Bond pricing, effective-interest amortization, and retirement

(a)

Initial carrying value of bonds $ -
Effective interest rate \(X \times 0.04\)
Effective interest cost $ -
Less cash paid (3% \(X\) \$1,000,000) $ -
Amortization for Jan. 1 to June 30, 20X5 $ -
Plus: Carrying value before periodic amortization $ -
Revised carrying value as of June 30, 20X5 $ -
Effective interest rate \(X \times 0.04\)
Effective interest cost $ -
Less cash paid (3% \(X\) \$1,000,000) $ -
Amortization for July 1 to Dec. 31, 20X5 $ -
Plus: Carrying value before periodic amortization $ -
Revised carrying value as of Dec. 31, 20X5 $ -
Effective interest rate \(X \times 0.04\)
Effective interest cost $ -
Less cash paid (3% \(X\) \$1,000,000) $ -
Amortization for Jan. 1 to June 30, 20X6 $ -
Plus: Carrying value before periodic amortization $ -
Revised carrying value as of June 30, 20X6 $ -
Effective interest rate \(X \times 0.04\)
Effective interest cost $ -
Less cash paid (3% \(X\) \$1,000,000) $ -
Amortization for July 1 to Dec. 31, 20X6 $ -
Plus: Carrying value before periodic amortization $ -
Revised carrying value as of Dec. 31, 20X6 $ -
### GENERAL JOURNAL

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<th>Date</th>
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<th>Debit</th>
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31-Dec

### (c)

- Periodic interest payments ($1,000,000 X 3%) $ -
- Present value factor (16-period annuity, 2.5%) X $ -

Maturity value $1,000,000

- Present value factor (16 periods, 2.5%) X $ -
- Price of bond at 5%, 8 years to maturity $ -