

# Money Market Deposit at Average Rate

## **PURPOSE**

To show illustration of money market deposit at average rates.

## **OVERVIEW**

- i. Deposit revalued to period end closing rate.
- ii. Income are reported at average booking rate over the life of the deposit.
- iii. Gain and loss arising from foreign exchange movement are analysed into revenue and capital component.

## **TRANSACTION DETAILS**

Accounting Base Ccy
Trade ID
Trade Date
Value Date
Maturity Date
Currency
Amount
Rate
Accrual Method
Total Interest
Maturity Amount
USD
MMK1001
3-Feb-03
3-Feb-03

3-Apr-03
SGD
1,000,000.00
5.1232%
Act/365
8,281.34
1,008,281.34

**SUMMARY OF JOURNALS**

ID	Date	Description
J1	3-Feb-03	Money Market Deposit Start.
J2	28-Feb-03	Money Market Month End Accruals.
J3	1-Mar-03	Reversal Money Market Month End Accruals.
J4	31-Mar-03	Money Market Month End Accruals.
J5	1-Apr-03	Reversal Money Market Month End Accruals.
J6	3-Apr-03	Money Market Deposit Maturity.

**J1 Money Market Deposit Start.**

TradeID	PostDate	B/P	Account	Ccy	Ccy Amount	Exc Rate	Ccy	Base Amount	Line
MMK1001	3-Feb-03	B	Deposit	SGD	1,000,000.00	0.567456	USD	567,456.38	J1a
MMK1001	3-Feb-03	B	Cash at Bank	SGD	-1,000,000.00	0.567456	USD	-567,456.38	J1b

**Note J1a: The booking rate on 3-Feb 2003 is 1.76225 (multiplier 0.567456). The rate is rounded to 6dp for display. Full precision is used in calculation.**

**J2 Money Market Month End Accruals.**

TradeID	PostDate	B/P	Account	Ccy	Ccy Amount	Exc Rate	Ccy	Base Amount	Line
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TradeID	PostDate	B/P	Account	Ccy	Ccy Amount	Exc Rate	Ccy	Base Amount	Line
MMK1001	28-Feb-03	B	Deposit - Interest Recv	SGD	3,649.40	0.568919	USD	2,076.21	J2a
MMK1001	28-Feb-03	P	Deposit Interest Income	SGD	-3,649.40	0.571584	USD	-2,085.94	J2b
MMK1001	28-Feb-03	P	FX - Unrealised Losses-Revenue	SGD	0.00		USD	9.73	J2c
MMK1001	28-Feb-03	B	Deposit	SGD	0.00		USD	1,462.45	J2d
MMK1001	28-Feb-03	P	FX - Unrealised Gains - Capital	SGD	0.00		USD	-1,462.45	J2e

**Note J2a: Calculation of Accrual in SGD**

Start date	3-Feb-03	
Month End Date	28-Feb-03	
Days (include 28-Feb)	26	=A
Start date	3-Feb-03	
Maturity Date	3-Apr-03	
Days (exclude 3-Apr)	59	=B
Total Interest	8,281.34	=C
Period Interest	3,649.40	=C*A/B

**Note J2b: The average multiplier rate between 3-Feb and 28-Feb is 0.571584. See Exchange Rates below. The rate is rounded to 6dp for display. Full precision is used in calculation.**

**Note J2c: The unrealised foreign exchange loss on interest income is analyzed as follows:**

	SGD	Rate+	USD
At Closing Rate	3,649.40	0.568919	2,076.21
At Average Rate	3,649.40	0.571584	2,085.94
	Loss in exchange		-9.73

+ Rates used for calculation are in full precision. Illustrated rates are rounded to

6dp.

**Note J2e: The unrealised gain on the revaluation of the deposit is analyzed as follows:**

	SGD	Rate+	USD
At Closing Rate	1,000,000.00	0.568919	568,918.83
At Start Rate	1,000,000.00	0.567456	567,456.38
	Gain in exchange		1,462.45

+ Rates used for calculation are in full precision. Illustrated rates are rounded to 6dp.

**J3 Reversal Money Market Month End Accruals.**

TradeID	PostDate	B/P	Account	Ccy	Ccy Amount	Exc Rate	Ccy	Base Amount	Line
MMK1001	1-Mar-03	B	Deposit - Interest Recv	SGD	-3,649.40	0.568919	USD	-2,076.21	J3a
MMK1001	1-Mar-03	P	Deposit Interest Income	SGD	3,649.40	0.571584	USD	2,085.94	J3b
MMK1001	1-Mar-03	P	FX - Unrealised Losses-Revenue	SGD	0.00		USD	-9.73	J3c
MMK1001	1-Mar-03	B	Deposit	SGD	0.00		USD	-1,462.45	J3d
MMK1001	1-Mar-03	P	FX - Unrealised Gains - Capital	SGD	0.00		USD	1,462.45	J3e

**J4 Money Market Month End Accruals.**

TradeID	PostDate	B/P	Account	Ccy	Ccy Amount	Exc Rate	Ccy	Base Amount	Line
MMK1001	31-Mar-03	B	Deposit - Interest Recv	SGD	8,000.62	0.577434	USD	4,619.83	J4a
MMK1001	31-Mar-03	P	Deposit Interest Income	SGD	-8,000.62	0.571775	USD	-4,574.56	J4b

