

Money Market Loan at Average Rate

PURPOSE

To show illustration of money market loan at average rates.

OVERVIEW

- i. Loan revalued to period end closing rate.
- ii. Expense are reported at average booking rate over the life of the loan.
- iii. Gain and loss arising from foreign exchange movement are analyzed 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 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	0.571584	USD	2,085.94	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	P	FX - Unrealised Gains - Revenue	SGD	0.00		USD	-9.73	J2c
MMK1001	28-Feb-03	B	MMK - Loan	SGD	0.00		USD	-1,462.45	J2d
MMK1001	28-Feb-03	P	FX - Unrealised Losses - Capital	SGD	0.00		USD	1,462.45	J2e

Note J2a : **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 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 J2c : The unrealised foreign exchange gain on interest expense 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
	Gain in exchange		9.73

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

Note J2e : 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	0.571584	USD	-2,085.94	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	P	FX - Unrealised Gain-Revenue	SGD	0.00		USD	9.73	J3c
MMK1001	1-Mar-03	B	MMK - Loan	SGD	0.00		USD	1,462.45	J3d

TradeID	PostDate	B/P	Account	Ccy	Ccy Amount	Exc Rate	Ccy	Base Amount	Line
MMK1001	1-Mar-03	P	FX - Unrealised Losses-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	P	MMK - Loan Interest Expense	SGD	8,000.62	0.571775	USD	4,574.56	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	P	FX - Unrealised Losses-Revenue	SGD	0.00		USD	45.27	J4c
MMK1001	31-Mar-03	B	MMK - Loan	SGD	0.00		USD	-9,977.50	J4d
MMK1001	31-Mar-03	P	FX - Unrealised Losses-Capital	SGD	0.00		USD	9,977.50	J4e

Note J4a : 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 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 J4c : The unrealised foreign exchange loss on interest expense 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
	Loss in exchange		-45.27

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

Note J4e : 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	0.571775	USD	-4,574.56	J5a
MMK1001	1-Apr-03	B	MMK - Loan Interest Payables	SGD	8,000.62	0.577434	USD	4,619.83	J5b
MMK1001	1-Apr-03	P	FX - Unrealised Losses-Revenue	SGD	0.00		USD	-45.27	J5c
MMK1001	1-Apr-03	B	MMK - Loan	SGD	0.00		USD	9,977.50	J5d
MMK1001	1-Apr-03	P	FX - Unrealised Losses - Capital	SGD	0.00		USD	-9,977.50	J5e

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	0.571524	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	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

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 loan is not included. The rate is rounded to 6dp for display. Full precision is used in calculation.

Note J6d : The realised foreign exchange loss on interest expense 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
	Loss in exchange		-81.91

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

Note J6e : 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.

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-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

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

*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.
09-Jun-2016	RJ	Reformatted.
23-Apr-2020	LT	Re-formatting.