11. Starstruck company operates using the euro as their currency. For the most recent year ending December 31, 2011 Starstruck reported the following Loans and borrowings data:

**Loans and borrowings (noncurrent liabilities) Euros (in millions)**

Loans and borrowings, December 31, 2011 balance 7,656

Proceeds from issuance of loans and borrowings 5,280

Repayments of loans and borrowings in 2011 (3,275)

With the above information in mind and the fact that par value on the repaid loans of 2011 was € 2,950 with a € 27 premium which would have been the correct journal entry for the repayment?

**Entry Account and Description Debit Credit**

1 Bonds Payable 2,950

Premium on Bonds Payable 325

Cash 3,275

2 Cash 2,950

Loans and Borrowings 2,950

3 Loans and Borrowings 2,950

Premium on Loans and Borrowings 27

Loss on Loans and Borrowings Retirement 298

Cash 3,275

4 Cash 2,977

Premium on Loans and Borrowings 27

Loans and Borrowing 2,950

CHOICES…

3 is the correct journal entry

4 is the correct journal entry

2 is the correct journal entry

1 is the correct journal entry