Accounting Treatments

PURPOSE

To provide a link to detail documentation of CS Lucas standard accounting treatments.

WHY IS THIS IMPORTANT?

Accounting for Treasury instruments can be complex and various alternative approaches are available. This document summarized the various alternatives and provide links showing detail journals and computation.

LIST OF ACCOUNTING TREATMENTS

Instrument	Accounting Treatment	Link
Money Market	Money Market Deposit at Average Rate Money Market Loan at Average Rate	<u>Click</u> <u>Here</u>
		<u>Click</u> <u>Here</u>
	Money Market Loan Rollover - Partial	<u>Click</u> <u>Here</u>
	Money Market Withholding Tax - Net	<u>Click</u> <u>Here</u>
	Money Market Withholding Tax - Gross	<u>Click</u> <u>Here</u>
	Money Market Loan Rollover - Full	<u>Click</u> <u>Here</u>
	Money Market - Deposit - Negative Interest Rate	<u>Click</u> <u>Here</u>
	Money Market - Loan - Negative Interest Rate	<u>Click</u> <u>Here</u>
	Money Market Loan at Spot Rate	<u>Click</u> <u>Here</u>
	Money Market Loan at Spot Rate - Alt	<u>Click</u> <u>Here</u>

Foreign Exchange	Foreign Exchange Outright Base	<u>Click</u> <u>Here</u>
	Foreign Exchange Outright Cross	<u>Click</u> <u>Here</u>
	Foreign Exchange Outright Cross Split Swap Cost from SRR	<u>Click</u> <u>Here</u>
	Foreign Exchange Swap Cross	<u>Click</u> <u>Here</u>
	Foreign Exchange Swap Base	<u>Click</u> <u>Here</u>
	Foreign Exchange Rollover	<u>Click</u> <u>Here</u>
	Foreign Exchange Outright Base – with TDate Journal	<u>Click</u> <u>Here</u>
	Foreign Exchange Outright Cross - with TDate Journal	<u>Click</u> <u>Here</u>
Non-Deliverable Forward	NDF Journal	<u>Click</u> <u>Here</u>
Interest Rate Swap	IRS Cross Ccy - Front and Back	<u>Click</u> <u>Here</u>
	IRS Cross Ccy - Notional	<u>Click</u> <u>Here</u>
	IRS Same Ccy - Notional	<u>Click</u> <u>Here</u>
	IRS Same Ccy - Notional - Hedging Derivatives	<u>Click</u> <u>Here</u>
Option	Option Long Journal	<u>Click</u> <u>Here</u>
	Option Short Journal	<u>Click</u> <u>Here</u>
Intercompany Funding	Interco Funding	<u>Click</u> <u>Here</u>

Term Loan	Term Loan with Interest Capitalisation	<u>Click</u> <u>Here</u>
	Term Loan Fee Amortisation	<u>Click</u> <u>Here</u>
	Term Loan - Borrow	<u>Click</u> <u>Here</u>
	Term Loan – Lend	<u>Click</u> <u>Here</u>
Investment - Equity	Investment in Equity	<u>Click</u> <u>Here</u>
	Investment in Equity FIFO	<u>Click</u> <u>Here</u>
Interest on MMF	Interest on Money Market Funds	<u>Click</u> <u>Here</u>
Investment – Bond	Investment in Bond - Average at Market Value	<u>Click</u> <u>Here</u>
	Investment in Bond - FIFO at Amortised Cost	<u>Click</u> <u>Here</u>

FREQUENTLY ASKED QUESTIONS

FAQ01. Should the ERP system revalue journals posted by CS Lucas?

ERP system must NOT revalue any General Ledger chart of accounts items (except "Cash at bank") used for treasury transactions that CS Lucas system is posting to. If these journals are revalued or changed and booked (either manually or via integration), we will not be able to provide support to reconcile General Ledger balances (base and currency amount) to the CS Lucas system.

The reason revaluation is not necessary are as follows:

a) CS Lucas will book transactions using the appropriate accounting rate so that the base currency amount are correctly stated. Where necessary, CS Lucas will recompute the appropriate average period exchange rate from the archived end of day rate.

- b) At month end, the CS Lucas system generates month end journals for the following purposes:
 - i) accruals for interest income and expenses
 - ii) amortization/accretion journals
 - iiii) revaluation journals to compute the FX gains and losses.
 - iv) revaluation if monetary assets and liability.
- c) Unless otherwise stated, all month end journals above are reversing in nature posted on the following day of the month end.
- d) Settlement journals for transactions booked in the CS Lucas assume these above month end journals and their reversal. These settlement journals computes the correct FX realized amount and analyze it between capital and revenue as appropriate.
- e) The "Cash at bank" accounts are not revalued by CS Lucas. Therefore, the Cash at Bank account needs to be restated for month end revaluation in the usual manner by the ERP system.

RELATED INFORMATION

Chart of Accounts

<u>Accounting Journals Management</u>

CHANGE HISTORY

Date	Ву	Changes
1-Aug-2016	Clarissa	Created.
10-Oct-2016	TS	Updated.
17-Nov-2016	Clarissa	Added Term Loan Fee Amortisation
23-Nov-2016	Clarissa	Added two FX accounting treatments
1-Dec-2016	TS	Added IRS Same Ccy – Notional – Hedging Derivatives
1-Jun-2017	Clarissa	Added FAQ01.
14-Jun-2017	TS	Added Term Loan – Borrow and Term Loan – Lend.
27-Jun-2017	TS	Added MMK Deposit and Loan with negative interest rate.
31-Mar-2020	Lyra	Added Interest on Money Market Funds
6-May-2020	Lyra	Added Money Market Loan at Spot Rate
12-May-2020	Lyra	Added Money Market Loan at Spot Rate - Alt