

Term Loan Fee Amortisation

PURPOSE

To show illustration of term loan fee amortisation.

OVERVIEW

i. Accounting for amortisation for debt issuance cost to generate a constant effective cost of funding.

TRANSACTION DETAILS

Accounting Base Ccy
Trade ID
Pay/Rec
Category
Trade Date
Value Date
Currency
Amount
Accrual Method
USD
MAP1001
Payables
Fees
03-Feb-03
03-Feb-03
SGD
45,000.00
Act/365

TL Repayment Schedule

From Date	To Date	Opening Loan Balance	Principal	Interest Rate	Interest Repayment	Fee	Net Cash Flow
03-Feb-03	03-Feb-03	0.00	1,000,000.00	3.000000%	0.00	-45,000.00	955,000.00
03-Feb-03	03-Aug-03	1,000,000.00	0.00	3.000000%	-15,083.33	0.00	-15,083.33
03-Aug-03	03-Feb-04	1,000,000.00	0.00	3.000000%	-15,333.33	0.00	-15,333.33
03-Feb-04	03-Aug-04	1,000,000.00	0.00	3.000000%	-15,166.67	0.00	-15,166.67
03-Aug-04	03-Feb-05	1,000,000.00	0.00	3.000000%	-15,333.33	0.00	-15,333.33
03-Feb-05	03-Aug-05	1,000,000.00	0.00	3.000000%	-15,083.33	0.00	-15,083.33
03-Aug-05	03-Feb-06	1,000,000.00	-1,000,000.00	3.000000%	-15,333.33	0.00	-1,015,333.33

Fee Amortisation Schedule

From Date	To Date	Loan Balance	Fee Balance	Net	Interest	Amortisation	Total	Yield
03-Feb-03	03-Aug-03	1,000,000.00	45,000.00	955,000.00	15,083.33	7,009.49	22,092.82	4.6651121%
03-Aug-03	03-Feb-04	1,000,000.00	37,990.51	962,009.49	15,333.33	7,290.51	22,623.84	4.6651121%
03-Feb-04	03-Aug-04	1,000,000.00	30,700.00	969,300.00	15,166.67	7,380.85	22,547.52	4.6651121%
03-Aug-04	03-Feb-05	1,000,000.00	23,319.14	976,680.86	15,333.33	7,635.54	22,968.87	4.6651121%
03-Feb-05	03-Aug-05	1,000,000.00	15,683.60	984,316.40	15,083.33	7,687.69	22,771.02	4.6651121%
03-Aug-05	03-Feb-06	1,000,000.00	7,995.91	992,004.09	15,333.33	7,995.91	23,329.24	4.6651121%
03-Feb-06	03-Feb-06	0.00	0.00	0.00	0.00	0.00	0.00	4.6651121%

SUMMARY OF JOURNALS

ID	Date	Description
J1	3-Feb-03	Settlement of Fee
J2	28-Feb-03	Month End Fee Amortisation
J3	1-Mar-03	Reversal Month End Fee Amortisation
J4	31-Mar-03	Month End Fee Amortisation
J5	1-Apr-03	Reversal Month End Fee Amortisation

J1 Settlement of Fee

TradeID	PostDate	B/P	Account	Ccy	Ccy Amt D/(CR)	Rate	Base	Base Amt D/(CR)	Line
MAP1001	3-Feb-03	P	MAP: Pay Fees/Charges	SGD	45,000.00	0.567456	USD	25,535.54	J1a
MAP1001	3-Feb-03	B	Cash At Bank	SGD	-45,000.00	0.567456	USD	-25,535.54	J1b

Note J1a: The multiplier rate on 3-Feb-2003 is 0.567456. See Exchange Rates below.

