

# **AssetCenter<sup>TM</sup>**

**Version 3.5**

## **Reference Guide: Leasing Management**

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The Infrastructure Management Company<sup>TM</sup>



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### **AssetCenter and InfraCenter for Workgroups data integrity**

AssetCenter and InfraCenter for Workgroups are extremely rich in functionality. This richness relies on a complex database structure: The database contains a large number of tables, fields, links and indexes; certain intermediary tables are not displayed by the graphical interface; certain links, fields and indexes are automatically created, deleted or modified by the software.

Only the interfaces designed for AssetCenter and InfraCenter for Workgroups (graphical interface, APIs, import program, Web interface and gateways) are capable of modifying the database with respect to its integrity. **You must never modify the structure and/or the contents of the database by any means other than those intended for use with the software;** such modifications are highly likely to corrupt the database and bring about symptoms such as involuntary loss or modification of data or links, creation of "ghost" links or records, serious error messages, etc. Alterations to the database resulting from manipulations of this type void the guarantee and technical support provided by Peregrine Systems.

**Environments supported by AssetCenter and InfraCenter for Workgroups**

The list of environments supported by AssetCenter and InfraCenter for Workgroups can be found in the manual entitled "Installation and Upgrade Guide". Using AssetCenter or InfraCenter for Workgroups in environments other than those for which it is intended is done at the user's risk. Alterations made to the database resulting from using AssetCenter or InfraCenter for Workgroups in environments other than those for which it is intended void the guarantee and technical support provided by Peregrine Systems.

# Foreword

## ***Presentation of AssetCenter***

AssetCenter is a comprehensive IT infrastructure management system with integrated areas of functionality, based on a shared repository:

- Asset Management.
- Procurement Management.
- Leasing Management.
- Cost Management.

Its "integrated" dimension allows you to access all functionality via a unified interface and use a single database, thus avoiding data redundancy.

Its "functional" aspect allows you to adapt the user interface according to your needs. You may simplify the interface by selecting only those areas of functionality you wish to use.

## ***Objectives of the reference manuals***

These manuals provide detailed, systematic explanations of AssetCenter's functionality.

They are also available in the form of the on-line help, which has more or less the same contents.

There is a document that contains a table of contents and an index for all of these manuals.

## ***Objective of this manual***

This manual gives detailed information on how to manage contracts in general and leasing and rental agreements in particular.

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## Conventions

The following notation is used for commands:

[ ]	Square brackets denote an optional parameter. Do not type them in your command. Exception: In BASIC scripts, square brackets are used to denote the data access path and must be included in the script: <b>[Link.Link.Field]</b>
< >	Brackets denote a parameter in plain language. Do not type them. Substitute the text with the appropriate information.
{ }	Curly brackets denote a series of parameters. Only one of these parameters may be used. Do not type these curly brackets in your command.
	A pipe is used to separate a series of parameters contained within curly brackets.
*	An asterisk added to the right of square brackets means that the formula shown can be repeated several times.

The following text formats have given meanings:

<b>Fixed width characters</b>	DOS command.
<div>Example</div>	Example of code or command.
...	Code or command omitted.
<b>Object name</b>	The names of fields, tabs, menus and files are shown in bold.
<div>Note</div>	Important note.

---

## Send us your comments

We want to deliver the most accurate documentation possible.

Any comments would be greatly appreciated.

Send any remarks to **documentation@peregrine.com**.

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# Chapter 1 - Describing contracts

This chapter explains how to describe contracts.

You will find information on the following topics:

- Definition of a contract
- The different types of contracts
- Other contractual conditions of contracts
- Contacts involved in contracts
- Assets covered by contracts
- Contract rents
- Loans associated with contracts
- Hierarchic organization of contracts
- Information specific to maintenance contracts
- Information specific to Blanket PO type contracts

***Use the Finance/ Contracts, Finance/ Master leases and Finance/ Lease schedules menu items to access the list of contracts.***

The list of tabs in the contracts screen and their contents depends on the **Type** (SQL name: seType) of contract you create.

The table of contracts is hierarchical: each contract can have a parent contract and sub-contracts.

---

## Definition of a contract

AssetCenter lets you manage contracts signed with your partner companies (maintenance contracts, insurance contracts, etc.).

A given can be associated with several contracts.

Contracts are organized hierarchically and are managed in a separate table.

---

## The different types of contracts

AssetCenter allows you to manage several types of contracts. The **Type** field (SQL name: seType) at the top of a given contract detail indicates the contract type. The value of this field, selected from a system itemized list, determines which tabs are shown in the contract detail and their contents. Set this field to:

- **Master lease** to define the general leasing conditions without defining the list of assets that are covered or payment conditions.
- **Lease schedule** to define a lease schedule, which specifies the list of assets included in the contract and payment conditions.
- **Maintenance** to define a maintenance contract to manage work orders relating to this contract.
- **Insurance** to define an insurance contract (insurance policy).
- **License** to define a license agreement.
- **Blanket PO** to define a blanket purchase order. **Blanket PO** type contracts oblige the buyer to buy for a given minimum amount over a given period of time. If the minimum amount is not reached at the end of the period, penalties are incumbent on the buyer.
- **Other** to define a contract which does not correspond to one of the above types.

### Conditional tabs

Certain tabs are displayed in a contract detail depending on the contract **Type**:

- **Assets**: is displayed if the contract is not a **Master lease** or a **Blanket PO**.
- **Costs**: is displayed if the contract is not a **Master lease**.
- **Rents**: is displayed if the contract is not a **Master lease**, and if the **Nature of payments** field (SQL name: sePayType) in the **General** tab of the contract detail is set to **Rents** or **Both**.



- **Loans:** is displayed if the contract is not a **Master lease**, and if the **Nature of payments** field (SQL name: sePayType) in the **General** tab of the contract detail is set to **Loans** or **Both**.
- **Leasing:** is displayed if the contract type is set to **Master lease** or **Lease schedule**.
- **Options:** is displayed if the contract type is set to **Master lease** or **Lease schedule**.
- **Cycle:** is displayed if the contract type is set to **Lease schedule**.
- **Schedules:** is displayed if the contract type is set to **Master lease**.
- **Maintenance:** is displayed if the contract type is set to **Maintenance**.
- **Orders:** is displayed if the contract type is set to **Blanket PO**.
- **Licenses:** is displayed if the contract type is set to **License**.

