

Money Market Loan at Spot Rate

PURPOSE

To show illustration of money market loan at spot rate.

OVERVIEW

- i. Loan revalued at month end using accounting 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.

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 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	3-Feb-03	B	Cash at Bank	SGD	1,000,000.00	0.567456	USD	567,456.38	J1a
MMK1001	3-Feb-03	B	MMK-Loan	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
---------	----------	-----	---------	-----	------------	----------	-----	-------------	------

TradeID	PostDate	B/P	Account	Ccy	Ccy Amount	Exc Rate	Ccy	Base Amount	Line
MMK1001	28-Feb-03	P	MMK- Loan Interest Expense	SGD	3,649.40	0.568919	USD	2,076.21	J2a
MMK1001	28-Feb-03	B	MMK- Loan Interest Payables	SGD	-3,649.40	0.568919	USD	-2,076.21	J2b
MMK1001	28-Feb-03	B	MMK - Loan	SGD	0.00		USD	-1,462.45	J2c
MMK1001	28-Feb-03	P	FX - Unrealised Losses - Capital	SGD	0.00		USD	1,462.45	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	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 J2d : **The unrealised loss on the revaluation of the loan is analyzed as follows:**

	SGD	Rate+	USD
--	-----	-------	-----

At Closing Rate	1,000,000.00	0.568919	568,918.83
At Start Date	1,000,000.00	0.567456	567,456.38
	Loss 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	P	MMK - Loan Interest Expense	SGD	-3,649.40	0.568919	USD	-2,076.21	J3a
MMK1001	1-Mar-03	B	MMK - Loan Interest Payables	SGD	3,649.40	0.568919	USD	2,076.21	J3b
MMK1001	1-Mar-03	B	MMK - Loan	SGD	0.00		USD	1,462.45	J3c
MMK1001	1-Mar-03	P	FX - Unrealised Losses-Capital	SGD	0.00		USD	-1,462.45	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	8,000.62	0.577434	USD	4,619.83	J4a
MMK1001	31-Mar-03	B	MMK - Loan Interest Payables	SGD	-8,000.62	0.577434	USD	-4,619.83	J4b
MMK1001	31-Mar-03	B	MMK - Loan	SGD	0.00		USD	-9,977.50	J4c
MMK1001	31-Mar-03	P	FX - Unrealised Losses-Capital	SGD	0.00		USD	9,977.50	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	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 J4d : The unrealised loss on the revaluation of the loan is analyzed as follows:

	SGD	Rate+	USD
At Closing Rate	1,000,000.00	0.577434	577,433.88
At Start Date	1,000,000.00	0.567456	567,456.38
	Loss 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	P	MMK - Loan Interest Expense	SGD	-8,000.62	0.577434	USD	-4,619.83	J5a

TradeID	PostDate	B/P	Account	Ccy	Ccy Amount	Exc Rate	Ccy	Base Amount	Line
MMK1001	1-Apr-03	B	MMK - Loan Interest Payables	SGD	8,000.62	0.577434	USD	4,619.83	J5b
MMK1001	1-Apr-03	B	MMK - Loan	SGD	0.00		USD	9,977.50	J5c
MMK1001	1-Apr-03	P	FX - Unrealised Losses - Capital	SGD	0.00		USD	-9,977.50	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	8,281.34	0.581416	USD	4,814.90	J6a
MMK1001	3-Apr-03	B	MMK - Loan	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
MMK1001	3-Apr-03	P	FX - Realised Losses - Capital	SGD	0.00		USD	13,959.25	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	0.567456	567,456.38
	Loss 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.

The following rates were used for this illustration.

Spot Rate

Date	USD/SGD	SGD/USD*
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

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

FREQUENTLY ASKED QUESTIONS

RELATED INFORMATION

CHANGE HISTORY

Date	By	Changes
6-May-2020	TS	Creation.
6-May-2020	LT	Re-formatting.