

Problem 15 – Watts (Fair value hedge accounting for zero-coupon bonds)

On November 15, 20XN, John Watts purchased zero-coupon bonds for 100. They were classified as available-for-sale assets. On December 31, 20XN, at closing date, the market value of the bonds was 107. On October 10, 20XN+1, when the market value of the bonds was 106.7, John Watts sold forward contracts on the same bonds for 106.2. The contracts expired on March 31, 20XN+2. On December 31, 20XN+1, the market values of the bonds and contracts were 104.6 and 104.5 respectively. When the contracts were closed, on March 31, 20XN+2, the market value of the bonds and contracts was 103.5. On April 30, 20XN+2, the bonds were sold for 104.8. Show the relevant entries.

Problem 16 – BGD (Fair value hedge with options)

On May 13, to hedge a debt of 1'000'000 € payable in Euros in 3 months, BGD, a Swiss company, purchased currency call options on 1'000'000 €. The options had an exercise price of 1.5123 (CHF per €) and a premium of 0.05 CHF. They expired in 3 months.

On June 30, at BGD closing date, the spot exchange rate and the option premium were 1.5487 (CHF per €) and 0.07 CHF respectively. On August 13, when the payable was repaid, the spot exchange rate was 1.5506 (CHF per €). What is the effective rate at which the Euros were exchanged for CHF? Show the entries relating to the payable and to the hedge.

Problem 17 – XYZ (Cash flow hedge accounting for interest rate risk)

On November 1, 2010, XYZ forecasts to borrow 10 million CHF between September 1, 2011 and February 1, 2012. On November 1, 2010, XYZ enters into a FRA. On September 1, 2011, XYZ borrows 10 million CHF for 6 months. Over the period under consideration, interest rates have changed as follows:

Maturity	Nov 1, 2010	Dec 31, 2010	June 30, 2011	Sept 30, 2011	Dec 31, 2011	Feb 1, 2012
1 month	3,62%	3,70%	2,80%	3,75%	3,62%	2,95%
2 months	3,75%	3,70%	2,85%	3,75%	3,75%	3,15%
3 months	3,75%	3,85%	2,95%	3,80%	3,75%	3,25%
4 months	4,00%	3,92%	3,15%	3,80%	3,85%	3,30%
5 months	4,00%	3,92%	3,25%	3,85%	3,92%	3,35%
6 months	4,00%	4,00%	3,25%	3,95%	4,00%	3,50%
7 months	4,25%	4,00%	3,30%	4,25%	4,00%	3,60%
8 months	4,25%	4,06%	3,35%	4,25%	4,00%	3,70%
9 months	4,25%	4,06%	3,50%	4,25%	4,00%	3,75%
10 months	4,35%	4,25%	3,60%	4,30%	4,06%	4,00%
11 months	4,50%	4,25%	3,75%	4,35%	4,25%	4,10%
12 months	4,50%	4,35%	4,00%	4,50%	4,30%	4,15%
13 months	4,60%	4,50%	4,10%	4,50%	4,35%	4,25%
14 months	4,60%	4,50%	4,15%	4,60%	4,50%	4,30%
15 months	4,60%	4,50%	4,25%	4,60%	4,50%	4,35%
16 months	4,75%	4,75%	4,25%	4,75%	4,60%	4,50%
17 months	4,75%	4,75%	4,25%	4,80%	4,60%	4,60%
18 months	4,75%	4,75%	4,25%	4,80%	4,60%	4,75%

Show all the entries relating to these transactions. Closing dates are June 30 and December 31.

Problem 18 – Cas Conso

Vous présenterez le bilan consolidé de la banque A dont vous trouverez les comptes sociaux (non consolidés) ci-dessous. La banque A détient 80% du capital de la banque X. Elle détient 20% du capital de la banque Y. La banque A détient les actions de X et de Y depuis la création de ces banques.

Banque A Bilan fin 2009			
Cash	7,0	Dettes envers la clientèle	250,0
Actifs en JV par le résultat	200,0	Emprunts	174,4
Dérivés de couverture	3,0	Réserves	9,0
Actifs disponibles à la vente	45,0	Gains et pertes cptablisés en capitaux propres	0,3
Prêts à la clientèle	170,0	Résultat de l'exercice	0,8
Actifs détenus à l'échéance	2,0	Capital	2,0
Titres de participations Bqe X	1,2		
Titres de participations Bqe Y	0,2		
Immobilisations	8,0		
Total	436,4	Total	436,5

Banque X Bilan fin 2009			
Cash	2,0	Dettes envers la clientèle	98,0
Actifs en JV par le résultat	70,0	Emprunts	47,0
Dérivés de couverture	1,0	Réserves	3,0
Actifs disponibles à la vente	17,0	Gains et pertes cptablisés en capitaux propres	0,2
Prêts à la clientèle	52,0	Résultat de l'exercice	0,4
Actifs détenus à l'échéance	3,0	Capital	1,5
Immobilisations	5,1		
Total	150,1	Total	150,1

Banque Y Bilan fin 2009			
Cash	1,0	Dettes envers la clientèle	59,0
Actifs en JV par le résultat	48,0	Emprunts	53,8
Dérivés de couverture	2,0	Réserves	2,0
Actifs disponibles à la vente	23,0	Gains et pertes cptablisés en capitaux propres	0,1
Prêts à la clientèle	34,0	Résultat de l'exercice	0,2
Actifs détenus à l'échéance	5,0	Capital	1,0
Immobilisations	3,1		
Total	116,1	Total	116,1