Core Valuation Elements

A valuation element is a fine granular proportion of a measurement approach in finance or risk.

The philosophy in the software follows the idea of decomposed measurement approaches. For a description of this approach as well its advantages please click here.

This section entails general explanations regarding the valuation element.

Depending on the type of valuation element, one and the same valuation element might require for different analysing purposes the consideration of different parameters.

In such a case you will find the explanation how the valuation element is calculated in this section. The information regarding GAAP or analysing purpose specific settings can be found in separate sections linked to the specific GAAP or anaylsing purpose.

For example the calculation of an effective interest rate for financial accounting purposes follows a standard mathematical approach.

Hence different GAAP might require different settings

- when the effective interest rate needs to be recalculated and
- for which period the recalculation shall be valid.

For example one GAAP might require for changes of contractual deal data, that the effective interest rate shall be recalculated while taking the changed cash flow plan into account from deal conclusion date. This will change the entire amortisation schedule from deal conclusion date on due to the application of the changed effective interest rate. Another GAAP might require the recalculation for the date the changed contractual deal data is valid while leaving the history untouched.

Therefore one should check for specific analysing purposes if an individual setting in addition to the general valuation element is required/applied.

The following valuation elements are provided in general and form the basis for various measures/ratios provided by the software for finance and risk:

- Contractual Remaining Debt
- Daily Payables Capital
- Daily Payables Interest
- Daily Payables Fees
- Linear Accrued Interest in Arrears
- Interest Smoothing
- Effective Interest Rate (EIR)
- Amortised Cost
- Open Amortisation Transaction Costs
- Open Amortisation Premium/Discount
- Expected Credit Loss / Risk Provision
- Fair Value DCF with constant credit spread
- Fair Value DCF
- Current Balance
- Unwinding
- Early Repayment Ratio ("Prepayment")