

Chapter 15 Outline

Disadvantages and Advantages of Bond Financing
 Disadvantages of Bond Financing
 Advantages of Bond Financing
Classifying Bonds
Other Features of Bonds
Journal Entries for Issuance of Bonds
 Bonds Sold between Interest Payment Dates
Market Value versus Face Value
 Bonds Issued at a Discount
 Bonds Issued at a Premium
Year-End Adjusting Entries for Bonds Payable
Effective Interest Rate Method of Bond Amortization
Bond Sinking Fund
Convertible Bonds
Retirement of Bonds
Leases
Pensions
Mortgages Payable

Competencies

1. Describe bonds, the advantages and disadvantages of bond financing, and the types of bonds. (pp. 439–443)
2. Demonstrate and explain how to account for bond issues and for bond sales between interest payment dates. (pp. 443–444)
3. Demonstrate and explain how to account for bonds sold at a premium or at a discount. (pp. 444–446)
4. Demonstrate and explain how to make year-end adjusting entries for bonds payable. (pp. 446–447)
5. Describe the effective interest rate method of bond amortization, and explain how to account for bond sinking funds, convertible bonds, and the retirement of bonds. (pp. 447–449)
6. Describe leases, pensions, and mortgages payable, and explain how to account for each. (pp. 449–451)