---

## Other contractual conditions of contracts

The **Conditions** tab in the contracts detail view allows the user to freely enter additional information on contracts (max. size: 32767 characters).

---

## Contacts involved in contracts

The list of companies and individuals involved in a contract can be found in the **Contacts** tab in the contract detail.

This tab is made up of two zones:

- a fixed zone "Contacts and persons in charge of the contract".
- a zone with sub-tabs "Third party contacts": contacts with each company are described in individual sub-tabs. In the case of **Lease schedule** or **Master lease** type contracts, a sub-tab is automatically created when you select a "Lessor" and an "Assignee" in the **Leasing** tab.

The name used as label for the sub-tab is defined by the **Description** (SQL name: Description) field.

### "Contacts and persons in charge of the contract" frame


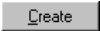
The fields in this frame designate records in the table of departments and employees or the table of locations.

**Notification address** (SQL name: NotifAddress): In the case of lease contracts, this is the location to which the lessee must send notifications such as: end of term, early termination, and so on.

### "Third party contacts" frame

Third party contacts are described in individual sub-tabs.

To add a contact sub-tab:

- Right-click a sub-tab.
- Select **Add linked record** or **Duplicate linked record**.
- Populate the new sub-tab.
- Click  or .

---

## Assets covered by contracts

All the assets associated with a given contract are detailed in the **Assets** tab in the contract detail.

This tab appears for the following contract types:


- **Lease schedule**
- **Insurance**
- **Maintenance**
- **License**
- **Other**

The procedure used to place assets on a contract depends on the contract type. This section describes in detail what happens for **Insurance**, **Maintenance** or **Other** type contracts.


Note: The procedure used to place assets on a lease schedule is described in the section entitled "Adding assets to a lease schedule" in chapter "Life-cycle management of leased assets" of this manual.

The procedure used to place assets on a **License** type contract is described in the manual entitled "Reference Guide: Asset Management", chapter "Managing Software".


### Adding an asset to a contract

To add (include) an asset, click the  button to the right of the list. Select an asset and specify the inclusion date.



### Removing assets from a contract

To indicate that assets are no longer covered by a contract, select the assets and click the  button to the right of the list.

### Modifying the date of inclusion

To modify a date of inclusion, simply click the  button and make the necessary modification.

### Another way to link an asset to a contract

It is also possible to link an asset to a contract via the **Contracts** tab in the asset detail. Use the  and  button to add or remove contracts linked to the asset.

---

## Contract level rents



Rents and recurrent payments are described in the **Rents** tab of the contract detail. This tab is only displayed if the following two conditions are met:

- ↳ The contract is not a **Master lease**.
- ↳ The **Nature of payments** field (SQL name: sePayType) in the **General** tab of the contract is set to **Rents** or **Both**.

Each rent is given its own sub-tab.


Examples of rents: rent (in the usual sense of the term), insurance, other charges, etc.

To add a rent sub-tab:

- ↳ Right-click a sub-tab.
- ↳ Select **Add linked record** or **Duplicate linked record**.
- ↳ Populate the new sub-tab.
- ↳ Click  or .

Information found here is similar to information in sub-tabs added to the **Acquis.** tab in asset detail views.

## Validity of rents

Each rent item has an associated period of validity. The **Start** (SQL name: dStart) and **End** (SQL name: dEnd) fields in the **Schedule** frame to the right of **Dates** indicate the start and end dates of the contract. The  icon allows you to attach an alarm to the end of this period.

## Allocating rents

The **Budget** (SQL name: Budget), and **Cost center** (SQL name: CostCenter) fields in a given rent sub-tab define the default budget and cost center to which expense lines linked to the rent are associated. This is only used in the case of contracts whose rent payments are distributed at the asset level.

## Fields used in rent calculations

### Contract rent

A contract level rent payment is calculated according to:

- ❖ A reference value indicated in the **Value** field (SQL name: mValue) in the rent sub-tab.
- ❖ An **LRF** (SQL name: pLRF).

The **Payments** field (SQL name: mPayments) indicates the contract level rent payment before taxes for each of the periods defined by the **Periodicity** field (SQL name: sePeriodicity).

### Asset rent

The **Prorate to assets** (SQL name: seProrateRule) field allows you to determine whether contract level rent is distributed to assets according to the conditions defined by the following fields:

- ❖ **Prorated by** (SQL name: ProrateField)
- ❖ **Rounding** (SQL name: fPrecision)

- ❖ **From the date of acceptance:** This field is only used if a schedule level rent payment is distributed at the asset level. It determines whether or not rent is paid after the date of acceptance.

## Taxes paid on rent

The **Taxes** field (SQL name: mTaxValue) allows you to specify the method tax calculation for rent.

## Dates of payment

The dates of payment depend on the periodicity of the rent, as indicated in the **Periodicity** field (SQL name: sePeriodicity).

The **Payment** field (SQL name: seAdvArrears) determines whether the rent is due in advance or in arrears of the period that is defined in the **Periodicity** field.

The **Bill cycle day** field (SQL name: tsBillCycDay) sets the due date (expressed in days, or months, etc.) in relation to the value entered in the **Payment** field. You can enter a negative value.

For example, the **Periodicity** field is set to **Monthly**, and the **Payment** field to **In advance** and you set the **Bill cycle day** field to **-5 days**, the rent is due 5 days before the start of the specified rent period.

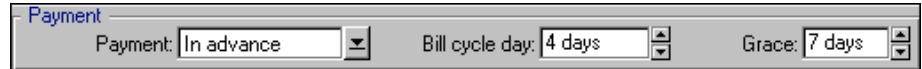
The **Grace** field (SQL name: tsGrace) specifies the grace period for payment of rent.

