

Money Market Loan at Spot Rate - Alt (W5)

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PURPOSE

To show illustration of money market loan at spot rate where there are two rates on month end date. This is identical to [Money Market Loan at Spot Rate](#) except for the use of Alternate Rate for month end revaluation of capital if this is provided.

OVERVIEW

- i. Loan revalued at month end using alternate rate.
- ii. Expense are reported at spot rate. No revaluation on interest.
- iii. Gain and loss arising from foreign exchange movement are analyzed into capital component.a

TRANSACTION DETAILS

Accounting Base Ccy
Trade ID
Trade Date
Value Date
Maturity Date
Currency
Amount
Rate
Accrual Method
Total Interest
Maturity Amount

USD
MMK1001
28-Feb-03
28-Feb-03
3-Apr-03
SGD
1,000,000.00
5.1232%
Act/365
4,772.30
1,004,772.30

SUMMARY OF JOURNALS

ID	Date	Description
J1	28-Feb-03	Money Market Loan 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 Loan Maturity.

J1 Money Market Loan Start.

TradeID	PostDate	B/P	Account	Ccy	Ccy Amount	Exc Rate	Ccy	Base Amount	Line
MMK1001	28-Feb-03	B	Cash at Bank	SGD	1,000,000.00	0.568919	USD	568,918.83	J1a
MMK1001	28-Feb-03	B	MMK-Loan	SGD	-1,000,000.00	0.568919	USD	-568,918.83	J1b

Note J1a : The booking rate on 28-Feb 2003 is 1.75772 (multiplier 0.568919).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
MMK1001	28-Feb-03	P	MMK- Loan Interest Expense	SGD	140.36	0.568919	USD	79.85	J2a
MMK1001	28-Feb-03	B	MMK- Loan Interest Payables	SGD	-140.36	0.568919	USD	-79.85	J2b
MMK1001	28-Feb-03	B	MMK - Loan	SGD	0.00		USD	3,227.98	J2c
MMK1001	28-Feb-03	P	FX - Unrealised Gains - Capital	SGD	0.00		USD	-3,227.98	J2d

Note J2a : **The spot rate on 28-Feb is 0.568919. See Exchange Rates below. The rate is rounded to 6dp for display. Full precision is used in calculation.**

Note J2b : **Calculation of Accrual in SGD**

Start date	28-Feb-03	
Month End Date	28-Feb-03	
Days (include 28-Feb)	1	=A
Start date	28-Feb-03	
Maturity Date	3-Apr-03	
Days (exclude 3-Apr)	34	=B
Total Interest	4,772.30	=C
Period Interest	140.36	=C*A/B

Note J2d : **The unrealised gain on the revaluation of the loan is analyzed as follows:**

	SGD	Rate+	USD
At Closing Rate*	1,000,000.00	0.565691	565,690.85
At Start Date	1,000,000.00	0.568919	568,918.83
	Gain in exchange		3,227.98

* In order for system to revalue the loan using Alternate Rate on the month end date, both SGD and USD month end rates must be maintained on the month end date. See Exchange Rates below. If no Alternate Rate available for both currencies on the month end date, system will revalue the loan using the accounting rate maintained for the month end date or last available rate.

+ 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	P	MMK - Loan Interest Expense	SGD	-140.36	0.568919	USD	-79.85	J3a
MMK1001	1-Mar-03	B	MMK - Loan Interest Payables	SGD	140.36	0.568919	USD	79.85	J3b
MMK1001	1-Mar-03	B	MMK - Loan	SGD	0.00		USD	-3,227.98	J3c
MMK1001	1-Mar-03	P	FX - Unrealised Gains-Capital	SGD	0.00		USD	3,227.98	J3d

J4 **Money Market Month End Accruals.**

TradeID	PostDate	B/P	Account	Ccy	Ccy Amount	Exc Rate	Ccy	Base Amount	Line
MMK1001	31-Mar-03	P	MMK - Loan Interest Expense	SGD	4,491.58	0.577434	USD	2,593.59	J4a

