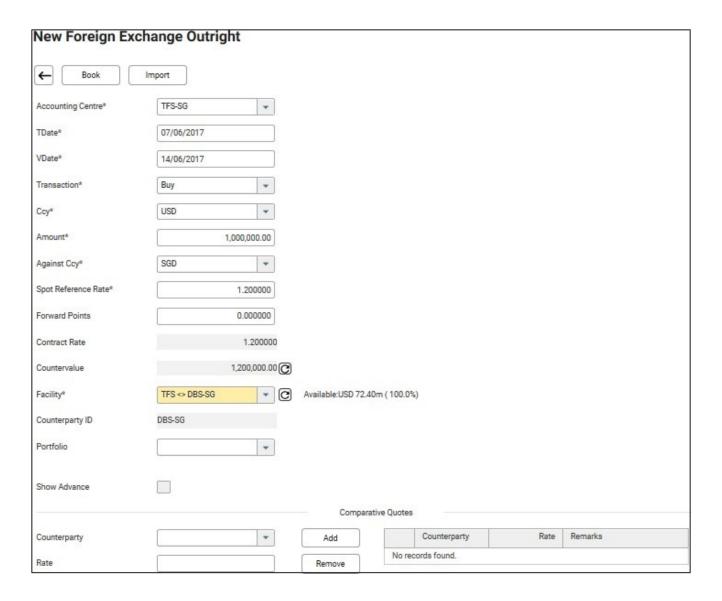# Settlement to Intercompany (W5)

PURPOSE

This document explains the procedure to instruct the bank counterparty to make payment to another entity's bank account and how the system handle the accounting journals.

WHY IS THIS IMPORTANT?

This is important when an entity is authorized to trade but the traded amount is required by intercompany entity. After a trade is done, an entity can instruct their bank counterparty to make payment directly to the intercompany entity's bank account instead of crediting to their bank account. Sometimes, an entity may not have the bank account in the currency of the transaction.

PROCEDURE

1. The following example shows a Foreign Exchange trade booked, TFS-SG buy USD 1,000,000.00 against SGD with DBS bank.

New Foreign Exchange Outright

← Book	Import

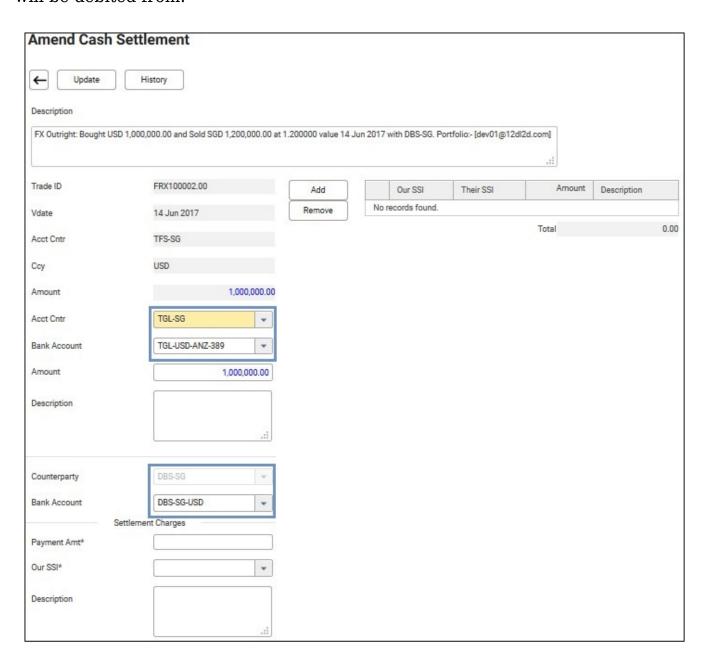| Field	Value
Accounting Centre*	TFS-SG
TDate*	07/06/2017
VDate*	14/06/2017
Transaction*	Buy
Ccy*	USD
Amount*	1,000,000.00
Against Ccy*	SGD
Spot Reference Rate*	1.200000
Forward Points	0.000000
Contract Rate	1.200000
Countervalue	1,200,000.00
Facility*	TFS <> DBS-SG Available:USD 72.40m (100.0%)
Counterparty ID	DBS-SG
Portfolio	
Show Advance	☐

