

Ryan Corporation issued a bond with face value	\$20,000
	on 1-Jan-03
The bonds will mature in	4 years
The semiannual coupon payments were	8.00%
The bonds pay interest semiannually and were sold to yield	10.00%

Questions

- 1 Prepare the journal entry to record the sale of the bond on 1-Jan-03 .

- 2 How will the bond be presented on Ryan's balance sheet on 1-Jan-03 .

- 3 What entry, if any, would be made on 31-Dec-03 ?

- 4 Prepare the entry to record the coupon interest payment on 1-Jan-04 ?

- 5 What will be the interest expense for six months ending 30-Jun-04

- 6 Assuming no change in market interest rates
what will be the economic value of the bond 1-Jan-04 ?

- 7 What will be the amount of the net bond liability on the day before the bond matu
- 8 Prepare the entry that will be made on the maturity date of the bond. 1-Jan-07
- 9 On 1-Jan-04 the market rate for Ryan Co. had risen to 12.00%
Determine the value of the bond on 1-Jan-04
- 10 What entry would be made by Ryan Co. if it retired the bonds on 1-Jan-04
by purchasing the bonds in the open market?
- 11 Suppose Ryan Co. financed the retirement of the bonds by issuing new bonds.
What will be the interest expense for six months ending 30-Jun-04