Bender Corporation is buying all the assets and assuming all the liabilities of Miller Company.

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

- Accounts Receivable: $300,000
- Accounts Payable: $50,000
- Inventory: $200,000
- Bonds Payable: $100,000
- Land: $400,000
- Owner's Equity: $750,000

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. $94,310
   - C. $175,000
   - D. $185,690
   - 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. $1,000,000
   - C. $998,980
   - D. $385,500
   - E. $613,900

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 credit to cash for $10,000
   - E) A debit to interest payable of $4,435.10
Jena Company had the following balances in the Owners' Equity section of the balance sheet on December 31, 20x5:

<table>
<thead>
<tr>
<th>Common Stock (no par value)</th>
<th>200,000</th>
</tr>
</thead>
<tbody>
<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>660,000</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. 800
   d. -0-
   e. none of the above