TradeID	PostDate	B/P	Account	Ccy	Ccy Amount	Exc Rate	Ccy	Base Amount	Line
MMK1001	31-Mar-03	B	MMK - Loan Interest Payables	SGD	-4,491.58	0.577434	USD	-2,593.59	J4b
MMK1001	31-Mar-03	B	MMK - Loan	SGD	0.00		USD	-4,837.56	J4c
MMK1001	31-Mar-03	P	FX - Unrealised Losses-Capital	SGD	0.00		USD	4,837.56	J4d

Note J4a : **The spot rate on 31-Mar is 0.577434. See Exchange Rates below. The rate is rounded to 6dp for display. Full precision is used in calculation.**

Note J4b : **Calculation of Accrual in SGD**

Start date	28-Feb-03	
Month End Date	31-Mar-03	
Days (include 31-Mar)	32	=A
Start date	28-Feb-03	
Maturity Date	3-Apr-03	
Days (exclude 3-Apr)	34	=B
Total Interest	4,772.30	=C
Period Interest	4,491.58	=C*A/B

Note J4d : **The unrealised loss on the revaluation of the loan is analyzed as follows:**

	SGD	Rate+	USD
At Closing Rate*	1,000,000.00	0.573756	573,756.38
At Start Date	1,000,000.00	0.568919	568,918.83
	Loss in exchange		-4,837.56

* In order for system to revalue the loan using Alternate Rate on the month end date, both SGD and USD month end rates must be maintained on the month end date. See Exchange Rates below. If no Alternate Rate available for both currencies on the month end date, system will revalue the loan using the accounting rate maintained for the month end date or last available rate.

+ 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	P	MMK - Loan Interest Expense	SGD	-4,491.58	0.577434	USD	-2,593.59	J5a
MMK1001	1-Apr-03	B	MMK - Loan Interest Payables	SGD	4,491.58	0.577434	USD	2,593.59	J5b
MMK1001	1-Apr-03	B	MMK - Loan	SGD	0.00		USD	4,837.56	J5c
MMK1001	1-Apr-03	P	FX - Unrealised Losses - Capital	SGD	0.00		USD	-4,837.56	J5d

J6

Money Market Loan Maturity.

TradeID	PostDate	B/P	Account	Ccy	Ccy Amount	Exc Rate	Ccy	Base Amount	Line
MMK1001	3-Apr-03	P	MMK - Loan Interest Expense	SGD	4,772.30	0.581416	USD	2,774.69	J6a
MMK1001	3-Apr-03	B	MMK - Loan	SGD	1,000,000.00	0.568919	USD	568,918.83	J6b
MMK1001	3-Apr-03	B	Cash at Bank	SGD	-1,004,772.30	0.581416	USD	-584,190.32	J6c
MMK1001	3-Apr-03	P	FX - Realised Losses - Capital	SGD	0.00		USD	12,496.80	J6d

Note J6a : **The spot rate on 3-Apr is 0.581416. See Exchange Rates below. The rate is rounded to 6dp for display. Full precision is used in**

calculation.

Note J6d : **The realised loss on the loan is analyzed as follows:**

	SGD	Rate+	USD
At Closing Rate	1,000,000.00	0.581416	581,415.63
At Start Date	1,000,000.00	0.568919	568,918.83
	Loss in exchange		-12,496.80

+ 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.

The following rates were used for this illustration.

Spot Rate

Accounting Rate

Date	USD/SGD	SGD/USD*
28-Feb-03	1.757720	0.568919
31-Mar-03	1.731800	0.577434
3-Apr-03	1.719940	0.581416

Alternate Rate

Date	USD/SGD	SGD/USD*
28-Feb-03	1.767750	0.565691
31-Mar-03	1.742900	0.573756
Date	SGD/SGD	
28-Feb-03	1.000000	
31-Mar-03	1.000000	

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

FREQUENTLY ASKED QUESTIONS

FAQ01: If a company is using the previous month's month-end accounting rate (e.g., 31-Dec-2023) for transactions occurring in the current month (e.g., 1-Jan-2024 to 31-Jan-2024) and utilizes a different month-end rate for revaluing money market loan/deposit during month-end closing, how can the month-end accounting rate be updated to ensure accurate revaluation of Money Market Loan/Deposit and other financial instruments such as Foreign Exchange at month end?