Comparative Quotes

		Counterparty	Rate	Remarks
Counterparty		Add	No records found.	
Rate		Remove		

2. In Cash Settlement screen, you will see two cash flows (USD and SGD) created from this Foreign Exchange trade.

Cash Settlement

Acct Cntr*	TFS-SG	From*	14/06/2017	To*	14/06/2017	Ccy	

Refresh	Net Trade	Group	Cash Transfer	Confirm	Settle/Unsettle	EBanking	± ★ 🖫

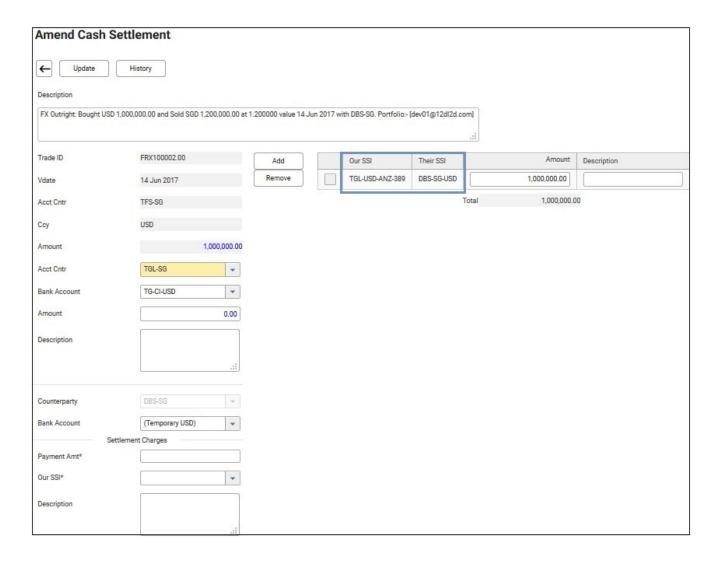|	Vdate	TradeID	Acct Cntr	Ctpy	Ccy	Amount	St'd	Assigned SSI	Net ID	Gp ID	Trade Details
☐	14 Jun 2017	FRX100002.00	TFS-SG	DBS-SG	SGD	-1,200,000.00		TF-DB-SGD	:		FX Outright: Bought USD 1,
☐	14 Jun 2017	FRX100002.00	TFS-SG	DBS-SG	USD	1,000,000.00		TF-CI-USD	:		FX Outright: Bought USD 1,

3. To instruct DBS bank to credit USD to another entity TGL-SG's bank account, click on the USD cash flow of this Foreign Exchange trade.

4. Select the entity of the bank account to credit to from the Acct Cntr drop down field on the left menu and select the bank account. In this example, TGL-SG is selected and bank account to be credited is TGL-USD-ANZ-389.
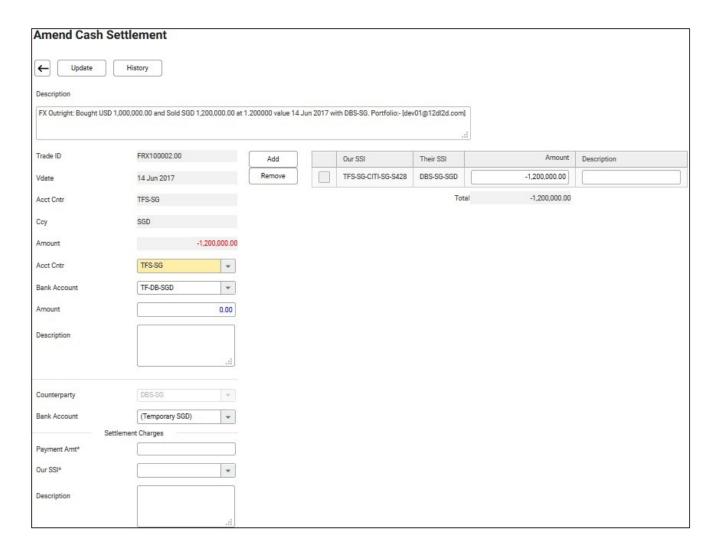
5. Next, select the counterparty's bank account from which the USD 1,000,000.00 will be debited from.

