
Table of Contents**4.4 Financial instruments**

The valuation of the Company's financial instruments is determined using the fair value or amortized cost, as defined below:

Fair value—The fair value of a financial instrument negotiated in an organized financial market is determined using as reference the prices quoted in that financial market for negotiations performed as of the date of the statement of financial position. With respect to financial instruments for which there is no active financial market, the fair value is determined using valuation and other techniques.

Amortized cost—The amortized cost is calculated using the effective interest method less any allowance for impairment. The calculation takes into consideration any award or discount in the acquisition and includes the transaction costs and fees which are an integral part of the effective interest rate.

These techniques include recent market transactions between interested, fully informed parties who act independently; references to the fair value of another substantially similar financial instrument; and discounted cash flows or other valuation methods.

4.5 Financial assets**4.5.1 Initial recognition and measurement of financial assets**

Financial assets within the scope of IAS 39 *Financial Instruments: 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 assets, 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. The Company only has accounts receivable and derivative financial instruments, which are described in Note 4.7.

The Company initially recognizes all of its financial assets at fair value plus costs directly attributable to the transaction, except for financial assets valued at fair value through profit or loss in which these costs are not considered.

The Company recognizes the purchase or sale of financial assets on the date of each transaction, which is the date on which the Company commits to buy or sell a financial asset.

4.5.2 Subsequent measurement of accounts receivable

Accounts receivable are non-derivative financial assets with fixed or determined payments that are not quoted in active markets, and are initially recognized at the corresponding invoiced amounts. After initial recognition, accounts receivable are recorded by the Company at amortized cost using the effective interest rate method less the allowance for impairment. Gains or losses are recognized in results when the accounts receivable are derecognized or impaired, as well as through the amortization process.

4.5.3 Impairment of financial assets

The Company assesses on the date of the statement of financial position whether there is any objective evidence that a financial asset or group of assets is impaired. A financial asset or group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the financial asset, and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors are experiencing

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