To ensure accurate generation of revaluation for Money Market Loan/Deposit and other financial instruments such as Foreign Exchange at month end, please follow the steps outlined below. The example provided pertains to the month of January 2024.

Prerequisite: The accounting treatment for MM_Accrue (MM month-end closing journal) must be configured to use 11000103_5. This configuration setup is handled by CS Lucas team under Maintenance > ERP Events. If you are uncertain about the accounting treatment you are using, please contact CS Lucas for clarification.

11000103_5 - To record the accrual of interest in MM Deposits and Loans. P&L booked at SPOT rate. Monetary Asset Revaluation at Alt Rate on specific period date. Where Alt Rate is not available, latest Acct Rate will be used.

1. Begin by updating the month-end rate in the Alternate column initially. Do not update the month-end rate in the Accounting rate column yet; leave it blank.

31 Jan 2024	<u>AUD</u>	0.880700		0.880700	
31 Jan 2024	<u>CAD</u>				
31 Jan 2024	<u>CNH</u>	0.186700		0.186700	
31 Jan 2024	<u>CNY</u>	0.186700		0.186700	
31 Jan 2024	<u>EUR</u>	1.450700		1.450700	
31 Jan 2024	<u>GBP</u>				
31 Jan 2024	<u>HKD</u>				
31 Jan 2024	<u>IDR</u>				
31 Jan 2024	<u>INR</u>				
31 Jan 2024	<u>JPY</u>	0.009076		0.009076	
31 Jan 2024	<u>MYR</u>	0.283400		0.283400	
31 Jan 2024	<u>SEK</u>				
31 Jan 2024	<u>SGD</u>	1.000000		1.000000	
31 Jan 2024	<u>THB</u>				
31 Jan 2024	<u>USD</u>	1.340900		1.340900	

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2. Select all transaction journals and Recreate. Then, proceed to post. This step ensures that all transaction journals use the last available accounting rate, which corresponds to the previous month-end rate (accounting rate maintained on 31-Dec-2023).

3. Run month end processing. This action will generate month-end journals for MM and FX.

4. Select only money market month-end journals and Recreate. Then, post. This ensures there will be revaluation for MM loan/deposit, based on the last available accounting rate (the previous month-end rate maintained in the Accounting rate column for 31-Dec-2023), against the current month-end rate maintained under the Alternate rate column.

5. After the money market month-end journals are posted, update the Accounting rate column with the current month's month-end rate (e.g., 31-Jan-2024).

Exchange Rate Maintenance

Ex Rate Type* Default
Currency
From* 31/01/2024
To* 31/01/2024

Refresh
Add
Save
Copy To
Rate Type
Admin
Download
Star
Save

VDate	Currency	Valuation*	Accounting	Alternate	Volatility(%)
31 Jan 2024	AUD	0.880700	0.880700	0.880700	
31 Jan 2024	CAD				
31 Jan 2024	CNH	0.186700	0.186700	0.186700	
31 Jan 2024	CNY	0.186700	0.186700	0.186700	
31 Jan 2024	EUR	1.450700	1.450700	1.450700	
31 Jan 2024	GBP				
31 Jan 2024	HKD				
31 Jan 2024	IDR				
31 Jan 2024	INR				
31 Jan 2024	JPY	0.009076	0.009076	0.009076	
31 Jan 2024	MYR	0.283400	0.283400	0.283400	
31 Jan 2024	SEK				
31 Jan 2024	SGD	1.000000	1.000000	1.000000	
31 Jan 2024	THB				
31 Jan 2024	USD	1.340900	1.340900	1.340900	

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6. Proceed to select the FX MTM journals and Recreate. These journals will revalue based on the current month's month-end rates (now updated in the Accounting rate column in step 5). Then, post.

Important note: Please refrain from recreating any money market journals once this month's month-end rate has been updated in the Accounting rate column.

7. Verify all entries in the accounting system to ensure accuracy before closing the period in the CS Lucas system.

RELATED INFORMATION

CHANGE HISTORY

Date	By	Changes
12-May-2020	TS	Creation.
12-May-2020	LT	Re-formatting.
21-Feb-2024	TS	Added FAQ01.