

Investment in Equity

PURPOSE

To show illustration of investment in equity.

OVERVIEW

Gains and losses arising from trading activity are reported to on trade date. Gains and losses analyzed between price and foreign exchange component. Month end security position reported at market value.

TRANSACTION DETAILS

Portfolio	
Security Name	
APT	
ACO	
Trade ID	
Buy/Sell	
Trade Date	
Value Date	
Quantity	
Trade Currency	
Price	
Gross Proceeds	
Commission	
Contract Stamp	
Fees	
GST/VAT	
Transaction Cost	
Net Proceeds	

IVM1001
Buy
3-Feb-03
4-Feb-03
10,000.00
SGD
1.23
12,345.00
6.82
7.52
9.05
6.29
29.68
12,374.68
IVM1002
Buy
4-Feb-03
5-Feb-03
20,000.00
SGD
1.57
31,356.00
7.12
2.74
8.37
3.62
21.85
31,377.85
IVM1003

Sell
5-Feb-03
6-Feb-03
3,000.00
SGD
1.65
4,963.20
0.66
3.56
9.33
4.24
17.79
4,945.41

The following is the movement in cumulative carrying cost as the result of transaction IVM1001 and IVM1002

Trade	Date	Buy/Sell	Quantity	Net Cost SGD	Exc Rate	Net Cost USD
IVM1001	3-Feb-03	Buy	10,000.00	12,374.68	0.567456	7,022.09
IVM1002	4-Feb-03	Buy	20,000.00	31,377.85	0.585806	18,381.33
		Cumulative quantity and cost	30,000.00	43,752.53	0.00	25,403.42
				A		B

DIVIDEND INCOME

Declare Date
Ex-quantity
Per Share
Total

Tax
Tax Amt
Transaction Cost
Net Dividend
25-Feb-03
27,000.00
0.123
3,321.00
27%
896.67
11.23
2,413.10

MONTH END VALUATION

ACO	Valuation
28-Feb	1.7123 / share

SUMMARY OF JOURNALS

ID	Date	Description
J1	3-Feb-03	Trade IVM1001 - Trade Date Journal
J2	4-Feb-03	Trade IVM1001 - Settlement Date Journal
J3	4-Feb-03	Trade IVM1002 - Trade Date Journals
J4	5-Feb-03	Trade IVM1002 - Settlement Date Journals
J5	5-Feb-03	Trade IVM1003 - Trade Date Journals
J6	6-Feb-03	Trade IVM1003 - Settlement Date Journals
J7	28-Feb-03	Month end revaluation of investment position
J8	1-Mar-03	Reversal of month marked to market
J9	28-Feb-03	Month end accruals of dividend accruals
J10	1-Mar-03	Reversal of month end accruals

ID	Date	Description
J11	5-Mar-03	Settlement of Dividend

J1 Trade IVM1001 - Trade Date Journal

TradeID	PostDate	B/P	Account	Ccy	Ccy Amt D/(CR)	Rate	Base	Base Amt D/(CR)	Line
IVM1001	3-Feb-03	B	INV: Investment - Cost	SGD	12,374.68	0.567456	USD	7,022.09	J1a
IVM1001	3-Feb-03	B	INV: Due to Broker	SGD	-12,374.68	0.567456	USD	-7,022.09	J1b

Note J1a: The exchange rate 1.76225 is the booking rate on 03-Feb-03 (multiplier 0.567456).

J2 Trade IVM1001 - Settlement Date Journal

TradeID	PostDate	B/P	Account	Ccy	Ccy Amt D/(CR)	Rate	Base	Base Amt D/(CR)	Line
IVM1001	4-Feb-03	B	INV: Due to Broker	SGD	12,374.68	0.567456	USD	7,022.09	J2a
IVM1001	4-Feb-03	B	Cash at Bank	SGD	-12,374.68	0.585806	USD	-7,249.16	J2b
IVM1001	4-Feb-03	B	FX Realised Losses - Investment	SGD	0.00	0.000000	USD	227.07	J2c

Note J2b: The exchange rate 1.70705 is the booking rate on settlement of the trade - 04-Feb-03 (multiplier 0.585806).

