

Investment Accounts - Term Deposits and Cash Management Accounts

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The following article contains information regarding investment bank accounts. ***Investment Reconciliation*** assists to process amounts for investment bank accounts that relate to interest received and fees paid. These amounts may be available for downloading in a file from the financial institution or can be entered into the ***Investment Reconciliation*** screen if files are not available.

Term Deposit Accounts

A Term Deposit account is where a set amount of funds is deposited to an account which will have a set term and interest rate. This type of account means that funds are usually only able to be accessed at the end of the term. If accessed earlier there is likely to be a fee for the 'break' of the agreement and reduced interest paid.

Normally only a few transaction entries will be applicable for the term of the deposit. Often the interest amount is received at the end of the term, then depending on what has been agreed, a few options may determine how amounts are accounted for.

Term Deposit | Close at Maturity

If the Term Deposit is closed and the funds deposited into the every day operating 'Cash At Bank' account, the full amount of the original investment plus interest will appear as a line item on the ***Bank Reconciliation*** statement. This line item on the ***Bank Reconciliation*** needs to be posted to the building's *Investment Account*, which will be could be account code *01301 (Admin Fund)* or *1401 (Sinking/Cap Works/Maint. Fund)*. You can verify this though, by producing a ***Financial Statement*** using the 'Management Financial Stmnts', which also displays the account code, and checking the *Investment Account* code and balance:

Financial Statements - [Title Bar]

File Options Help

Screen
 Printer
 Excel

Template: Management Financial Statements (default) ...
 Printer: Snagit 2019 ...
 Paper Source: Automatically Select Copies: 1
 Letterhead: Default

Report Settings
 Print Header Show Nil
 Lot Balance Report
 Account Summary
 Insurance Details Report
 Print Building Address
 Print Variation Totals
 Split Bank Balance
 Receipt Summary
 Print Extra Reports Only
 Committee Expenditure Report
 Creditors Balance Report
 Statement of Key Financial Information

Report Name: Management Financial Stmtnts
 Report Period: 15/09/20 to 31/03/21
 UnBalanced Flag Only Draft
 Save Settings as Default
 Post Standing Journals

Preview
 Proceed
 Footnotes Setup
 Edit Columns
 Edit Header
 Change Building
 Close

Strata Corporation 86 Inc
Balance Sheet 31/08/2021

Code	Description	Actual 31/08/2021	Actual 28/02/2021
003	OWNERS FUNDS		
004	Administrative Fund	-5,080.43	-5,763.98
005	Sinking Fund	-2,470.00	-2,370.00
0098	TOTAL	\$ -7,550.43	\$ -8,133.98
0099	THESE FUNDS ARE REPRESENTED BY		
010	CURRENT ASSETS		
012	Cash At Bank	1,491.41	1,801.63
01302	Investment Account 2	6,059.02	6,056.21
0221	Levies In Arrears	0.00	273.00
0222	Other Arrears	0.00	3.14
0598	TOTAL ASSETS	7,550.43	8,133.98

Once it has been posted and the day's **Bank Reconciliation** statement has been processed/finalised, the investment account on the balance sheet should disappear as the balance will then be nil, indicating the account is closed. All funds will be in the '012 Cash at Bank' and the interest will be recorded as income.

Term Deposit | Reinvestment (or rollover)

The Term Deposit may be re-negotiated for a new interest rate and period of investment and will remain open. There are likely to be two options for this scenario to account for the interest for the initial period.

Capitalise Interest

If the amount is capitalised and added to the original term deposit amount, it is ideal to use in ***Investment Reconciliation*** to create the associated transactions. The amount of the interest will increase the original deposit and also record the interest as income. The new maturity date and interest rate can also be updated.

Receive Interest

Interest may be elected to be received into the operating account and only the original term deposit amount re-invested. The interest will be received into 'Cash at Bank' for receipting to the applicable income account. Update the term and interest rate in the ***Investment Reconciliation*** with the new Term Deposit details.

Cash Management Accounts

Cash management accounts are offered by some financial institutions and may provide some interest (usually less than Term Deposit rates); the funds can be assessed more readily than a Term Deposit and the interest is calculated daily and often paid into the Cash Management Account (capitalisation and increase of account) or the interest may be paid into the 'Cash at Bank' operating account for receipting as income. As this type of account will often have more transactions, this may be accounted for in the ***Investment Reconciliation*** with downloaded files (if applicable) or manual entries from statements.

StrataCash Term Deposit

StrataCash operating accounts are offered with Bank of Queensland for normal 'Cash at Bank' transactions, also offered is an investment account Term Deposit facility. As these accounts have minimal transactions, files are not able to be downloaded, however it is recommended that the ***Investment Reconciliation*** is utilised to maintain the details of terms and interest amounts as well as the balances, all then available for reporting from the one area.

Should you wish to discuss the current StrataCash Term Deposit rates offered, please contact your Client Success Manager for further details.

Investment Account Setup & Processing

Please refer to our article on *Investment Account Setup* as well as *Processing Investment Accounts* for further details.