Here is how AssetCenter starts rental periods:

- For daily rent: the start of the period is set to 00:00 A.M.
- For weekly rent: the start of the period is set to Monday.
- For semi-monthly rent: the start of the period is set to the 1<sup>st</sup> and 16<sup>th</sup> days of the month.
- For monthly rent: the start of the period is set to the 1<sup>st</sup> day of the month.
- For bimonthly rent: the start of the period is set to: January 1, March 1, May 1, July 1, September 1, and November 1.
- For quarterly rent: the start of the period is set to: January 1, April 1, July 1, October 1 .
- For semi-annual rent: the start of the period is set to January 1 and July 1.
- For annual rent: the start of the period is set to January 1.

### Example

For the monthly rent payment defined below, the rent is due 4 days after the first day of the month; i.e. the 5<sup>th</sup>. The lessor tolerates payments up to 7 days late. The lessee is free to pay up to the 12<sup>th</sup> of the month.



The screenshot shows a 'Payment' configuration window. It contains three fields: 'Payment' set to 'In advance' with a dropdown arrow, 'Bill cycle day' set to '4 days' with up/down arrows, and 'Grace' set to '7 days' with up/down arrows.

*Example of a date of payment*

### Main rents

In the case of multiple rent payments, a distinction is made between the main rent and secondary rent payments. This notion is important in leasing since interim rent, which is specific to this type of contract, only exists for "main" rent payments.

Here are the principles applied at main rent level:

- If a contract-level rent payment is the main rent payment, this is also the case for the assets falling under this rent payment.
- There can only be one main rent payment for an asset.
- On the other hand, there can be several main rent payments at the contract level.

To define a rent payment as being a main rent payment, select the **Main rent** option in the rent description sub-tab.

---

## Loans associated with contracts

This section explains how to manage loans:

- Loans tab in contract detail
- Adding a payment line to a loan
- Prorating to assets
- Copying a loan amortization schedule from an external program

***The list of loans linked to a contract can be found in the Loans tab in the contract detail. This tab is only displayed if the contract is not a Master lease, and if the Nature of payments field (SQL***

*name: sePayType) in the General tab of the contract shows Loans or Both.*

*Each loan is detailed in a separate sub-tab which is identified by its Description (SQL name: Description).*

## Loans tab in a contract detail

Loan conditions are described in the **Loans** tab of the contract detail.

To add a sub-tab describing a loan:

- Right-click a sub-tab.
- Select **Add linked record** or **Duplicate linked record**.
- Populate the new sub-tab. The table contained in this sub-tab lists loan repayments. The "Balance" column indicates the remaining capital.
- Click  or .

## Adding a payment line to a loan

- ↳ Click the  button to add an entry to the loan table, which represents the loan amortization schedule.
- ↳ These entries correspond to repayments of principal or interest and charges. The following data entry form is displayed:

The screenshot shows a dialog box titled "Line in amortization schedule ' [... ]". It contains a table with two columns: "Date" and "Balance". Below the table, there are input fields for "Date", "Principal", "Rate", "Interest", and "Fees". To the right of these fields are three buttons: "Create", "Create" (with a plus icon), and "Cancel".

Annotations with arrows pointing to the form fields:

- "Date of payment." points to the "Date" field.
- "Enter the principal paid." points to the "Principal" field.
- "You can specify an interest rate different from that of the overall rate of the loan. This rate is for information." points to the "Rate" field.
- "Enter the interest paid." points to the "Interest" field.
- "Enter the fees paid." points to the "Fees" field.

The form contains the following data:



Date	Balance
16/02/99	0.00

Below the table, the input fields are:

- Date: 16/02/99
- Principal: 8 700.00FF
- Rate: 2%
- Interest: 5.00FF
- Fees: 168.00FF

Buttons: Create, Create (+), Cancel

*Detail of payment to a bank*

- ✎ Enter the amount you want to repay, the interest and any fees.
- ✎ If necessary, specify the **Rate** (SQL name: pInterestRate) specific to this payment. Please note that there is no intelligence behind this field.
- ✎ Click  to validate the payment: a line is added to the loan redemption table. This payment line shows:
  - ❖ The principal repaid in the **Principal** field (SQL name: mPrincipal).
  - ❖ The **Interest** (SQL name: mInterest) paid.
  - ❖ The various **Fees** (SQL name: mFees).
  - ❖ The **Total** (SQL name: mTotalPay) amount of the payment, sum of the **Principal** (SQL name: mPrincipal), **Interest** (SQL name: mInterest) and **Fees** (SQL name: mFees) fields.
  - ❖ The remaining **Balance** (SQL name: mBalance) to be paid, the difference between the balance of the previous line and the amount of the **Principal** field (SQL name: mPrincipal) (For the first payment, the previous payment is the **Amount** (SQL name: mAmount) of the loan).
- ✎ Click  to validate the addition of the payment line.

For each loan payment line, AssetCenter Server generates:

- If the loan is not distributed to the assets (contract detail view, **Loans** tab, **Prorate to assets** field): an expense line visible in the **Costs** tab of the contract detail.
- If the loan is distributed to all or a selection of the assets(contract detail, **Loans** tab, **Prorate to assets** field): an expense line for each asset, visible in the **Costs** tab of the detail of the contract and the assets.  
The total sum of the loan payment line (principal, fees and interest) is distributed according to the chosen method.

## "Prorating" to assets

In the same way as for rents, the **Prorate to assets** field (SQL name: seProrateRule) in the sub-tab of the loan description allows you to distribute the repayments to the assets under contract (or a selection of assets under contract).

In this case, the **Costs** tab in the detail view of each asset under contract (or each asset of the selection) displays the expense line associated with the loan repayment for the asset.



The methods used to prorate repayments are similar to those used to prorate rents at schedule level.

## Copying a loan amortization schedule from an external program

Since "Cut/Copy/Paste" operations are supported in certain lists in tabs it is often worthwhile directly copying the loan amortization table from an external program.

The file containing the data to copy to the loan payment table (amortization schedule) in AssetCenter should be structured in the same way as the table. When the copy is made, a payment line is created for each line in the file: the fields of each line are automatically associated with their respective columns in the amortization schedule

---

## Hierarchic organization of contracts

Contracts are organized hierarchically. The **Attached to** field (SQL name: Parent) in the **General** tab indicates the main contract (parent contract, master contract) of a given contract.

This is useful in two cases:

- To attach a lease schedule to a master lease.
- To attach an amendment to a contract.

The list of sub-contracts (child contracts, schedules) of a main contract can be found in the **Schedules** tab of the contract detail.