Note J2c: The FX realised arises because of the rate movement between 3rd and the 4th of Feb on the payable amount of SGD 12,347.68. This may be calculated as follows:

SGD - 12,374.68 converted to USD	at 0.567456	-7,022.09
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	at 0.585806	-7,249.16
Additional payable amount (loss)		-227.07

J3 Trade IVM1002 - Trade Date Journals

TradeID	PostDate	B/P	Account	Ccy	Ccy Amt D/(CR)	Rate	Base	Base Amt D/(CR)	Line
IVM1002	4-Feb-03	B	INV: Investment Cost	SGD	31,377.85	0.585806	USD	18,381.33	J3a
IVM1002	4-Feb-03	B	INV: Due to Broker	SGD	-31,377.85	0.585806	USD	-18,381.33	J3b

J4 Trade IVM1002 - Settlement Date Journals

TradeID	PostDate	B/P	Account	Ccy	Ccy Amt D/(CR)	Rate	Base	Base Amt D/(CR)	Line
IVM1002	5-Feb-03	B	INV: Due to Broker	SGD	31,377.85	0.585806	USD	18,381.33	J4a
IVM1002	5-Feb-03	B	Cash at Bank	SGD	-31,377.85	0.571883	USD	-17,944.45	J4b
IVM1002	5-Feb-03	P	FX - Realised Gains - Investment	SGD	0.00	0.000000	USD	-436.88	J4c

J5 Trade IVM1003 - Trade Date Journals

TradeID	PostDate	B/P	Account	Ccy	Ccy Amt D/(CR)	Rate	Base	Base Amt D/(CR)	Line
IVM1003	5-Feb-03	B	INV: Due to Broker	SGD	4,945.41	0.571882	USD	2,828.19	J5a
IVM1003	5-Feb-03	B	INV: Investment - Cost	SGD	-4,375.25	0.508616	USD	-2,540.34	J5b

TradeID	PostDate	B/P	Account	Ccy	Ccy Amt D/(CR)	Rate	Base	Base Amt D/(CR)	Line
IVM1003	5-Feb-03	P	INV: Trading Income Price Impact	SGD	-570.16	0.571875	USD	-326.06	J5c
IVM1003	5-Feb-03	P	INV: Trading Income FX Impact	SGD	0.00	0.000000	USD	38.21	J5d

IVM1003 is a sale transaction that liquidate 3,000 of the holding of 30,000 shares. As a result, there are profit and impact of the transaction. There are calculated as follows and used for the journals.

Note J5b: Calculation of Cost

Quantity	Trade Ccy		Base Ccy	
30,000.00	43,752.53	= A	25,403.42	= B
1.00	1.45841767		0.84678067	
30,000.00	4,735.25		2,540.34	
	C		D	

Note J5a: Calculation of Total Profit and Loss

	Trade Ccy		Base Ccy	
Proceeds	4,945.41	E	2,828.19	F
Cost	4,375.25	= C	2,540.34	= D
Profit and Loss	570.16		287.85	

Calculation of Current Rate (as a multiplier)

Trade Proceeds	4,945.41	= E
Base Proceeds	2,828.19	= F

Current Rate	0.57188181	$G = E / F$
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Note J5d: Calculation of FX Impact

Base Cost at Historical Rate	2,540.34	= D
Base Cost at Current Rate	2,502.13	$H = C * G$
FX Impact (Loss)	-38.21	$J = H - D$

Note J5c: Calculation of Price Impact

Base Cost at Current Rate	2,502.13	= H
Base Proceeds	2,828.19	= F
Price Impact (Profit)	326.06	$L = F - H$

Alternatively, to avoid rounding error in calculation, the price impact can be computed as the residual amount of the total profit and loss after the FX Impact.

