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- (b) *Foreign currency transactions—*
- (i) *Functional and presentation currency—*
The Company's financial statements are presented in Nuevos Soles (except when otherwise indicated), which is also the Company's functional currency.
- (ii) *Transactions and balances in foreign currency—*
The transactions carried out in a currency other than the functional currency are considered as transactions in foreign currency. Transactions in foreign currencies are initially recorded by the Company at the functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.
- (c) *Financial Instruments: Initial recognition and subsequent measurement—*
- (i) *Financial assets—*
- Initial recognition and measurement—*
Financial assets within the scope of International Accounting Standard (IAS) 39, "Financial Statements: Recognition and measurement", are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial assets at initial recognition.
All financial assets are recognized initially at fair value and, in the case of assets carried at fair value through profit or loss, directly attributable transaction costs.
Purchases or sales of financial assets that require delivery of assets within a time period established by regulation or market convention are recognized on the trade date, which represents the date that the Company commits to purchase or sell the asset.
- Subsequent measurement—*
The subsequent measurement of financial assets depends on their classification. As of December 31, 2014 and 2013, the Company only maintains loans and receivables, as described below:
- Loans and receivables—*
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, for which the entity has no intention of selling indirectly nor in the near future and have no risk other than credit impairment.
After initial recognition, such financial assets are measured at amortized cost using the effective interest rate method (EIR), less any impairment. Amortized cost is calculated by

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