EX 18. Financial Instruments – Exercises

1. What is a Financial Instrument?

2. Give some examples of current and non-current assets and liabilities that are financial instruments.

|  |  |  |
| --- | --- | --- |
|  | Assets | Liabilities |
| Current |  |  |
| Non-current |  |  |

3. Financial instruments should be recorded on initial recognition at Fair Value. What does this mean and what are the three levels of inputs to this specified in IFRS 13?

4.How are the following types of financial instruments required to be subsequently measured?

1. Financial assets held for trading
2. Financial liabilities held with the intention of holding till maturity in order to collect the cash flows
3. Investments in other companies held for strategic purposes and classified as Available for Sale.

5. Calculate the Amortized cost of the following Loan.

Nominal value $ 1,250 4.7% interest, maturity December 2018

Purchase price $ 1,000 in December 2013

IRR is calculated as 10%

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
|  | Amortized cost at start of year | Interest income | Cash flows | Amortized cost at end of year |
| 2014 |  |  |  |  |
| 2015 |  |  |  |  |
| 2016 |  |  |  |  |
| 2017 |  |  |  |  |
| 2018 |  |  |  |  |

6. How should a company account for a Compound Financial Instrument?