FX Impact	-38.21	= J
Price Impact (Profit)	326.06	
Total Profit and Loss	287.85	

J6 Trade IVM1003 - Settlement Date Journals

TradeID	PostDate	B/P	Account	Ccy	Ccy Amt D/(CR)	Rate	Base	Base Amt D/(CR)	Line
IVM1003	6-Feb-03	B	INV: Due to Broker	SGD	-4,945.41	0.571882	USD	-2,828.19	J6a
IVM1003	6-Feb-03	B	Cash at Bank	SGD	4,945.41	0.560451	USD	2,771.66	J6b
IVM1003	6-Feb-03	P	FX - Realised Losses - Investment	SGD	0.00	0.000000	USD	56.53	J6c

J7 Month end revaluation of investment position

TradeID	PostDate	B/P	Account	Ccy	Ccy Amt D/(CR)	Rate	Base	Base Amt D/(CR)	Line
APT/ACO	28-Feb-03	B	INV: Investment Cost	SGD	6,854.82	0.501724	USD	3,439.23	J7a
APT/ACO	28-Feb-03	P	INV: MTM - Price Impact	SGD	-6,854.82	0.568919	USD	-3,899.84	J7b
APT/ACO	28-Feb-03	P	INV: MTM - FX Impact	SGD	0.00	0.000000	USD	460.61	J7c

At month end the position in ACO shares is 27,000. The market value per share is 1.7123. The position is marked to market (MTM) for accounting proposes. The breakdown of the revaluation profit and loss is as follows:

Calculation of Market Cost

Quantity	Price	Trade Ccy		Rate	Base Ccy	
27,000.00	1.7123	46,232.10	A'	0.568919	26,302.31	B'

Calculation of Position and Holding Cost

30,000.00	43,752.53	= A	25,403.42	= B
-3,000.00	-4,475.25		-2,540.34	
27,000.00	39,277.28	C'	22,863.08	D'

Note J7a: Calculation of Revaluation MTM

	Trade Ccy		Base Ccy	
MV	46,232.10	= A'	26,302.31	= B'
Cost	39,377.28	= C'	22,863.08	= D'
Profit and Loss	6,854.82		3,439.23	

Calculation of Historical Rate (as a multiplier)

Trade Cost Value	39,377.28	= C'
Base Cost Value	22,863.08	= D'
Current Rate	0.58061603	$E' = D' / C'$

Calculation of Current Rate (as a multiplier)

Trade Market Value	46,323.10	= A'
Base Market Value	26,302.31	= B'
Current Rate	0.56891878	$E' = B' / A'$

Note J7c: Calculation of FX Impact

Base Cost at Historical Rate	22,863.08	$G' = E' * C'$
Base Cost at Current Rate	22,402.47	$H' = C' * F'$
FX Impact (Loss)	-460.61	J'

Note J7b: Calculation of Price Impact

Base Cost at Current Rate	22,402.47	= J'
Base Cost at Market Value	26,302.31	= B'
Price Impact (Profit)	3,899.84	J'

Alternatively, to avoid rounding error in calculation, the price impact can be computed as the residual amount of the total profit and loss after the FX Impact.

FX Impact	-460.61	= H'
Price Impact (Profit)	3,899.84	
Total Profit and Loss	3,439.23	

J8 Reversal of month marked to market

TradeID	PostDate	B/P	Account	Ccy	Ccy Amt D/(CR)	Rate	Base	Base Amt D/(CR)	Line
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TradeID	PostDate	B/P	Account	Ccy	Ccy Amt D/(CR)	Rate	Base	Base Amt D/(CR)	Line
APT/ACO	1-Mar-03	B	INV: Investment Cost	SGD	-6,854.82	0.501724	USD	-3,439.23	J8a
APT/ACO	1-Mar-03	P	INV: MTM - Price Impact	SGD	6,854.82	0.568919	USD	3,899.84	J8b
APT/ACO	1-Mar-03	P	INV: MTM - FX Impact	SGD	0.00	0.000000	USD	-460.61	J8c

J9 **Month end accruals of dividend accruals**

TradeID	PostDate	B/P	Account	Ccy	Ccy Amt D/(CR)	Rate	Base	Base Amt D/(CR)	Line
APT/ACO	28-Feb-03	P	DIV: Dividend Income	SGD	-3,321.00	0.562662	USD	-1,868.60	J9a
APT/ACO	28-Feb-03	P	DIV: Tax on Dividend	SGD	896.67	0.562661	USD	504.52	J9b
APT/ACO	28-Feb-03	P	DIV: Other Dividend Expenses	SGD	11.23	0.562778	USD	6.32	J9c
APT/ACO	28-Feb-03	B	DIV: Dividend Receivable	SGD	2,413.10	0.568920	USD	1,372.86	J9d
APT/ACO	28-Feb-03	P	FX - Unrealised Gains - Revenue	SGD	0.00	0.000000	USD	-15.10	J9e

