

Computation of Bond Premium/Discount (W5)

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PURPOSE

This document describes the procedure for the computation of bond premium/ discount.

WHY IS THIS IMPORTANT?

This allows users to verify the formula and methodology used by CS Lucas to compute bond premium/ discount.

FORMULA

The example below shows how the system compute the bond premium/ discount.

Month end journals at 30 Nov 2019.

Journals Details

← Save Recreate

EVN100001.00

Sec Reval:1,000,000.00 Anglo Amer 4.125% 9/22 in STRATEGIC-AA

Status Ready

PDate* 30/11/2019

Eff Date* 30/11/2019

Show Parameter ☐

Journal Description

Sec Reval:1,000,000.00 Anglo Amer 4.125% 9/22 in STRATEGIC-AA

	System A/C	Mapped A/C	Ccy	Dc/(Cr)	Base Ccy	Dc/(Cr)	Rate	Counterparty
<input type="checkbox"/>	INV: Bond Premium/Discount	11070331	GBP	67,369.57	SGD	122,673.25	1.8208999998C	System Counterparty
<input type="checkbox"/>	INV: Investment Interest Receivable	11070313	GBP	7,336.41	SGD	13,358.87	1.8209001405C	System Counterparty
<input type="checkbox"/>	INV: Investment Interest Income	11070312	GBP	-7,336.41	SGD	-13,358.87	1.8209001405C	System Counterparty
<input type="checkbox"/>	INV: Bond Premium Amort/Disc Acc	11070332	GBP	-67,369.57	SGD	-122,673.25	1.8208999998C	System Counterparty

Snap shot ☐

Amortised Cost at 30-Nov-2019 = 102.081440006008 (refer "CLOSING" from amortised bond query)

data_query-

FILE HOME INSERT PAGE LAYOUT FORMULAS DATA REVIEW VIEW

C28 : 106.736956823838

	A	B	C	D	E	F	G	H	I	J	K
1	data_query										
2											
3	ASATDATE	OPENING	CLOSING	AMORT ACC	COUPON	INCOME	YIELD				
28	30 Nov 2019	106.743337	106.7369568	-0.00638018	0.01130137	0.004921189	1.682759984				
29	1 Dec 2019	106.7369568	106.7305763	-0.006380475	0.01130137	0.004920895	1.682759984				
30	2 Dec 2019	106.7305763	106.7241956	-0.006380769	0.01130137	0.004920601	1.682759984				

Nominal Amount = 1,000,000.00

Carrying Cost = 1,000,000 * 106.736956823838%

= 1,067,369.57

Amount of premium = 1,067,369.57 – 1,000,000.00

= 67,369.57

FREQUENTLY ASKED QUESTIONS

RELATED INFORMATION

CHANGE HISTORY

Date	By	Changes
15-Feb-2010	CS	Created.
22-Mar-2017	TS	Reformatted.