1. Stine Corp.'s trial balance reflected the following account balances at December 31, 2012:

Accounts receivable (net) $25,000

Trading securities 6,000

Accumulated depreciation on equipment and furniture 16,000

Cash 17,000

Inventory 30,000

Equipment 25,000

Patent 4,000

Prepaid expenses 2,000

Land held for future business site 18,000

 In Stine's December 31, 2012 balance sheet, the current assets total is

2—Statement of cash flows preparation.

Selected financial statement information and additional data for Stanislaus Co. is presented below. Prepare a statement of cash flows for the year ending December 31, 2012

 December 31

 2011 2012

Cash $41,000 $78,000

Accounts receivable (net) 81,000 148,200

Inventory 164,000 201,600

Land 58,800 16,000

Equipment 504,000 789,600

TOTAL $856,800 $1,226,400

Accumulated depreciation $84,000 $115,600

Accounts payable 50,400 86,000

Notes payable - Short-term 67,200 29,400

Notes payable - Long-term 168,000 302,400

Common stock 420,000 487,200

Retained earnings 67,200 205,800

TOTAL $856,800 $1,226,400

Additional data for 2012:

1. Net income was $230,200.

2. Depreciation was $31,600.

3. Land was sold at its original cost.

4. Dividends of $101,600 were paid.

5. Equipment was purchased for $84,000 cash.

6. A long-term note for $201,600 was used to pay for an equipment purchase.

7. Common stock was issued to pay a $67,200 long-term note payable.

3. Downing Company issues $4,000,000, 6%, 5-year bonds dated January 1, 2012 on January 1, 2012. The bonds pay interest semiannually on June 30 and December 31. The bonds are issued to yield 5%. What are the proceeds from the bond issue?

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | 2.5% | 3.0% | 5.0% | 6.0% |
| Present value of a single sum for 5 periods | .88385 | .86261 | .78353 | .74726 |
| Present value of a single sum for 10 periods | .78120 | .74409 | .61391 | .55839 |
| Present value of an annuity for 5 periods | 4.64583 | 4.57971 | 4.32948 | 4.21236 |
| Present value of an annuity for 10 periods | 8.75206 | 8.53020 | 7.72173 | 7.36009 |

4. A company issues $10,000,000, 6.8%, 20-year bonds to yield xx on January 1, 2011. Interest is paid on June 30 and December 31. The proceeds from the bonds are $9,802,072. Using straight-line amortization, what is the carrying value of the bonds on December 31, 2013?

 5. A company issues $10,000,000, 7.5%, 20-year bonds to yield xx on January 1, 2012. Interest is paid on June 30 and December 31. The proceeds from the bonds are $9,802,072. What is interest expense for 2013, using straight-line amortization?

 6. On January 1, 2012, Huber Co. sold 12% bonds with a face value of $800,000. The bonds mature in five years, and interest is paid semiannually on June 30 and December 31. The bonds were sold for $861,600 to yield 10%. Using the effective-interest method of amortization, interest expense for 2012 is

7—Bond issue price and premium amortization.

On January 1, 2013, Piper Co. issued ten-year bonds with a face value of $5,000,000 and a stated interest rate of 10%, payable semiannually on June 30 and December 31. The bonds were sold to yield 12%. Table values are:

 Present value of 1 for 10 periods at 10% .386

 Present value of 1 for 10 periods at 12% .322

 Present value of 1 for 20 periods at 5% .377

 Present value of 1 for 20 periods at 6% .312

 Present value of annuity for 10 periods at 10% 6.145

 Present value of annuity for 10 periods at 12% 5.650

 Present value of annuity for 20 periods at 5% 12.462

 Present value of annuity for 20 periods at 6% 11.470

Prepare the necessary journal entries to record the following transactions relating to the long-term issuance of bonds of Pitts Co on January 1, 2013, on June 30, and December 31.