

Accounting II
LAP 8 – Long-Term Liabilities
Metro Sports World, Inc.



Name _____
 Period _____
 Date Started _____
 Date Completed _____

DoDEA Standards

- ◆ **PT1b** Use accounting procedures for planning, organizing, and allocating resources
- ◆ **PT1f** Be proficient in the use of technology
- ◆ **PT1h** Apply trouble shooting techniques and processes
- ◆ **PT2b** Employ technology in the development of strategies for solving problems in the real world
- ◆ **PT3d** Use technology tools and resources for managing and communicating personal/professional information, e.g., finances, schedules, addresses, purchases, and correspondence
- ◆ **PT4** Use information-gathering techniques, analyze and evaluate information, and use information technology to assist in collecting, analyzing, organizing, and presenting information

Objectives

- ◆ Distinguish between mortgage notes payable and bonds payable.
- ◆ Record transactions involving mortgage notes.
- ◆ Identify the various types of bonds.
- ◆ Record transactions for bond issues.
- ◆ Explain the purpose of a bond sinking fund.
- ◆ Record transactions involving a bond sinking fund.
- ◆ Define the accounting terms introduced in this chapter.

Resources Accounting-Real World Applications & Connections – Advanced Course
 Chapter Reviews and Working Papers (Accounting Workbook)
 CD ROM – Electronic Learning Center Student Package

Time Frame 7 hours **without** Mini Practice Set – 10 hours **with** Mini Practice Set

Introduction

In chapter 8 you will look at mortgage notes and bonds. You will learn how to record transactions involving mortgages payable. You will also learn how to account for the issuance of bonds at face value, at a premium, and at a discount and how to account for bond interest payments. Various transactions involving a bond sinking fund are discussed.

Assignments

Where appropriate and possible, written answers must be in complete sentences and keyed. Turn in completed activities as directed by instructor. Problems marked with an asterisk (*) can be completed in three different ways: manually, Peachtree for Windows (CD ROM), or Glencoe Integrated Accounting. Ask your instructor for directions. If you are going to complete the problems electronically, you must read the pages titled Computerized Accounting Using Peachtree in every chapter of the Working Papers.

- _____ Read Long-Term Liabilities, pp. 234-235
- _____ Read Section 1, Acquiring Funds, pp. 236-240

- _____ Complete the following exercises on p. 241: Thinking Critically, Analyzing Accounting and Problem 8-1 using appropriate working papers
- _____ Read Section 2, Bond Payable Transactions, pp. 242-252
- _____ Complete the following exercises on p. 253: Thinking Critically, Communicating Accounting and Problem 8-2 and 8-3 using appropriate working papers
- _____ Read Section 3, Redemption of Bonds and the Bond Sinking Fund, pp. 254-259
- _____ Complete the following exercises on p. 260: Thinking Critically, Computing in the Business World and Problem 8-4 using appropriate working papers
- _____ Review the Chapter 8 Summary on p. 261
- _____ Complete Understanding Accounting Concepts and Procedures on p. 262
- _____ Complete Chapter 8 Review and Activities on p. 263 (see instructor)
- _____ Read Chapter 8 Computerized Accounting, p. 264
- _____ Complete MANUALLY End-of-Chapter problems on pp. 265-267, Problems 8-5, 8-6, 8-7, 8 -8, 8-9, and 8-10 using appropriate working papers **OR**:
- * _____ Read and complete ELECTRONICALLY in The Chapter Reviews and Working Papers pp. 245-248, Problems 8-5, 8-6, 8-7, 8 -8, and 8-9
- _____ Complete Chapter 8 Review on pp. 240-241 of the Working Papers
- _____ Complete Self-Test on pp. 259-260 of the Working Papers

_____ **Take Chapter 8 Test**

- _____ Complete Mini Practice Set – Metro Sports World, Inc. pp. 268-271 using appropriate working papers

_____ **Take Metro Sports World Inc. Audit Test on pp. 277-278**

Self Assessment - "I/I can . . . "

- _____ Distinguish between mortgage notes payable and bonds payable.
- _____ Record transactions involving mortgage notes.
- _____ Identify the various types of bonds.
- _____ Record transactions for bond issues.
- _____ Explain the purpose of a bond sinking fund.
- _____ Record transactions involving a bond sinking fund.
- _____ Define the accounting terms introduced in this chapter.