Solution:

(1)

Since the bond was issued at par with the market value, the proceeds from the bond will be the same as the value i.e. $50 million.

(2)

	Effect on Balance Sheet Equation		
Transaction	Assets =	Liabilities +	Stockholders' Equity
Issuance of the bonds	+$50 million (Increase in Cash)	+$50 million (Increase in Bonds Payable)	
First semi-annual payment	-$1.5 million (Decrease in Cash)		-$ 1.5 million (Interest expense)
Payment at maturity date	-$51.5 million (Decrease in Cash)	-$50 million (Decrease in Bonds Payable)	-$ 1.5 million (Interest expense)

(3)

The journal entries for the bonds are as follows:

Transaction	Particulars	Debit	Credit
Issuance of Bonds	Cash To Bonds Payable	50	 50
First payment	Interest Expense To Cash	1.5	 1.5
Payment at maturity date	Bonds Payable To Cash	50	 50

(4)

31 December 2011 -> There will be a bonds payable liability in the balance sheet with $50 million.

30 June 2012 -> There will be expense of $1.5 million on income statement, and stockholders' equity will decrease. Similarly, cash will decrease.