Stock options

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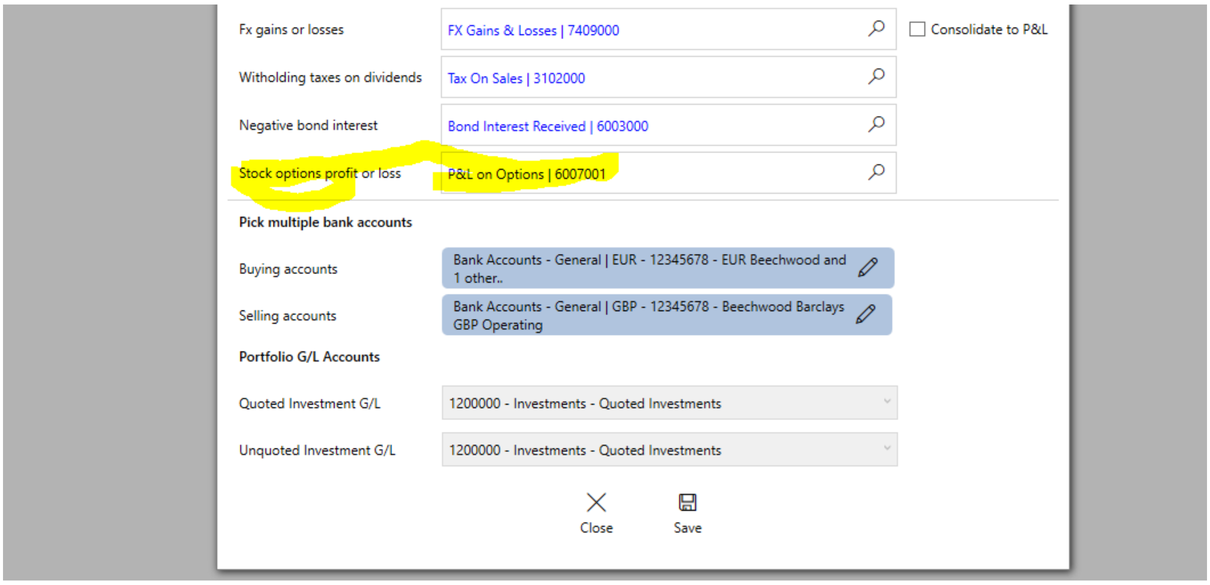
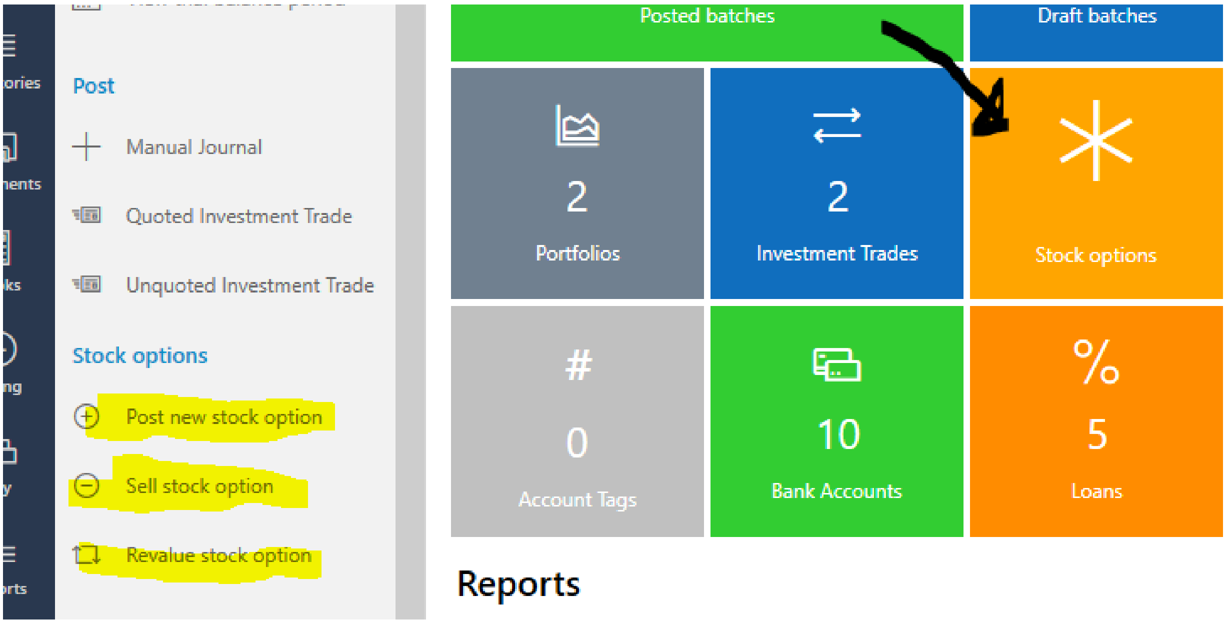
Setting up the portfolio for stock options