In the case of a lease contract, the **Master lease** defines the general terms and conditions between lessor and lessee without specifying the assets covered, or rent conditions. **Lease schedule** contracts are sub-contracts that are hierarchically linked to this contract from which they inherit the features.

---




## Information specific to maintenance contracts

The **Maintenance** tab in a contract detail shows the list of work orders carried out within the framework of a contract.

---

Note: the **Maintenance** tab is only shown if the contract **Type** (SQL name: seType) is set to **Maintenance**.

---

Click , , or  to add, modify or delete a work order associated with a contract.

You can also manage work orders associated with a contract from the work order detail screen (**Helpdesk/ Work orders** menu): the **Contract** field (SQL name: Contract) in the **Tracking** tab of the work order detail links the work order with a maintenance contract.

---




## Information specific to Blanket PO type contracts

The **Orders** tab in the detail of a contract lists the purchase orders linked to this contract.

---

Note: The **Orders** tab is only displayed if the contract **Type** (SQL name: seType) is set to **Blanket PO**.

---

Click , , or  to add modify or delete an order associated with the contract.

You can also manage orders associated with a **Blanket PO** type contract from the **Financing** tab in the details of these orders (**Finance/ Orders** menu item). The **On blanket PO** check box (SQL name: bUsesBlanketPo) and the **Purchasing contract** field (SQL name: BlanketPOCntr) contained in this tab allow you to specify the **Blanket PO** type contract associated with these orders.

For further information on blanket purchase orders, refer to the manual entitled "**Reference Guide: Procurement Management**", chapter "Additional procurement functionality", section "Blanket purchase orders".

# Chapter 2 - Overview of leasing management

This chapter explains how AssetCenter manages leasing procedures and contracts.

You will find information on the following topics:

- What Leasing Management does and who it is aimed at
- Key terms used in Leasing Management
- Main areas of the software where Leasing Management comes into play
- A typical procedure
- Methodology- How to create a lease contract

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## What Leasing Management does and who it is aimed at

AssetCenter is designed for companies that are renting equipment as part of long-term rental or leasing agreements.

AssetCenter is particularly important, since leasing has a large effect on the Total Cost of Ownership (TCO) of assets. Gartner Group believes that proper management of leasing agreements is one of the main sources of possible savings in IT asset management and that it is necessary, in order to achieve this, to use an appropriate software package.

Lease management covers the following areas:

- Description of leasing agreements.
- Rent and tax calculations

- Expense management.
- Lessor-Lessee procedure management.
- Asset tracking.
- End of term processing.
- Reporting.

---

## Key terms used in Leasing Management

This section provides information on the main terms used by AssetCenter for Leasing Management:

- Master lease
- Lease schedule
- Rent
- Acceptance
- Loss value
- Loans
- End of term
- Assignee

### Master lease

The master lease defines the general terms and conditions for leasing equipment and the relations between the lessor and lessee.

It is used as the basis (or template) for the creation of lease schedules. Equipment and rent amounts are not defined on the master lease; this information is detailed on individual lease schedules.

### Lease schedule

The lease schedule is an application of the master lease. It inherits most of the information from the master lease and contains the list of equipment, the rent amounts and the principal dates.

It is possible to create a lease schedule without having a master lease.

## Rent

Rent is determined by the amount of periodic payments and the frequency of payments.

AssetCenter allows you to calculate the overall rent amount for the contract, the rent payments of the assets subject to the contract, and the interim rent payments.

### Schedule-level rent and lease rate factor (LRF)

The reference price for each asset is multiplied by a lease rate factor and the values obtained are added up in order to define the overall rent amount for the contract.

The lease rate factor may vary according to type of equipment leased.

### Asset-level rent

A user defines the overall rent amount at schedule level.

AssetCenter is capable of several different methods of calculating asset level rent. Depending on the option selected, asset level rents are calculated by prorating the schedule level rent amount by a reference value:

- main rent of the asset
- market value of the asset
- purchase price of the asset
- list price of the product corresponding to the asset
- purchase option value
- initial payment (interim rent) of the asset
- depreciated value of the asset
- residual value of the asset
- resale price of the asset

### Interim rent

Interim rent covers the period between receiving and accepting an asset and the date of the first rent payment on a full period.

For example, if:

- the start date of the contract is July 01, 1999,

- the acceptance date is April 10, 1999,
- rent is due monthly.

The interim rent covers the period from April 01, 1999 through June 31, 1999, which constitutes 91 days of interim rent calculated "pro-rata temporis". The monthly rent is calculated for full periods from July 01, 1999, the start date of the contract.

## Acceptance

An asset is "taken down", i.e. placed on a lease schedule, when it is accepted by the lessee (not when it is delivered or paid for). This acceptance is important for the following reasons:

- It marks the effective start of leasing and contractually binds the lessee to pay rent.
- It allows the leasing company to pay its vendor.

This acceptance takes the form of a formal document (Certificate of acceptance or Acceptance certificate) sent to the lessor by the lessee.

## Loss value

Lessees are usually liable to pay penalties in the case of lost or damaged assets.

They depend on the value of the assets which are lost or destroyed. In general this "loss value" is contractually defined.

AssetCenter manages the different possible methods of loss value calculation, depending on the time elapsed since the start of term and the type of asset concerned.

## Loans

Leasing agreements sometimes necessitate the borrowing of funds. AssetCenter allows you to describe the loan and to manage payments (principal, interest, fees).

## End of term

At the end of term, lessees usually have several possibilities open to them: purchase, return or renew the equipment.

## **Purchase option**

Most agreement stipulate that the lessee can or must buy the equipment at fair market value. This value is decided on between the lessor and lessee based on typical market prices for the type of equipment concerned.

## **Notification**

Most agreements require the lessee to explicitly notify the lessor in advance of the chosen end of lease option for the equipment (renew, return, purchase). In general, if the lessor is not notified in advance the lessee may be liable to pay extra rent.

AssetCenter helps notify you in advance about assets that are approaching end of term.

The lessee can create alarms at several levels, which are triggered by the approach of certain dates: end of term, return, purchase or renewal dates of notification.

