Computation of Bond Premium/ Discount (W5)

<u>This version is superseded. Click here to view the latest guide.</u>

PURPOSE

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

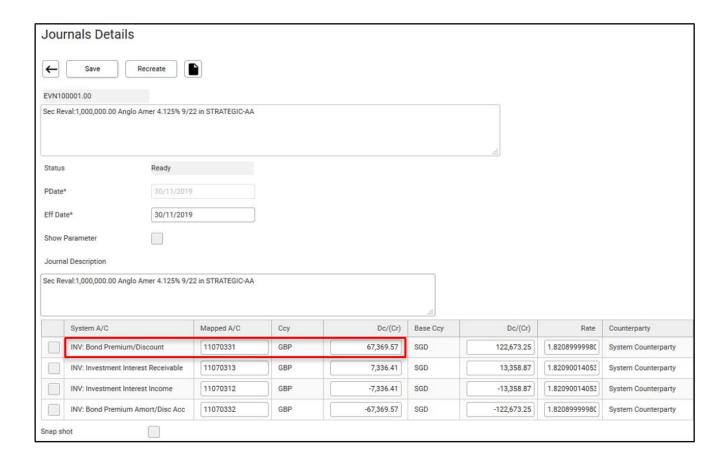
WHY IS THIS IMPORTANT?

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

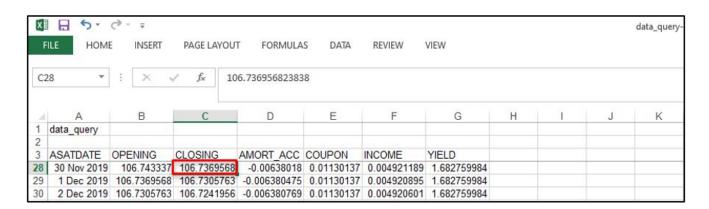
FORMULA

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

Month end journals at 30 Nov 2019.



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



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