Computation of Bond Premium/ Discount

See the previous W5 version guide.

PURPOSE

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

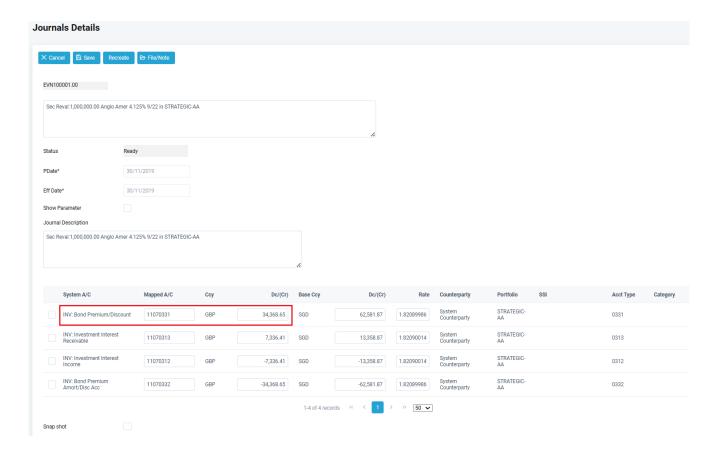
WHY IS THIS IMPORTANT?

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

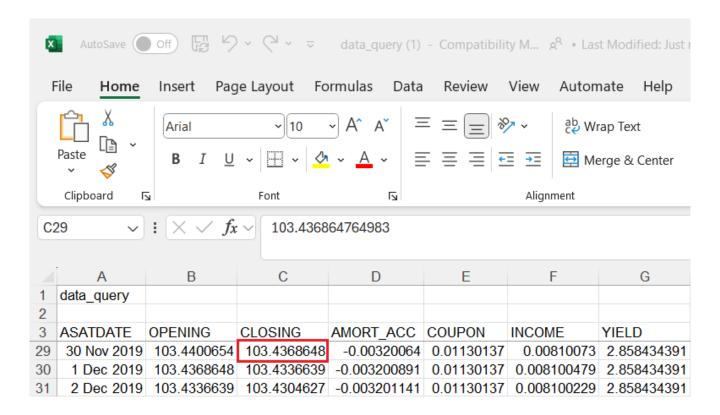
FORMULA

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 = 103.436864764983 (refer "CLOSING" from amortised bond query)



Nominal Amount = 1,000,000.00

Carrying Cost = 1,000,000 * 103.436864764983%

= 1,034,368.65

Amount of premium = 1,034,368.65 - 1,000,000.00

= 34,368.65

FREQUENTLY ASKED QUESTIONS

RELATED INFORMATION

CHANGE HISTORY

Date	Ву	Changes
15-Feb-2010	CS	Created.
22-Mar-2017	TS	Reformatted.
27-Feb-2025	Lyra	Updated to W6 instructions and screenshots.