## **Early termination**

Occasionally, assets are sold to a third party, lost, stolen or destroyed. In general, the lessor is informed and this has an immediate impact on rent amounts (see the definition of loss value).

In certain cases, the lessee can return the equipment before the end of term. This can take place at any time at the request of the lessee, or on dates determined by the contract. The lessee has to pay penalties called early termination fees.

## **Assignee**

In order to finance the equipment, the lessor sometimes uses a third party to whom they transfer their rights concerning the financial obligations of the lessee. This third party is usually a financial organization known as an assignee. In general, a lessee will not be informed of this change of ownership. The assignee receives payments and the lessor keeps their contractual obligations.

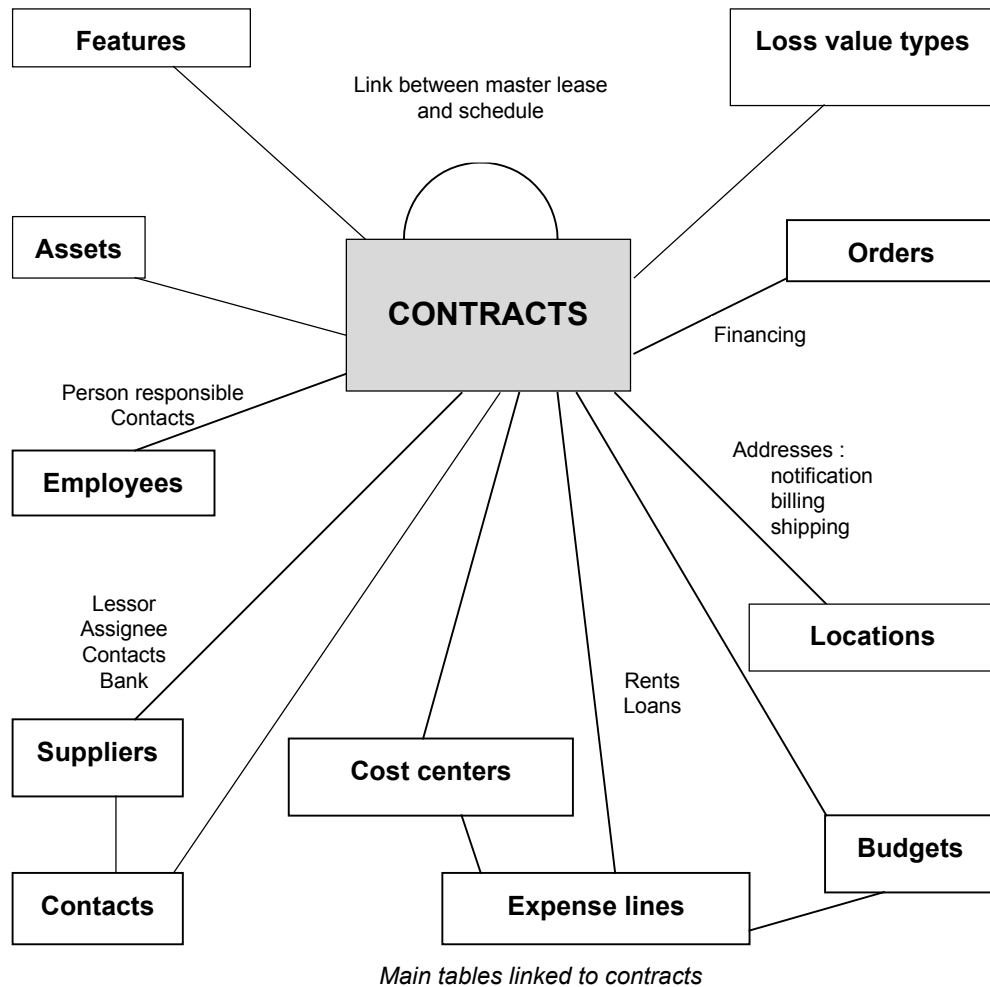
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## Main areas of the software where leasing is used

Leasing is used in several places in AssetCenter:

- **Finance/ Contracts** menu item: list of all contracts, regardless of their **Type** (SQL name: seType).
- **Finance/ Master leases** menu item: list of master leases. This menu gives you access to the same table as the **Finance/ Contracts** menu item but it only displays **Master lease Type** contracts.
- **Finance/ Lease schedules** menu item: list of lease schedules. This menu gives you access to the same table as the **Finance/ Contracts** menu item but it only displays **Lease schedule Type** contracts.
- **Repository/ Assets** menu item, **Acquis.** tab: leasing information at the asset level.
- AssetCenter Server monitoring program: this program automatically creates expense lines corresponding to lease rents and loans.
- **Finance/ Returns -end of term** menu item: list of returns associated with a contract.
- **Tools/ Customize toolbar, Tools** tab, "Leasing" icons: toolbar icons concerning leasing operations.
- **Tools/ Actions** menu item: actions to be triggered by alarms on key contractual dates.