TradeID	PostDate	B/P	Account	Ccy	Ccy Amount	Exc Rate	Ccy	Base Amount	Line
MMK1001	31-Mar-03	P	FX - Unrealised Gains-Revenue	SGD	0.00		USD	-45.27	J4c
MMK1001	31-Mar-03	B	Deposit	SGD	0.00		USD	9,977.50	J4d
MMK1001	31-Mar-03	P	FX - Unrealised Gains - Capital	SGD	0.00		USD	-9,977.50	J4e

**Note J4a: Calculation of Accrual in SGD**

Start date	3-Feb-03	
Month End Date	31-Mar-03	
Days (include 31-Mar)	57	=A
Start date	3-Feb-03	
Maturity Date	3-Apr-03	
Days (exclude 3-Apr)	59	=B
Total Interest	8,281.34	=C
Period Interest	8,000.62	=C*A/B

**Note J4b: The average multiplier rate between 3-Feb and 31-Mar is 0.571775. See Exchange Rates below. The rate is rounded to 6dp for display. Full precision is used in calculation.**

**Note J4c: The unrealised foreign exchange gain on interest income is analyzed as follows:**

	SGD	Rate+	USD
At Closing Rate	8,000.62	0.577434	4,619.83
At Average Rate	8,000.62	0.571775	4,574.56
	Gain in exchange		45.27

+ Rates used for calculation are in full precision. Illustrated rates are rounded to 6dp.

**Note J4e: The unrealised gain on the revaluation of the deposit is analyzed as follows:**

	SGD	Rate+	USD
At Closing Rate	1,000,000.00	0.577434	577,433.88
At Average Rate	1,000,000.00	0.567456	567,456.38
	Gain in exchange		9,977.50

+ Rates used for calculation are in full precision. Illustrated rates are rounded to 6dp.

**J5 Reversal Money Market Month End Accruals.**

TradeID	PostDate	B/P	Account	Ccy	Ccy Amount	Exc Rate	Ccy	Base Amount	Line
MMK1001	1-Apr-03	B	Deposit - Interest Recv	SGD	-8,000.62	0.577434	USD	-4,619.83	J5a
MMK1001	1-Apr-03	P	Deposit Interest Income	SGD	8,000.62	0.571775	USD	4,574.56	J5b
MMK1001	1-Apr-03	P	FX - Unrealised Gains-Revenue	SGD	0.00		USD	45.27	J5c
MMK1001	1-Apr-03	B	Deposit	SGD	0.00		USD	-9,977.50	J5d
MMK1001	1-Apr-03	P	FX - Unrealised Gains - Capital	SGD	0.00		USD	9,977.50	J5e

**J6 Money Market Deposit Maturity.**

TradeID	PostDate	B/P	Account	Ccy	Ccy Amount	Exc Rate	Ccy	Base Amount	Line
MMK1001	3-Apr-03	P	Deposit Interest Income	SGD	-8,281.34	0.571524	USD	-4,732.99	J6a
MMK1001	3-Apr-03	B	Deposit	SGD	-1,000,000.00	0.567456	USD	-567,456.38	J6b
MMK1001	3-Apr-03	B	Cash at Bank	SGD	1,008,281.34	0.581416	USD	586,230.53	J6c

TradeID	PostDate	B/P	Account	Ccy	Ccy Amount	Exc Rate	Ccy	Base Amount	Line
MMK1001	3-Apr-03	P	FX - Realised Gains-Revenue	SGD	0.00		USD	-81.91	J6d
MMK1001	3-Apr-03	P	FX - Realised Gains - Capital	SGD	0.00		USD	-13,959.25	J6e

**Note J6a:** The average multiplier rate between 3-Feb to 2-Apr is 0.571524. See Exchange Rates below. Note that the last day of the deposit is not included. The rate is rounded to 6dp for display. Full precision is used in calculation.

**Note J6d:** The realised foreign exchange gain on interest income is analyzed as follows:

	SGD	Rate+	USD
At Closing Rate	8,281.34	0.581416	4,814.90
At Average Rate	8,281.34	0.571524	4,732.99
	Gain in exchange		81.91

+ Rates used for calculation are in full precision. Illustrated rates are rounded to 6dp.

**Note J6e:** The realised gain on the deposit is analyzed as follows:

	SGD	Rate+	USD
At Closing Rate	1,000,000.00	0.581416	581,415.63
At Start Rate	1,000,000.00	0.567456	567,456.38
	Gain in exchange		13,959.25

+ Rates used for calculation are in full precision. Illustrated rates are rounded to 6dp.

## **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

<b>Date</b>	<b>USD/SGD</b>	<b>SGD/USD*</b>
3-Feb-03	1.762250	0.567456
28-Feb-03	1.757720	0.568919
31-Mar-03	1.731800	0.577434
3-Apr-03	1.719940	0.581416

Average

<b>From Date</b>	<b>To Date</b>	<b>SGD/USD*</b>
3-Feb-03	28-Feb-03	0.571584
3-Feb-03	31-Mar-03	0.571775
3-Feb-03	2-Apr-03	0.571524

\* round to 6 dp. Full precision used for calculation of average rates

## **FREQUENTLY ASKED QUESTIONS**

## **RELATED INFORMATION**

## **CHANGE HISTORY**

<b>Date</b>	<b>By</b>	<b>Changes</b>
08-Apr-2004	CS	Creation.
06-Jun-2016	RJ	Reformatted.
08-Apr-2020	LT	Re-formatting.