6. Click Add.

7. The assigned settlement instructions will be updated to the table listing on your right.

Amend Cash Settlement

← Update   History

Description

FX Outright: Bought USD 1,000,000.00 and Sold SGD 1,200,000.00 at 1.200000 value 14 Jun 2017 with DBS-SG. Portfolio:- [dev01@12dl2d.com]

Trade ID	FRX100002.00
Vdate	14 Jun 2017
Acct Cntr	TFS-SG
Ccy	USD
Amount	1,000,000.00
Acct Cntr	TGL-SG
Bank Account	TG-CI-USD
Amount	0.00
Description	

Counterparty	DBS-SG
Bank Account	(Temporary USD)

Settlement Charges

Payment Amt*	
Our SSI*	
Description	

Add   Remove

	Our SSI	Their SSI	Amount	Description
☐	TGL-USD-ANZ-389	DBS-SG-USD	1,000,000.00	
		Total	1,000,000.00	

8. Click Update.

9. Assign the settlement instructions as per normal for the SGD cash flow. In this example, SGD 1,200,000.00 will be debited from TFS-SG's TFS-SG-CITI-SG-S428 account to DBS bank account DBS-SG-SGD.

Amend Cash Settlement

← | Update | History

Description

FX Outright: Bought USD 1,000,000.00 and Sold SGD 1,200,000.00 at 1.200000 value 14 Jun 2017 with DBS-SG. Portfolio:- [dev01@12dl2d.com]

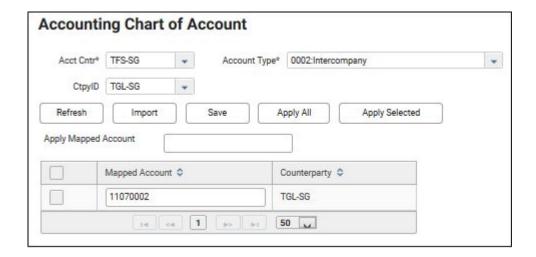|							
Trade ID	FRX100002.00		Add		Our SSI	Their SSI	Amount	Description
Vdate	14 Jun 2017		Remove	☐	TFS-SG-CITI-SG-S428	DBS-SG-SGD	-1,200,000.00	
Acct Cntr	TFS-SG					Total	-1,200,000.00
Ccy	SGD						
Amount	-1,200,000.00						
Acct Cntr	TFS-SG ▼						
Bank Account	TF-DB-SGD ▼						
Amount	0.00						
Description							
Counterparty	DBS-SG ▼						
Bank Account	(Temporary SGD) ▼						

Settlement Charges

Payment Amt*	
Our SSI*	▼
Description	

10. The accounting journals for the Foreign Exchange trade when there's settlement to intercompany are as follows. Note that system booked to the intercompany account.

Journals Details

← | Save | Recreate | 📄

FRX100002.00
FX Outright: Bought USD 1,000,000.00 and Sold SGD 1,200,000.00 at 1.200000 value 14 Jun 2017 with DBS-SG. Portfolio:- [dev01@12dl2d.com]

Status	Ready
PDate*	14/06/2017
Eff Date*	14/06/2017
Show Parameter	☐

Journal Description

B USD1,000,000.00 S SGD1,200,000.00 @1.200000

	System A/C	Mapped A/C	Ccy	Dc/(Cr)	Base Ccy	Dc/(Cr)	Rate	Counterparty	Portfolio	SSI	Acct Type
☐	FX Cash Clearing Account	103-123-SGD	SGD	1,200,000.00	SGD	1,200,000.00	1.000000	DBS-SG		FX Clearing SGD	0003
☐	Cash at Bank	100-123-428	SGD	-1,200,000.00	SGD	-1,200,000.00	1.000000	DBS-SG		TFS-SG-CITI-SG-S428	0001
☐	Intercompany	11070002	USD	1,000,000.00	SGD	1,381,800.00	1.381800	TGL-SG		TGL-USD-ANZ-389	0002
☐	FX Cash Clearing Account	103-123-USD	USD	-1,000,000.00	SGD	-1,381,800.00	1.381800	DBS-SG		FX Clearing USD	0003

Snap shot ☐

11. The intercompany mapping is set up as below example. For more details, see [Chart of Account](#) set up.

FREQUENTLY ASKED QUESTIONS

RELATED INFORMATION

Cash Settlement

CHANGE HISTORY

Date	By	Changes
11-Oct-2016	TS	Created.
9-Jan-2020	Lyra	Updated Screenshots.