Money Market Loan Rollover – Full

PURPOSE

To show illustration of money market loan rollover – full.

OVERVIEW

i. In a rollover, CS Lucas system automatically create a new Money Market Transaction for the rollover trade.

ii. The settlement is cleared through a “system clearing account”.

iii. The accounting is deal with as illustrated below. The same treatment is used for loan and deposit (placements).

TRANSACTION DETAILS

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

Original Trade

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

New Rollover Trade

USD
MMK1002
3-Apr-03
3-Apr-03
25-Apr-03
SGD
1,008,281.34
5.1500%
Act/365
3,129.82
1,011,411.16

SUMMARY OF JOURNALS

ID	Date	Description
J6	3-Apr-03	Money Market Loan Maturity (Original Trade)
J1	3-Apr-03	Money Market Loan Start
J2	25-Apr-03	Money Market Loan Maturity

J6 **Money Market Loan Maturity (Original Trade)**

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	0.571525	USD	4,732.99	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 (Clearing A/C)	SGD	-1,008,281.34	0.581416	USD	-586,230.53	J6c
MMK1001	3-Apr-03	P	FX - Realised Losses - Revenue	SGD	0.00		USD	81.91	J6d
MMK1001	3-Apr-03	P	FX - Realised Losses - Capital	SGD	0.00		USD	13,959.25	J6e

J1 **Money Market Loan Start**

TradeID	PostDate	B/P	Account	Ccy	Ccy Amount	Exc Rate	Ccy	Base Amount	Line
MMK1002	3-Apr-03	B	Cash at Bank (Clearing A/C)	SGD	1,008,281.34	0.567456	USD	572,155.68	J1a
MMK1002	3-Apr-03	B	MMK-Loan	SGD	-1,008,281.34	0.567456	USD	-572,155.68	J1b

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

J2 **Money Market Loan Maturity**

TradeID	PostDate	B/P	Account	Ccy	Ccy Amount	Exc Rate	Ccy	Base Amount	Line
MMK1002	25-Apr-03	P	MMK - Loan Interest Expense	SGD	3,129.82	0.572081	USD	1,790.51	J2a
MMK1002	25-Apr-03	B	MMK - Loan	SGD	1,008,281.34	0.567456	USD	572,155.68	J2b
MMK1002	25-Apr-03	B	Cash at Bank	SGD	-1,011,411.16	0.562661	USD	-569,081.32	J2c
MMK1002	25-Apr-03	P	FX - Realised Gains - Revenue	SGD	0.00		USD	-29.48	J2d
MMK1002	25-Apr-03	P	FX - Realised Gains - Capital	SGD	0.00		USD	-4,835.39	J2e

Note J2a: The average multiplier rate between 3-Apr and 25-Apr is 0.572081. See Exchange Rates below. Note that the last day of the loan is not included.

Note J2d: The realised foreign exchange gain on interest expense is analyzed as follows:

	SGD	Rate+	USD
At Closing Rate	3,129.82	0.562661	1,761.03
At Average Rate	3,129.82	0.572081	1,790.51
	Gain in exchange		29.48

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

Note J2e: The realised gain on the loan is analyzed as follows:

	SGD	Rate+	USD
At Closing Rate	1,008,281.34	0.562661	567,320.29

At Start Date	1,008,281.34	0.567456	572,155.68
	Gain in exchange		4,835.39

+ 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

Date	USD/SGD	SGD/USD*
3-Apr-03	1.762250	0.567456

Average

From Date	To Date	SGD/USD*
3-Apr-03	24-Apr-03	0.572081

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

FREQUENTLY ASKED QUESTIONS

RELATED INFORMATION

CHANGE HISTORY

Date	By	Changes
08-Apr-2004	CS	Creation.
05-Jul-2016	RJ	Reformatted.

Date	By	Changes
24-Apr-2020	LT	Re-formatting.