**Tutorial3- IFRS9**

**EX1--Financial assets at fair value through profit or loss (FVTPL)**

A company purchased 100,000 shares of a listed company on Jan1,2022 at a price of $5 per share. The purchase expenses (commission) amounted to $0.25 per share, and the fair value of the share amounted to $3.5 on dec 31,2022**.**

**Required:** How are these shares classified and recognized upon initial and subsequent recognition ?

EX2- **Financial assets at fair value through other comprehensive income (FVTOCI)**

A company purchased 200,000 shares on Jan3,2022 for $500,000, purchase expenses were $40,000, interest rate 2%. The company has a long-term strategy to achieve future gains. The fair value of the shares was $620,000 on Dec31,2022. The shares were sold in 2023.

**Required**: How are these shares classified and recognized upon initial and subsequent recognition?

EX3-**Purchase of debt instruments (bonds)**

A company acquired debt instrument (bonds) 10,000 bonds at a discount rate of 2% of the face value = $100. The bonds mature after four years. These bonds bear an annual interest rate of 4%, with a repayment premium of 5% and with an effective interest rate of 5.71%. Homework

**Required** –

1-How is this financial instrument classified?and

2- how is recognized initially and subsequently in accordance with IFRS9 ?

EX4- **Financial Liabilities:**

A company issued 20,000 bonds with a face value of $100 each. The issuance expenses were $100,000. The bonds mature in 4 years at a coupon rate of 5%. The interest rate on the bonds was 2%, and the real interest rate was 4.58%. **Required** - Calculate the amounts to be paid (interest, Principal, ...).

**EX5-Impairement**

A company acquired bonds with a face value of 200,000 on June 30,2022 with an annual interest of 10,000.

These bonds mature on June 30,2023.

On December 31,2022, the company estimated that the probability of collecting cash flows is as follows:

\* 90% for the amount of 210,000,

\* 7% for the amount of 150,000,

\* and 3% for the amount of 100,000.

The effective interest rate on the bonds is 5% Required: Calculate the expected credit loss for these bonds on december31, 2022

**EX6- Derivatives**

On jan1,2022 A company entered into a forward contract with a bank to purchase 100,000 EGP , Due On feb1,2023. At a forward rate of 0.920 dinars per pound for trading purposes.

On dec31,2022The exchange rate of the pound against the dinar reached 0.970 dinars per pound, and the fair value of the contract in the financial derivatives market reached 5,000 dinars.

On feb 1,2023, The contract was executed on the specified terms, noting that the prevailing exchange rate for the pound on that day was 0.950 dinars

Required: Record the journal entries related to the forward contract from its purchase until the exercise date.