

## TOPIC IV: ISSUING BONDS

- 1) The issuing of ordinary bonds imply, for the issuing Company:
  - a) The recording of an asset.
  - b) The recording of own resources
  - c) The recording of a liability
  - d) The recording of equity
- 2) The Company that issues bonds, records the amount it owes to bondholders:
  - a) At par Value.
  - b) At amortized cost.
  - c) At Redemption Value.
  - d) At Net present value of the financial cost
- 3) Convertible bonds & obligations:
  - a) Must be issued at a price over the Par value.
  - b) Must be issued at a price under the Par value.
  - c) Must be issued at a price equal to the Par value.
  - d) Must not be issued under the Par Value.
- 4) Ordinary bonds & obligations:
  - a) May not be issued when there is Unpaid Share Capital
  - b) May not exceed its redemption value over the Paid up Capital
  - c) May not exceed its redemption value over the Company's paid up Equity
  - d) May not exceed its redemption value over the Company's Reserves
- 5) Ordinary bonds & obligations will be recorded when issued:
  - a) At fair value which includes the money received.
  - b) At fair value which includes money received minus issuing costs.
  - c) At fair value which includes money received and issuing costs will be considered expense of the period.
  - d) At redemption value.
- 6) Convertible bonds & obligations:
  - a) Are recorded as liabilities.
  - b) Can be recorded as liabilities or equity.
  - c) Are recorded, part as liability and part as Equity.
  - d) None of the above answers is correct.
- 7) The implicit interests in bonds & obligations:
  - a) Is the interest the bondholder receives periodically
  - b) Is the one stated in the issuing contract's conditions
  - c) Is the difference between the effective interest and the stated one.
  - d) None of the above answers is correct.
- 8) The effective interests in bonds & obligations:
  - a) Is the financial cost for the company issuing the bonds.
  - b) Is the cost of acquiring obligations for the bondholder.
  - c) Is the difference between the implicit interest and the stated one.
  - d) None of the above answers is correct.

- 9) The Amortized cost of the bonds:
- a) Is formed by the initial value minus payments
  - b) Is formed by the initial value plus the effective interests minus payments
  - c) Is the redemption value.
  - d) Is the redemption value minus the implicit interests.