To use the stock option functionality the portfolio must have some additional settings, navigate to the entity -> accounting -> portfolios and click the setup of the portfolio. You must enter the account that any profit or loss should be posted to for stock option sales/ expiry. Click **Save**.

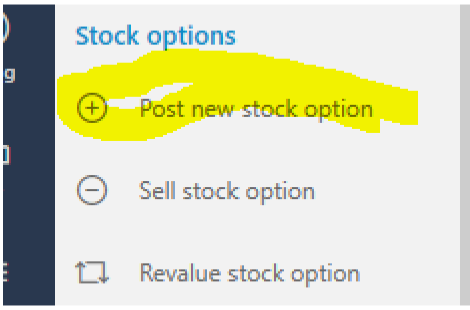


All actions relating to stock options are located on the clients accounting dashboard:

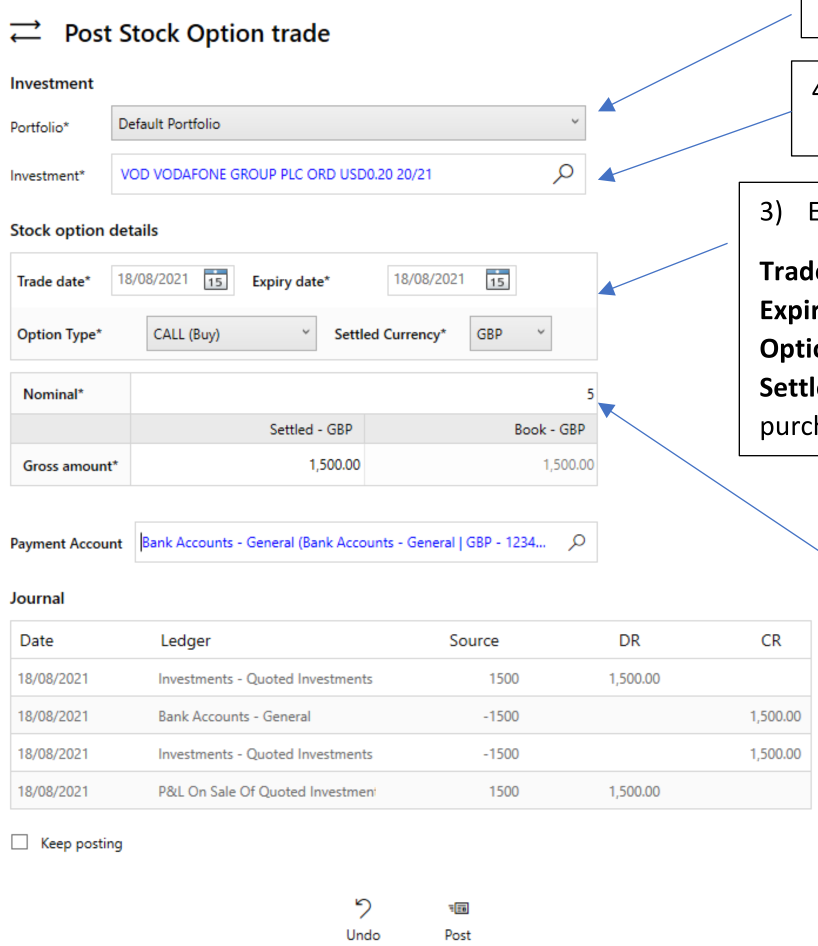


Posting a new stock option

To post a new stock option click the “Post new stock option” button



You will then see the following screen:



1) Pick the portfolio

4) Pick the investment that the stock option is for

3) Enter the following:

Trade date: the value date of the trade
Expiry date: the date the option expires
Option Type: CALL/ PUT
Settled Currency: the currency the purchase was made in

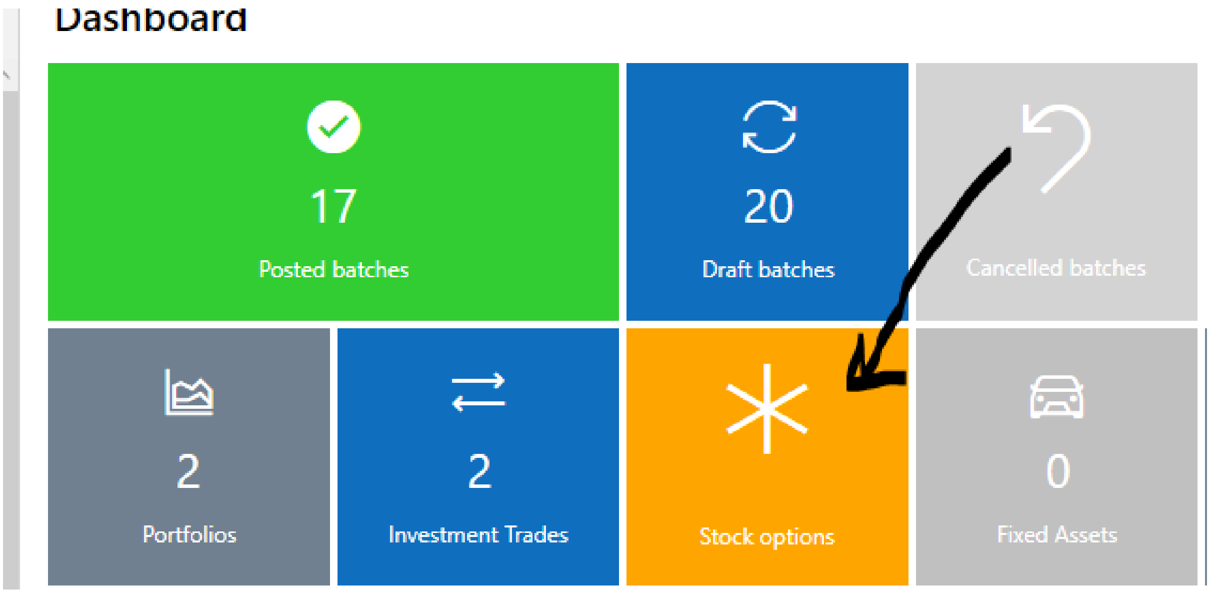
2) Enter the following:

Nominal: The quantity the stock option is for
Gross amount: the amount paid for the stock option
Payment account: the ledger used to pay for the option e.g., the bank account.

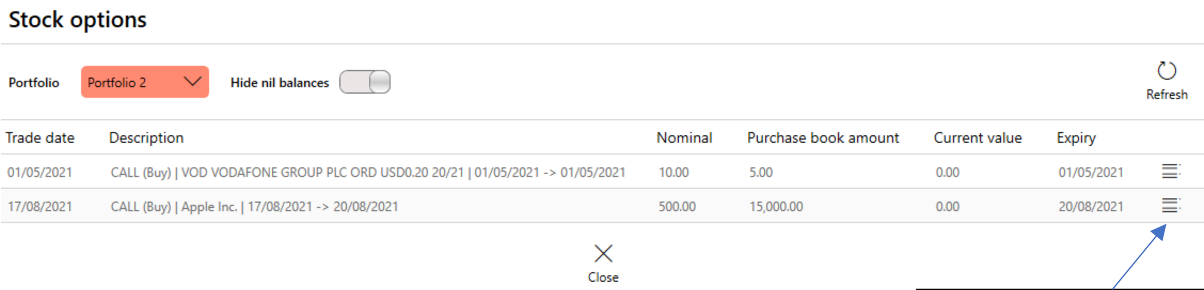
Once all information has been completed a preview of the journal that will be posted will be displayed. You will notice two future dated transactions for the expiry of the option, in the event the option is not sold before this date a loss will be posted. If the option is sold prior to this date the expiry journal will be automatically reversed or if the stock option is revalued it will be automatically amended.

