Principles of Financial Accounting

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Errata Sheet

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Chapter 14
p.543

Change Exhibit 14.6 to the one below.

Bonds: $100,000 Par Value, Semiannual Interest Payments, Two-Year Life, 4% Semiannual Contract Rate, 5% Semiannual Market Rate					
	(A)	(B)	(C)	(D)	(E)
Semiannual Interest Period-End	Cash Interest Paid	Bond Interest Expense	Discount Amortization	Unamortized Discount	Carrying Amount
(0) 12/31/2011				$3,546	$ 96,454
(1) 6/30/2012	$4,000	$4,823	$ 823	2,723	97,277
(2) 12/31/2012	4,000	4,864	864	1,859	98,141
(3) 6/30/2013	4,000	4,907	907	952	99,048
(4) 12/31/2013	4,000	4,952	952	0	100,000
	$16,000	$19,546	$3,546		

Column (A) is the par value ($100,000) multiplied by the semiannual contract rate (4%).
Column (B) is the prior period's carrying amount multiplied by the semiannual market rate (5%).
Column (C) is the difference between interest paid and bond interest expense, or [(B) 2 (A)].
Column (D) is the prior period's unamortized discount less the current period's discount amortization.