Top skills of accountants

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Easy-to-use

Excel Formulas

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#1 : IRR

IRR = Internal Rate of Return

- Calculates IRR of a series of cash flows

Examples of IFRS application:

- Measurement of certain financial instruments (IFRS 9)
- Measurement of lease liabilities (IFRS 16)

#1 : IRR

Year	Cash flows
0	300 000
1	-100 000
2	-80 000
3	-80 000
4	-70 000
Total	**-30 000**
IRR:	**4,16%**

=IRR(cell range)

e.g.

=IRR(C12:C16)

#2: npv

NPV = Net Present Value

- NPV = return on any investment expressed in today's money, calculated from series of cash flows and discount rate

Examples of IFRS application:

- Value in use calculation (IAS 36)
- Measurement of some provisions (IAS 37)

#2 : npv

Year	Cash flows
0	-1 000
1	400
2	400
3	400
4	-100
Total	**100**
Rate:	5%
NPV:	**6,69**

=NPV(discount rate, cash flow,cash flow...)

e.g. =NPV(5%;-1000;400;400;400;-100)

#3 : Yield

YIELD

YIELD = rate of return of cash flows from a security (usually bonds)

Examples of IFRS application:

- Measurement of fixed-term securities (IFRS 9)
- Setting the discount rate for measurement of some employee benefits (IAS 19)

#3 : Yield

Parameter name:	Value:	Comment:
Settlement date:	January 12, 2023	*Date of purchase, or date of closing the accounts*
Maturity date:	October 9, 2026	*Bond's final maturity date*
Rate:	5,50%	*Coupon or interest rate*
Price:	93,40	*Bond's market price per 100 USD of face value*
Redepmtion:	100,00	*Bond's redemption value per 100 USD of face value*
Frequency:	1	*Number of coupon/interest payments per year*
Basis:	4	*Type of day count; "4" means 30/360*
YIELD:	**7,58%**	

=YIELD(settl.date; matur.date; rate; price; frequency ;basis)