Viewing existing stock options

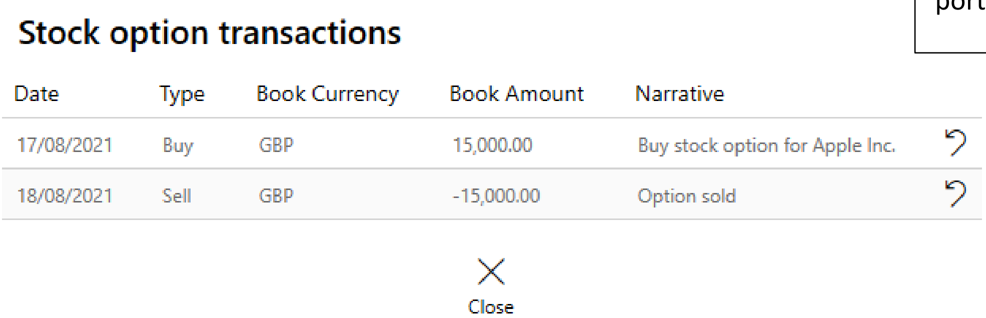
To view stock options held for the client click the Stock Options tile on the accounting dashboard:



The following screen will be displayed, you must choose a portfolio and whether you wish to show or hide nil balances.



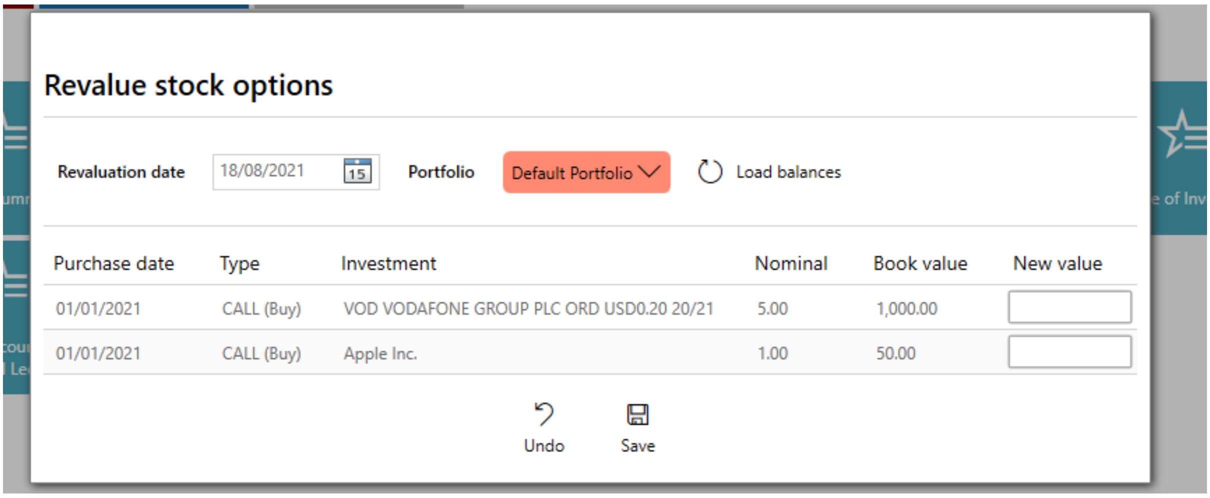
Click this icon to view the associated movements on the portfolio for this stock option.



