 1 January 20X1 | |  |  |
|  |  |  |  |
| Cash |  | 520.930,00 |  |
| Unamortized Bond Premium | |  | 68.930,00 |
| Bonds Payable |  |  | 452.000,00 |
|  |  |  |  |
| 01.Jan.X3 |  |  |  |
| Interest Expense |  | 20.617 |  |
| Unamortized Bond Premium | | 1.983 |  |
| Cash |  |  | 22.600,00 |
|  |  |  |  |
| 01.July.X7 |  |  |  |
| Interest Expense |  | 19.777,70 |  |
| Unamortized Bond Premium | | 2.822,30 |  |
| Cash |  |  | 22.600,00 |

**P 11-3**

a.

|  |  |  |  |
| --- | --- | --- | --- |
| Present Value of the Maturity Value | 54000 x 0.377 | 20.358 | n=20 i=5% Table 1 |
| Present Value of Interest Payments | 2160 x 12.462 | 26.918 | n=20 i=5% Table 2 |
| **Issue Price** |  | **47.276** |  |

b.

|  |  |  |  |
| --- | --- | --- | --- |
| Present Value of the Maturity Value | 54000 x 0.386 | 20.844 | n=10 i=10% Table 1 |
| Present Value of Interest Payments | 6480 x 6.145 | 39.820 | n=10 i=10% Table 2 |
| **Issue Price** |  | **60.664** |  |

c.

|  |  |  |  |
| --- | --- | --- | --- |
| Present Value of the Maturity Value | 54000 x 0.097 | 5.238 | n=40 i=6% Table 1 |
| Present Value of Interest Payments | 2700 x 15.046 | 40.624 | n=40 i=6% Table 2 |
| **Issue Price** |  | **45.862** |  |

**P 11-4 Blackbird A.S.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Description** | **Debit** | **Credit** |
| 01-July-X8 | Cash | 51.250 |  |
|  | Interest Expense |  | 1.250 |
|  | Bonds Payable |  | 50.000 |
|  |  |  |  |
| 01-Oct-X8 | Interest Expense | 2.500 |  |
|  | Cash |  | 2.500 |

Interest expense for 1 July- 1 October = 1.250

Interest Expense for 1 October-31 December = 1.250

## Total Interest Expense = 2.500

**P 11-5 South A.S.**

24.000/32.000 = 0.75

1.800 \* 0.75 = 1.350

24.000 \* 1.03 = 14.720

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Description** | **Debit** | **Credit** |
| 1 May | Bonds Payable | 24.000 |  |
|  | Loss on Retirement of Bonds | 2.070 |  |
|  | Cash |  | 24.720\* |
|  | Unamortized Discount on Bonds |  | 1.350\*\* |
|  |  |  |  |

**\***24.000\*1.03= TL 24.720

**\*\***24000/32000 x 1.800=1.350

**P 11-6 Goody A.S.**

a. n = 8

i = 13%

7.500\*4.799 Table 2

=

|  |  |
| --- | --- |
| Present Value of Lease Payments | 35.993 |

b.

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Description** | **Debit** | **Credit** |
| 3 May 20X4 | Property under Capital Lease Leased Machine | 35.992.50 |  |
|  | Lease Obligations |  | 35.992.50 |
|  |  |  |  |
| 31 Dec.20X4 | Depreciation Expense | 2.999.42\* |  |
|  | Accumulated Depreciation- Leased Machine |  | 2.999.42 |
|  |  |  |  |

\*35.993 x 1/8 x 8/12 =2.999.42

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Period** | **Lease Payment** | **Interest at each Period** | **Repayment of Principle** | **Outstanding Lease Obligation** |
| 0 |  |  |  | 35.993 |
| 1 | 7.500 | 4.679 | 2.821 | 33.172 |
| 2 | 7.500 | 4.312 | 3.188 | 29.984 |
| 3 | 7.500 | 3.898 | 3.602 | 26.382 |
| 4 | 7.500 | 3.430 | 4.070 | 22.311 |
| 5 | 7.500 | 2.900 | 4.600 | 17.712 |
| 6 | 7.500 | 2.303 | 5.197 | 12.514 |
| 7 | 7.500 | 1.627 | 5.873 | 6.641 |
| 8 | 7.500 | 863 | 6.642 | (0) |

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Description** | **Debit** | **Credit** |
| 1st Payment | Interest Expense | 4.679 |  |
|  | Lease Obligations | 2.821 |  |
|  | Cash |  | 7.500 |
| 2nd Payment | Interest Expense | 4.312 |  |
|  | Lease Obligations | 3.188 |  |
|  | Cash |  | 7.500 |
|  |  |  |  |

