

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 |
|---------|-----------|-----|----------------------------------|-----|------------|----------|-----|-------------|------|
| 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 | |
|------------|----------|--|

| 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. |