Note J9a to J9c: Booking rate for journals

	Quantity	Per Share	Tax	Tax Amt	Transx Cost	Net Dividend	
Ccy Amt	27,000.00	0.123	0.27	896.67	11.23	2,413.10	
Base Amount @ 25 Feb		0.56266071	0.15	504.52	6.23	1,357.76	=A"

Note J9e: Computation of FX gain on unrealized dividend receivable

Base Amount @ 28 Feb	0.56891792	1,372.86	= B"
FX Gains on Net Dividend		15.10	C" = B" - A"

J10 Reversal of month end accruals

TradeID	PostDate	B/P	Account	Ccy	Ccy Amt D/(CR)	Rate	Base	Base Amt D/(CR)	Line
APT/ACO	1-Mar-03	P	DIV: Dividend Income	SGD	3,321.00	0.562662	USD	1,868.60	J10a
APT/ACO	1-Mar-03	P	DIV: Tax on Dividend	SGD	-896.67	0.562661	USD	-504.52	J10b
APT/ACO	1-Mar-03	P	DIV: Other Dividend Expenses	SGD	-11.23	0.562778	USD	-6.32	J10c
APT/ACO	1-Mar-03	B	DIV: Dividend Receivable	SGD	-2,413.10	0.568920	USD	-1,372.86	J10d
APT/ACO	1-Mar-03	P	FX - Unrealised Gains - Revenue	SGD	0.00	0.000000	USD	15.10	J10e

J11 Settlement of Dividend

TradeID	PostDate	B/P	Account	Ccy	Ccy Amt D/(CR)	Rate	Base	Base Amt D/(CR)	Line
APT/ACO	5-Mar-03	P	DIV: Dividend Income	SGD	-3,321.00	0.562662	USD	-1,868.60	J11a
APT/ACO	5-Mar-03	P	DIV: Tax on Dividend	SGD	896.67	0.562660	USD	504.52	J11b
APT/ACO	5-Mar-03	P	DIV: Other Dividend Expenses	SGD	11.23	0.562778	USD	6.32	J11c
APT/ACO	5-Mar-03	B	Cash	SGD	2,413.10	0.568344	USD	1,371.47	J11d
APT/ACO	5-Mar-03	P	FX - Realised Gains - Revenue	SGD	0.00	0.000000	USD	-13.71	J11e

Note J11a to J11c: Booking rate for journals

	Quantity	Per Share	Tax	Tax Amt	Transx Cost	Net Dividend	
Ccy Amt	27,000.00	0.123	0.27	896.67	11.23	2,413.10	
Base Amount @ 25 Feb		0.56266071	0.15	504.52	6.23	1,357.76	A~

Note J11e: Computation of FX gain on unrealized dividend receivable

Base Amount @ 28 Feb	0.56834328	1,371.47	= B~
FX Gains on Net Dividend		13.71	C~ = B~ - A~

EXCHANGE RATES

Our illustration assumes the company uses different daily exchange rates for accounting.

Average rates are computed by using the multiplier rate from trade/transaction currency to the base currency each day and averaging this over the relevant period.

The following rates were used for this illustration.

Spot Rate

Date	USD/SGD	SGD/USD*
3-Feb-03	1.762250	0.567456
4-Feb-03	1.707050	0.585806
5-Feb-03	1.748610	0.571883
6-Feb-03	1.784280	0.560450
25-Feb-03	1.777270	0.562661
28-Feb-03	1.757720	0.567919
1-Mar-03	1.771690	0.564433
5-Mar-03	1.759500	0.568343

* round to 6 dp. Full precision used for calculation.

FREQUENTLY ASKED QUESTIONS

RELATED INFORMATION

CHANGE HISTORY

Date	By	Changes
17-Feb-2010	CS	Creation.
20-Jun-2016	RJ	Reformatted.
28-Apr-2020	LT	Re-formatting.