**P 11-7 Met & Met**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Period** | **Installment** | **Outstanding Loan Balance** | **Interest Expense** | **Principal Payment** | **Outstanding Loan Balance** |
| 0 |  |  |  |  | 140.000 |
| 1 | 34.055\* | 140.000 | 16.800 | 17.255 | 122.745 |
| 2 | 34.055 | 122.745 | 14.729 | 19.326 | 103.419 |
| 3 | 34.055 | 103.419 | 12.410 | 21.645 | 81.775 |
| 4 | 34.055 | 81.775 | 9.813 | 24.242 | 57.533 |
| 5 | 34.055 | 57.533 | 6.904 | 27.151 | 30.382 |
| 6 | 34.055 | 30.382 | 3.646 | 30.382 | (0) |

\*installment x PVF i=12%, n=6 = TL 140.000

PVF= 4.111 Table 2

Installment = 140.000 / 4.111 = 34.054,97 rounded to TL 34.055

|  |  |  |  |
| --- | --- | --- | --- |
| **Date** | **Description** | **Debit** | **Credit** |
| 1st Payment | Interest Expense | 16.800 |  |
|  | Consumer Loans | 17.255 |  |
|  | Cash |  | 34.055 |
| 2nd Payment | Interest Expense | 14.729 |  |
|  | Consumer Loans | 19.326 |  |
|  | Cash |  | 34.055 |
|  |  |  |  |

**P11-8 Kuğulu Optik**

lease amortization schedule

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Period | **a** | **b** | **c** | **d** |
| 0 |  |  |  | 67.225 |
| 1 | 25.000 | 16.806 | 8.194 | 59.031 |
| 2 | 25.000 | 14.758 | 10.242 | 48.789 |
| 3 | 25.000 | 12.197 | 12.803 | 35.986 |
| 4 | 25.000 | 8.997 | 16.003 | 19.983 |
| 5 | 25.000 | 5.017 | 19.983 | 0 |

1. TL 67.225
2. 16.806/67.225 = 25%
3. 35.986
4. 67.225/5= 13.445
5. TL 16.806

**P11-9 Caddy Company** -The bond amortization table

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| **Interest**  **Payment**  **Period** | **Total**  **Interest**  **Expense** | **Interest**  **Paid in**  **Cash** | **Amortization** | **Unamortized**  **Amount** | **Carrying**  **Value** |
| 0 |  |  |  | 6.221 | 93.779 |
| 1 | 4.689 | 4.500 | 189 | 6.032 | 93.968 |
| 2 | 4.698 | 4.500 | 198 | 5.834 | 94.166 |
| 3 | 4.708 | 4.500 | 208 | 5.625 | 94.375 |
| 4 | 4.719 | 4.500 | 219 | 5.407 | 94.593 |
| 5 | 4.730 | 4.500 | 230 | 5.177 | 94.823 |
| 6 | 4.741 | 4.500 | 241 | 4.936 | 95.064 |
| 7 | 4.753 | 4.500 | 253 | 4.683 | 95.317 |
| 8 | 4.766 | 4.500 | 266 | 4.417 | 95.583 |
| 9 | 4.779 | 4.500 | 279 | 4.138 | 95.862 |
| 10 | 4.793 | 4.500 | 293 | 3.844 | 96.156 |
| 11 | 4.808 | 4.500 | 308 | 3.537 | 96.463 |
| 12 | 4.823 | 4.500 | 323 | 3.213 | 96.787 |
| 13 | 4.839 | 4.500 | 339 | 2.874 | 97.126 |
| 14 | 4.856 | 4.500 | 356 | 2.518 | 97.482 |
| 15 | 4.874 | 4.500 | 374 | 2.144 | 97.856 |
| 16 | 4.893 | 4.500 | 393 | 1.751 | 98.249 |
| 17 | 4.912 | 4.500 | 412 | 1.338 | 98.662 |
| 18 | 4.933 | 4.500 | 433 | 905 | 99.095 |
| 19 | 4.955 | 4.500 | 455 | 451 | 99.549 |
| 20 | 4.977 | 4.500 | 451 | 0 | 100.000 |

1. 31 December 20X15
2. 100.000
3. TL 93.779
4. Discount
5. 4.500/100.000= 4.5%\*2= 9%
6. 4.689/93.779= 5%\*2= 10%
7. TL 4.689+4.698=9.387
8. TL 94.166