

Solution:

(1)

Effect on Balance Sheet			
Transaction	Assets =	Liabilities +	Stockholders' Equity
Issuance of bonds	+NKR15.76 million (increase in cash)	+NKR20 million (Increase in Bonds Payable)	-NKR\$4.24 (Bond discount)
First semi-annual interest	-NKR1 million (Decrease in cash)		-NKR1 million (Interest Expense)
Payment at maturity	-NKR20 million (Decrease in cash)	-NKR20 million (Decrease in Bonds Payable)	

(2)

Amounts are in millions of NKR			
Transaction	Particulars	Debit	Credit
Issuance of bonds	Cash	15.76	
	Bonds Discount	4.24	
	To Bonds Payable		20
First semi-annual payment	Interest Expense	1.10	
	To Cash		1.00
	To Bonds Discount		0.10
Payment at maturity	Bonds Payable	20	
	To Cash		20