Jena Company had the following balances in the Owners' Equity section of the balance sheet on December 31, 20x5:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Common Stock (no par value)</td>
<td>200,000</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>500,000</td>
</tr>
<tr>
<td>Less: Treasury Stock</td>
<td>(20,000)</td>
</tr>
<tr>
<td>Total Owners' Equity</td>
<td>680,000</td>
</tr>
</tbody>
</table>

The balance in Treasury Stock at 12/31/20x5 is composed of 500 shares of common stock purchased for $40 each. On February 1, 20x6, Jena Company sold 200 shares of the treasury stock for $45 each. On April 1, 20x6, another 100 shares of the treasury stock were sold for $38 each. On August 1, 20x6, the remaining shares of treasury stock were sold for $30 each. Prepare journal entries and T-accounts for the above transactions.

1. The balance in the Treasury stock account after the April 1, 20x6 sale is:
   a. 8,000
   b. 20,000
   c. 12,000
   d. -0-
   e. None of the above

2. The journal entry to record the sale of treasury stock on February 1, 20x6 includes:
   a. a credit to Cash of 9,000
   b. a credit to Paid in Capital - Treasury Stock of 1,000
   c. a debit to Paid in Capital - Treasury Stock of 1,000
   d. a debit to Treasury Stock of 8,000
   e. None of the above

3. The journal entry to record the sale of treasury stock on April 1, 20x6 includes:
   a. a debit to Cash of 3,800
   b. a credit to Paid in Capital - Treasury Stock of 200
   c. a credit to Treasury Stock of 3,800
   d. a debit to Treasury Stock of 4,000
   e. None of the above

4. The journal entry to record the sale of treasury stock on August 1, 20x6 includes:
   a. a credit to Cash of 6,000
   b. a credit to Paid in Capital - Treasury Stock of 800
   c. a credit to Treasury Stock of 8,000
   d. a credit to Retained Earnings of 1,200
   e. None of the above

5. The balance in the Paid in Capital - Treasury Stock account after the April 1, 20x6 entry is:
   a. 1,000
   b. 200
   c. 600
   d. -0-
   e. none of the above
Bender Corporation is buying all the assets and assuming all the liabilities of Miller Company.

The following information is available for Miller Company on the day of the purchase:

<table>
<thead>
<tr>
<th>Assets</th>
<th>Liabilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts Receivable 300,000</td>
<td>Accounts Payable 50,000</td>
</tr>
<tr>
<td>Inventory 200,000</td>
<td>Bonds Payable 100,000</td>
</tr>
<tr>
<td>Land 400,000</td>
<td>Owner's Equity 750,000</td>
</tr>
</tbody>
</table>

1. The inventory is worth $175,000 and the land is worth $500,000. Additionally, the Bond Payable debt is payable interest only at 10% per year for the next 3 years and then the principal is due. Current interest rates for similar are debt is 6%. Bender will pay $1,000,000 for Miller Company. How much of the purchase price will Bender debit to goodwill?

A. $100,000  
B. $914,310  
C. $175,000  
D. $185,680  
E. Some other number which is not here

2. A 10 year, $1,000,000 zero coupon bond is priced to yield 10%. The amount the issuing company will receive when it is issued is:

A. $620,900  
B. $998,980  
C. $385,500  
D. $613,900  
E. Some other number

3. If the above zero bond was sold on Jan 1 of 2002, the interest expense for 2003 (the second year) would be

A. $38,550.00  
B. $42,405.00  
C. $50,000.00  
D. $54,448.00  
E. Some other number

4. Bob's Lingerie Company issues a 10 year, $100,000 face, 10% coupon rate bond to yield 8%. The journal entry to record the issuance of the bonds would include:

A. A debit to bond discount of $13,421  
B. A debit to cash of $100,000  
C. A credit to bond premium of $13,421  
D. A credit to bonds payable of $113,421  
E. A credit to interest payable of $9,073.68

5. For Bob's bonds, if they were issued the first day of 20x1 (10% face priced to yield 8%) and the first years interest was paid on Dec 31 of 20x1, the entry to record that interest would include:

A. A credit to cash of $9,073.68  
B. A debit to interest expense of $8,000  
C. A credit to discount of $7,574.60  
D. A debit to cash for $10,000  
E. A debit to interest payable of $4,435.10