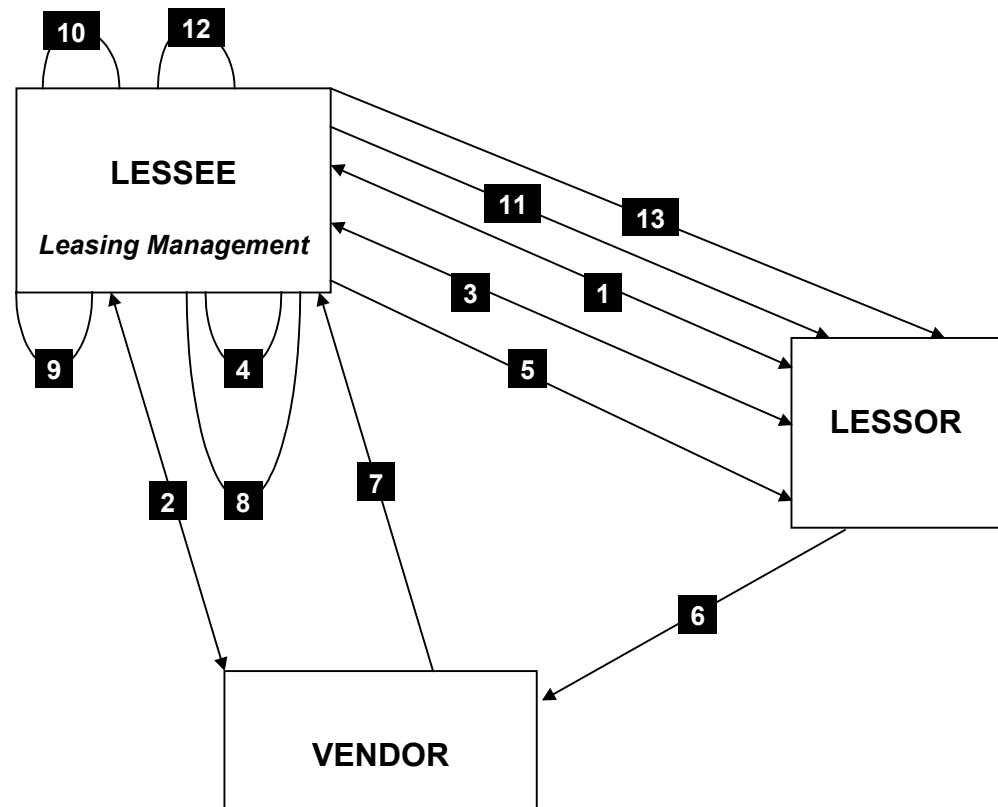




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## A typical procedure

Here is an example of a typical leasing procedure:



*Simplified description of a leasing procedure*



- ✎ Creating the master lease: This defines the general terms and conditions. Is is used as a template for lease schedules.
- ✎ Creating estimates (quotes) for assets to be leased using AssetCenter. This allows you to start evaluating rent amounts.
- ✎ Creating the lease schedule. This can be attached to a master lease or remain autonomous.
- ✎ Creating the purchase order for the assets to be leased using AssetCenter. The order is linked to the schedule by filling in the **Financing** tab in the order detail.

- ↳ Issuing the purchase order (lessee to lessor).
- ↳ Purchase order from lessor to vendor.
- ↳ Delivery from vendor to lessor.
- ↳ Creating the receiving slip for the assets associated with the order using AssetCenter. This allocates the assets to the schedule.
- ↳ If you do not use AssetCenter to manage procurement, the assets need to be added manually to the lease schedule.
- ↳ Rent description.
- ↳ Accepting the assets. Sending the acceptance certificate (lessee to lessor).
- ↳ Life-cycle management of assets on contract: additional assets, loss or destruction of assets, returns, renewals and purchases.
- ↳ End of term management: renewal or upgrading the contract, returning or purchasing the assets.

---



## Methodology: How to create a lease contract

This section describes the how to create a lease contract.

- ↳ Create a master lease (optional)
- ↳ If a master lease exists, enter it in the AssetCenter repository. The easiest way to do this is to select the **Finance/ Master leases** menu item. Create the contract by clicking , entering a **Reference** (SQL name: Ref), a **Purpose** (SQL name: Purpose) and clicking . Fill in the **General, Leasing, Conditions, Contacts, Options**, and **Features** tabs. The **Schedules** tab does not have to be filled in yet.

Another option is to access the list of contracts via the **Finance/ Contracts** menu item and to create the above master lease. In the **Type** field (SQL name: seType), indicate that it is a master lease.

- ↳ Create a lease schedule

The easiest way to proceed is to use the **Finance/ Lease schedules** menu item and click . Enter a **Reference**, its **Purpose** and specify its master lease (if applicable) in the **Attached to** field (SQL name: Parent) before clicking . The lease schedule inherits the financial and contractual conditions of the master lease (if applicable). Fill in the **General, Leasing, Conditions, Contacts, Options** and **Features** tabs as well as you can.

In this way you can define the financial and legal conditions of the contract.

It is also possible to create the contract via the **Finance/ Contracts** menu item, by specifying in the **Type** field (SQL name: seType) that it is a lease schedule.

✎ Create or select the leased assets.

This procedure differs according to whether you use the procurement cycle or not:

- ❖ When using the procurement cycle, assets can originate from a purchase order from the cycle.
- ❖ Otherwise the assets need to be created and/or selected in the table of assets and associated with the contract.

✎ Populate the **Rents** tab in the asset detail.

# Chapter 3 - Getting started with lease contracts

This chapter explains how leasing agreements can be managed under AssetCenter.

This chapter does not aim to be exhaustive; A systematic description is provided in other chapters.

Please try out the examples using the demonstration database provided with AssetCenter.

## Preparation

### Launching AssetCenter

To launch AssetCenter:

- ❖ Under Windows 95 or Windows NT 4.0, select it from the programs in the "Start" menu.
- ❖ Under Windows 3.x or Windows NT 3.5x, click the corresponding icon in the AssetCenter program group.

Open the "ACDemo30xENG" demonstration database as the AssetCenter administrator ("Admin"). The associated password has been left empty for you.

### Launching AssetCenter Server

To launch AssetCenter Server:

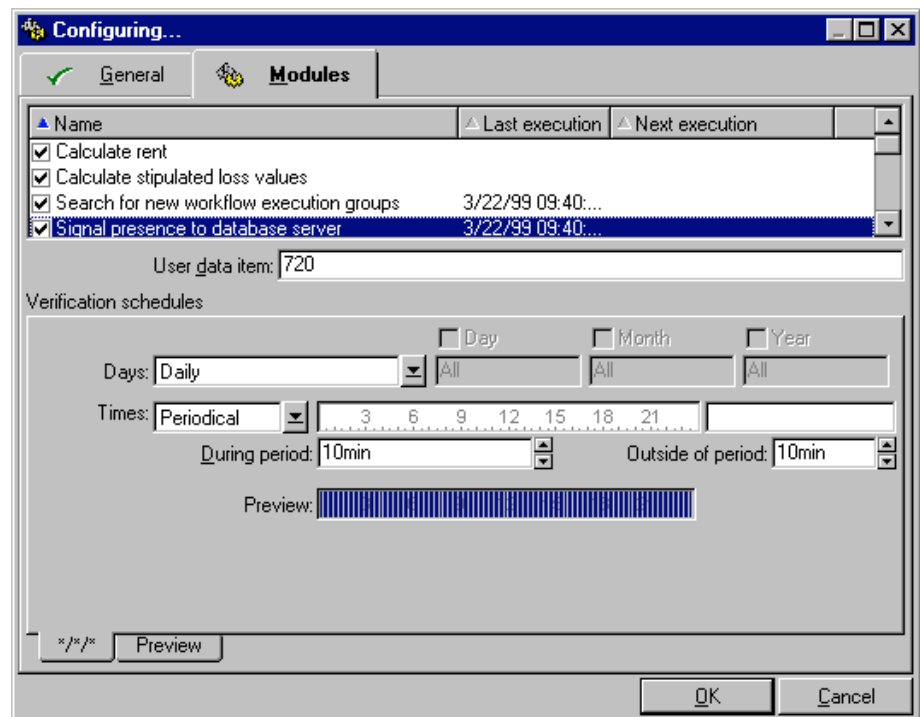
- ❖ Under Windows 95 or Windows NT 4.0, select it from the programs in the "Start" menu.
- ❖ Under Windows 3.x or Windows NT 3.5x, click the corresponding icon in the AssetCenter program group.