Within the stock option transactions screen, you can undo any transactions by clicking the undo icon.

Revaluing stock options

To assist with year-end revaluations the stock options revaluation process allows you to revalue all the stock options in bulk. Click the 'Revalue stock option" button. Enter the revaluation date e.g., 31/12/20, the portfolio and click **Load balances.**

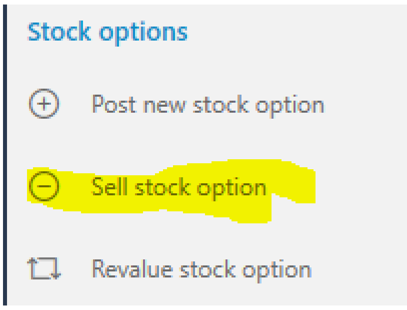


The screen will then display all stock options held at this date and the book values of them, the right-hand column **new value** allows you to enter the new market value of this option. When you have entered any items, you wish to revalue click **Save**.

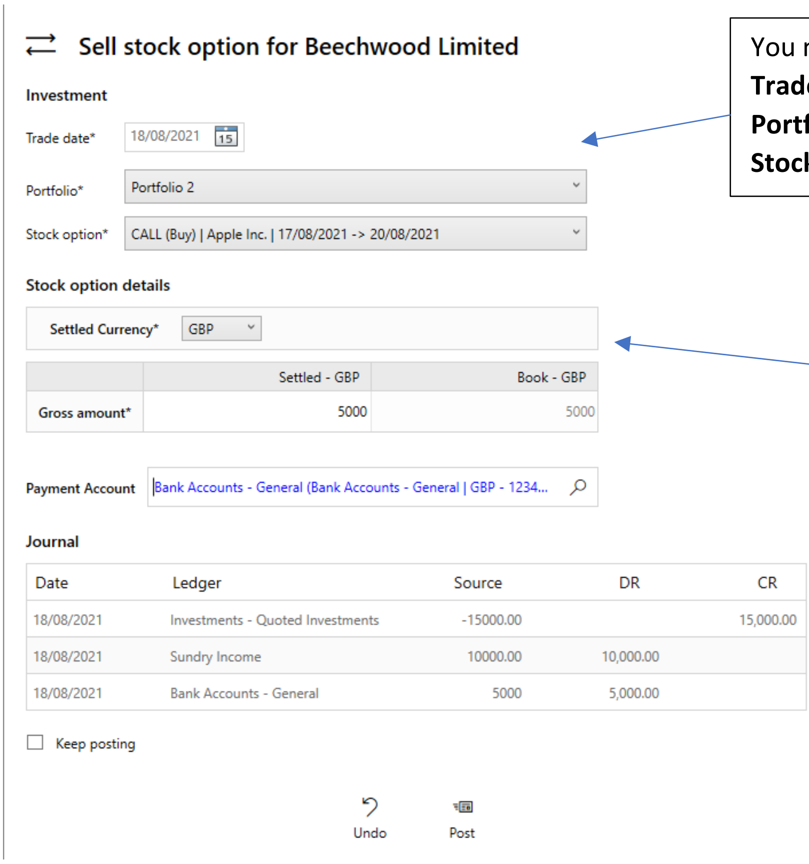
This will post revaluation entries against those stock options and adjust the expiry journal to match the new revalued amount. In the event the stock option has been sold after your revaluation the P&L on sale will be automatically recalculated.

Selling stock options

To sell a stock option click the Sell Stock Option icon:



The following screen will be displayed.



You must enter the following:
Trade date: the date the option was sold
Portfolio: the portfolio the option is held in
Stock option: the stock option you are selling

You must enter the following:
Settled currency: the currency the payment was received in
Gross amount: the amount received in settled and book
Payment account: the ledger the payment was received e.g., Bank account

A preview of the journal will be displayed, and the P&L will be calculated automatically. The loss on Expiry will automatically be reversed as this option has been sold. Click **Post.**