E15-6

Pas Company issued $1,000,000 of bonds on January 1, 2012.

Instructions

(a) Prepare the journal entry to record the issuance of the bonds if they are issued at (1) 100, (2) 98, and (3) 103.

(b) Prepare the journal entry to record the retirement of the bonds at maturity, assuming the bonds were issued at 100.

(c) Prepare the journal entry to record the retirement of the bonds before maturity at 98. Assume the balance in Premium on Bonds Payable is $9,000.

(d) Prepare the journal entry to record the conversion of the bonds into 30,000 shares of $10 par value common stock. Assume the bonds were issued at par.