Use the **File/ Connect** menu item to connect to the " ACDemo30xENG " demonstration database.

Once the connection is made, AssetCenter Server monitors the database and manages stocks, alarms, purchases and history lines etc. It calculates past, present and future rents associated with the leasing agreement.

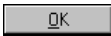
Configure AssetCenter Server to calculate the rents associated with the lease contract needed for this example:

- Select the **Options/ Configure** menu item.
- In the **Modules** tab, configure the rent calculations as follows:



*Configuring AssetCenter Server*

Rent will be calculated for the next 720 days.

- Click  to confirm the settings.

## Scenario

This scenario brings together two companies, Taltek Services and Interleasing.

These two companies sign a leasing agreement. Taltek Services plays the role of lessee and Interleasing that of the lessor. In this situation, there is no master lease in place.

The person responsible for the lease contract at Taltek Services (Gerald Colombo, administrative and financial management) uses AssetCenter to manage their IT equipment.

Their contact at Interleasing is Susan Juan.

In this scenario, Taltek Services leases a PC from Interleasing, from August 1, 1997 through August 1, 1999. The PC will be returned to the lessor at the end of term.



Here are the steps in this scenario:

- Step 1- Creating a lease contract
- Step 2- Selecting the assets associated with the leasing agreement
- Step 3- Calculating rent
- Step 4- Accepting assets and calculating interim rent
- Step 5- Viewing the expenses associated with the contract
- Step 6- Returning the assets at the end of term
- Step 7- Tracking operations

---

## Step 1: Creating a lease contract

The first step is to create a lease contract in the table of contracts.

- ↳ Open the view of the contract restricted to lease type contracts by selecting the **Finance/ Lease schedules** menu item.
- ↳ Click .
- ↳ Display the detail view by clicking the  button in the toolbar.


### Entering general information on the contract


- ↳ Fill in the **Purpose** (SQL name: Purpose), and **Reference** (SQL name: Ref) fields and the **General** tab as shown below:

*General information on the contract*

In this way, the **General** tab specifies that the contract is for a period of 2 years, and that Taltek Services as lessee must respect a 3 months notice period to inform the lessor of the end of term.

Usually a leasing agreement is automatically renewed at the end of term with the same conditions if the lessee does not inform the lessor in advance of the end of term.

Hence the usefulness of the alarm, represented by the  icon, that the lessee may associate with the end of term date in order to be automatically advised by AssetCenter Server, AssetCenter's monitoring program, of impending ends of term.

➤ Click  to view the structure of an alarm.

*Structure of an alarm in AssetCenter*



- Click **Cancel** to cancel the creation of an alarm and return to the contract detail.

## Entering leasing conditions

The **Leasing** tab in the contract detail summarizes part of the financial conditions of the contract (excepting the information relative to rents).

- Fill in the **Leasing** tab as follows:

The screenshot shows a software window with multiple tabs: General, **Leasing**, Conditions, Cycle, Contacts, Options, Assets, and Rents. The **Leasing** tab is active. It contains several input fields and sections:

- Lessor:** A dropdown menu showing "INTERLEASING".
- Total value of assets:** A text box with "0.00".
- Default lease rate factor:** A text box with "0.00 %".
- Loss or destruction of assets:** A section with three dropdowns: "Conditions", "Rule", and "Calculation" (set to "Calculate on a given date").
- Assignable:** A checkbox that is unchecked, followed by "Assignee" and "Conditions" dropdowns.
- Additional expenses:** A section with four dropdowns: "Shipping costs" (Lessee), "Freight out costs" (Lessee), "Insurance" (Lessee), and "Interim rent" (Accept. date).
- Notice period:** A section with a "Lessor notice" dropdown set to "0 day".

*Some financial conditions of the contract*

The **Leasing** tab allows you to specify the name of the lessor by selecting it from the table of suppliers.

It also sets the company associated with the additional expenses and the method used to calculate interim rent. The interim rent covers the "take down" - the period between receiving and accepting the asset and the date of first rent payment on a complete period.

## Entering information on the parties involved

A certain amount of information on the parties involved in the contract needs to be specified, i.e. who are the contacts at the lessor and lessee.

- Fill in the **Contacts** tab as shown below:

General Leasing Conditions Cycle **Contacts** Options Assets Rents

**Contacts and persons in charge of the contract**

Contract contact: Janson, Mathilda Technical contact:

Billing contact: Insurance contact:

Notification address:

Billing address:

**Third party contacts**

Description: Lessor Company: INTERLEASING

Contact: JUAN, Susan (202-787-9696)

Field1:

Lessor

*Contacts at the lessor and lessee*

Note that the **Lessor** sub-tab is automatically created when you fill in the **Lessor** field (SQL name: Lessor) in the **Leasing** tab.

## Entering end of term information

Given that in this scenario the asset under contract is to be returned to the lessor at the end of term, it is important to fill in the **Options** tab which specifies the end of term options possible under the contract.

