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	Click Here
	Money Market Loan at Average Rate	Click Here
	Money Market Loan Rollover – Partial	Click Here
	Money Market Withholding Tax – Net	Click Here
	Money Market Withholding Tax – Gross	Click Here
	Money Market Loan Rollover – Full	Click Here
	Money Market – Deposit – Negative Interest Rate	Click Here
	Money Market – Loan – Negative Interest Rate	Click Here
	Money Market Loan at Spot Rate	Click Here
	Money Market Loan at Spot Rate – Alt	Click Here

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

Term Loan	Term Loan with Interest Capitalisation	[Click Here](#)
	Term Loan Fee Amortisation	[Click Here](#)
	Term Loan – Borrow	[Click Here](#)
	Term Loan – Lend	[Click Here](#)
Investment – Equity	Investment in Equity	[Click Here](#)
	Investment in Equity FIFO	[Click Here](#)
Interest on MMF	Interest on Money Market Funds	[Click Here](#)
Investment – Bond	Investment in Bond – Average at Market Value	[Click Here](#)
	Investment in Bond – FIFO at Amortised Cost	[Click Here](#)

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

Accounting Journals Management

CHANGE HISTORY

Date	By	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