J2 Month End Fee Amortisation

TradeID	PostDate	B/P	Account	Ccy	Ccy Amt D/(CR)	Rate	Base	Base Amt D/(CR)	Line
MAP1001	28-Feb-03	B	MIS: Fee Prepaid	SGD	44,041.19	0.568919	USD	25,055.86	J2a
MAP1001	28-Feb-03	P	MIS: Fee Expense	SGD	-44,041.19	0.567456	USD	-24,991.45	J2b
MAP1001	28-Feb-03	P	FX - Monetary Asset - Gain	SGD	0.00	0.000000	USD	-64.41	J2c

Note J2a: The multiplier rate on 28-Feb-2003 is 0.568919. See Exchange Rates below.

Calculation of Unamortised Fee

Unamortised fee is interpolated using cubic spline. No computation is available. The following calculation is using linear intra interest payment date as approximation for illustration.

Fee Amount	45,000.00	A
Unamortised Amount (Feb)	44,041.19	B
Period Charge (Feb)	958.81	C = A - B

Note J2c: The unrealised gain/loss on the revaluation of the fee is analysed as follows:

	SGD	Rate+	USD
At Closing Rate	44,041.19	0.568919	25,055.86
At Start Date	44,041.19	0.567456	24,991.45
	Gain in exchange		64.41

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

6dp.

J3 **Reversal Month End Fee Amortisation**

TradeID	PostDate	B/P	Account	Ccy	Ccy Amt D/(CR)	Rate	Base	Base Amt D/(CR)	Line
MAP1001	1-Mar-03	B	MIS: Fee Prepaid	SGD	-44,041.19	0.568919	USD	-25,055.86	J3a
MAP1001	1-Mar-03	P	MIS: Fee Expense	SGD	44,041.19	0.567456	USD	24,991.45	J3b
MAP1001	1-Mar-03	P	FX - Monetary Asset - Gain	SGD	0.00	0.000000	USD	64.41	J3c

J4 **Month End Fee Amortisation**

TradeID	PostDate	B/P	Account	Ccy	Ccy Amt D/(CR)	Rate	Base	Base Amt D/(CR)	Line
MAP1001	31-Mar-03	B	MIS: Fee Prepaid	SGD	42,848.14	0.577434	USD	24,741.97	J4a
MAP1001	31-Mar-03	P	MIS: Fee Expense	SGD	-42,848.14	0.567456	USD	-24,314.45	J4b
MAP1001	31-Mar-03	P	FX - Monetary Asset - Gain	SGD	0.00	0.000000	USD	-427.52	J4c

**Note J4a: The multiplier rate on 31-Mar-2003 is 0.577434. See
Exchange Rates below.**

Calculation of Unamortised Fee

Unamortised fee is interpolated using cubic spline. No computation is available.
The following calculation is using linear intra interest payment date as
approximation for illustration.

Unamortised Amount (Feb)	44,041.19	A
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Unamortised Amount (Mar)	42,848.14	B
Period Charge (Mar)	1,193.05	C = A - B

Note J4c: The unrealised gain/loss on the revaluation of the fee is analysed as follows:

	SGD	Rate+	USD
At Closing Rate	42,848.14	0.577434	24,741.97
At Start Date	42,848.14	0.567456	24,314.45
	Gain in exchange		427.52

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

J5 Reversal Month End Fee Amortisation

TradeID	PostDate	B/P	Account	Ccy	Ccy Amt D/(CR)	Rate	Base	Base Amt D/(CR)	Line
MAP1001	1-Apr-03	B	MIS: Fee Prepaid	SGD	-42,848.14	0.577434	USD	-24,741.97	J5a
MAP1001	1-Apr-03	P	MIS: Fee Expense	SGD	42,848.14	0.567456	USD	24,314.45	J5b
MAP1001	1-Apr-03	P	FX - Monetary Asset - Gain	SGD	0.00	0.000000	USD	427.52	J5c

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

FREQUENTLY ASKED QUESTIONS

RELATED INFORMATION

CHANGE HISTORY

Date	By	Changes
1-Nov-2016	CS	Creation.
15-Nov-2016	TS	Rewritten. Reformatted.
07-May-2020	LT	Re-formatting.