

Aufgabe 14.4 – Bond valuation (Bewertung von Anleihen)

BAYSIDE Ltd. holds bonds of another business. The bonds got a face value 100,000.00 US-\$ and were issued on 31.12.20X0. At that time the currency exchange rate was 1:1. The coupon rate is 8.5 %. The coupon rate will be paid on 30.12.20X1, 30.12.20X2, ... 31.12.20X9. The company which issued the bonds is about to redeem the bonds on 31.12.20X9. (9 years). When redeeming bonds the company will pay-off an amount 105,000.00 EUR.

BAYSIDE prepares financial statements for 20X5. Its reporting currency is EUR. The interest rate at that stage is 7.8%. The coupon for 20X9 was paid on 30.12.20X5. The currency exchange rate is 1 EUR = 0.9 US-\$.

What will be the amount to be displayed on the face of the statement of financial position for the bond if BAYSIDE prepares financial statements along IFRSs.

Solution: (Lösung)

The value of the bond in US-\$ as at 31.12.20X5 is $(8,500 \cdot ((1 + 0.078)^4 - 1)) / (0.078 \cdot (1 + 0.078)^4) + 105,000 / ((1 + 0.078)^4) = 28,278.87 + 77,752.48 = \mathbf{106,031.35 \text{ US-}\$}$. The bond is to be converted to the currency exchange rate and to be displayed at $106,031.35 \cdot 1/0.9 = \mathbf{117,812.61 \text{ EUR}}$.