1. Ayaz Ltd issued $500,000 of 6.5% four year bonds payable on February 28\textsuperscript{th} and August 31\textsuperscript{st}. The bonds were dated March 1\textsuperscript{st} 2014 which mature on February 28\textsuperscript{th} 2018. The bonds were issued September 30\textsuperscript{th} 2014 to yield 7% for the proceeds plus accrued interest. The yearend for Ayaz Ltd is December 31\textsuperscript{st}

\textbf{Required}

a. Assume the bond as issued on March 1\textsuperscript{st} 2014, calculate its present value.

b. Assume the bond was issued on September 30\textsuperscript{th} 2014, calculate its proceeds and accrued interest. Also give all the journal entries from September 30\textsuperscript{th} 2014 through February 28\textsuperscript{th} 2015. (Credit the accrued interest collected on September 30\textsuperscript{th} 2014 to accrued interest payable in the journal entries)

2. On July 1\textsuperscript{st} 2012 CP Corporation issued $600,000 of 5% 10 year bonds payable each June 30\textsuperscript{th} and December 31\textsuperscript{st}. The market rate was 6% and the CP uses effective interest rate method. At the end of June 2015 these bonds were selling in the market at an effective rate of 8%, because CP Corporation had $200,000 (face value) of the bonds were purchased and retired on July 1\textsuperscript{st} 2015.

\textbf{Required}

a. Provide the entry by CP Corp to record the issuance of the bonds on July 1\textsuperscript{st} 2012.

b. Provide entries by CP Corp to record the retirement of $200,000 of the debt on July 1\textsuperscript{st} 2015.