- Therefore modify the **Options** tab as shown below in order to activate the end of term options:

General Leasing Conditions Cycle Contacts **Options** Assets Rents

**Possible end of term options**

☐ Renewal ☐ Purchase ☒ Return

Planned option: Renewal

Remarks:

**Return option type:** Return

Notification: 3 months 10/10/98

Remarks:

**Other options**

☐ Upgrade

Return

*The asset will be returned at the end of term*

As the **Options** tab indicates, leasing agreements usually can be modified at the end of term in three different ways:

- The contract may be renewed.
- The assets under contract may be bought out by the lessee.
- The assets under contract may be returned.

According to the options specified by the contract and indicated in the **Options** tab, the buttons to the right will be activated or inactivated upon creation of the contract. In our case only a return option is authorized.

At the end of term, Taltek Services must return the leased assets, after giving the lessor three months advance notice.


Note that AssetCenter automatically creates the date at which Taltek Services must give the lessor notification, using the end of lease date specified in the **General** tab as its reference.

Note: as the **Options** tab shows, AssetCenter also allows you to describe other contractual options such as upgrading the assets under this contract. There is no intelligence linked to the activation of these options.

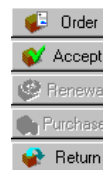
## Creating the contract

By filling in the **General**, **Leasing**, **Contacts** and **Options** tabs we have described the leasing agreement drawn up between Taltek and Interleasing.

To simplify the scenario, not all the fields will be populated and the **Conditions** and **Features** tabs will not be filled in.

↳ Click  to confirm the creation of the contract.

The buttons to the right of the window indicate the authorized operations which can be performed on the assets. In this case, only returning the assets is authorized at the end of term, as specified in the **Options** tab:



*Possible operations on the assets under contract*

Now to start the leasing process we need to associate an asset with the contract.

---

## Step 2: Selecting the assets associated with the leasing agreement

Taltek Services leases one single asset from Interleasing.

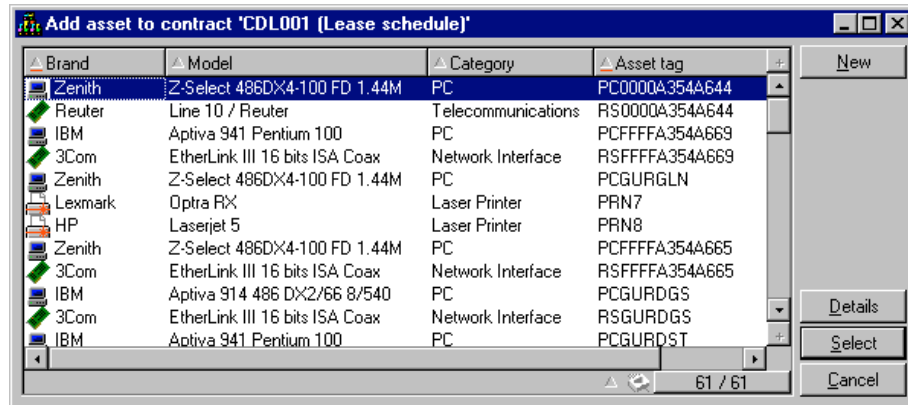
To simplify this example, we will suppose that the asset associated with the contract is already "in use" at Taltek Services: We will select it directly from the table of assets.

- ⇒ Go to the **Assets** tab in the detail view of the lease contract created in the previous step. This tab displays the list of assets associated with the contract: for the moment the list is empty.



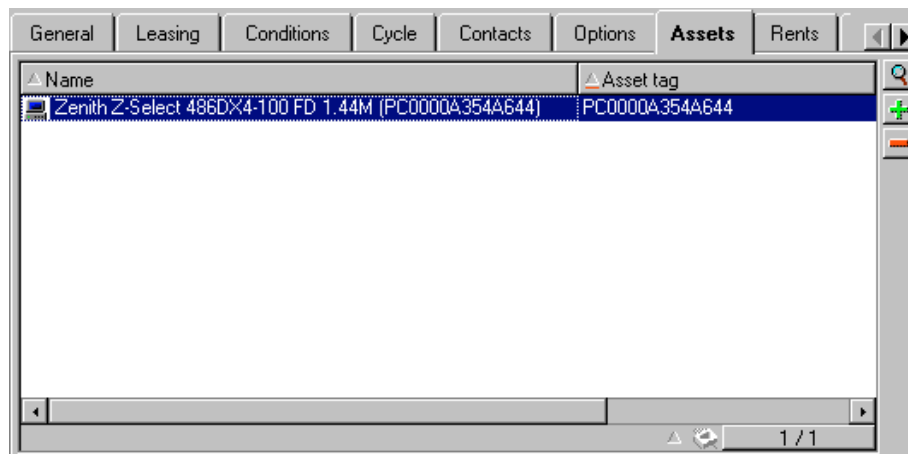
*Tab summarizing the assets under contract*

- ⇒ Click . This opens Taltek Services' table of assets.




*The lessee's IT equipment*

- Select one of the assets from the list and click **Select** to associate it with the contract.
- AssetCenter displays an intermediate window that allows you to automatically populate the start and end of term dates in the asset detail. Leave this as is and click **Select**.
- The **Assets** tab now shows that the asset is associated with the contract:



*The asset is taken down*

- Click **Modify** to confirm the choice of asset.
- Click  to access the detail view of the asset.

- You will also find the information on the lease contract in the **Acquis.** tab of the asset. In addition to the acquisition method indicated at the top of the tab, the **Procurement** and **Price and conditions** sub-tabs indicate in the "Lease" section, the name of the lessor and start and end dates. To simplify the scenario, the third sub-tab will not be discussed.

*The Acquis. tab summarizes the leasing information on the asset*

- In this way we will see in the next step, that the calculation of the different costs associated with the lease contract (rents, etc.) is based on the value of the assets under contract. Fill in therefore, if this is not done already, the **Market value** field (SQL name: mMarketVal) in the **Procurement** sub-tab as shown above. The "Market value" of the asset is its market value at the start of term: for a new asset this corresponds to its purchase price.
- Click **Modify** to confirm this value.
- Click **Close** to return to the contract detail.

## Step 3: Calculating rent


Within the framework of the leasing agreement, Taltek Services must pay rent to Interleasing.

This step aims to specify the methods of calculating rent.

- Go to the **Rents** tab in the contract detail and fill it in as shown below:


*Calculating lease rents*

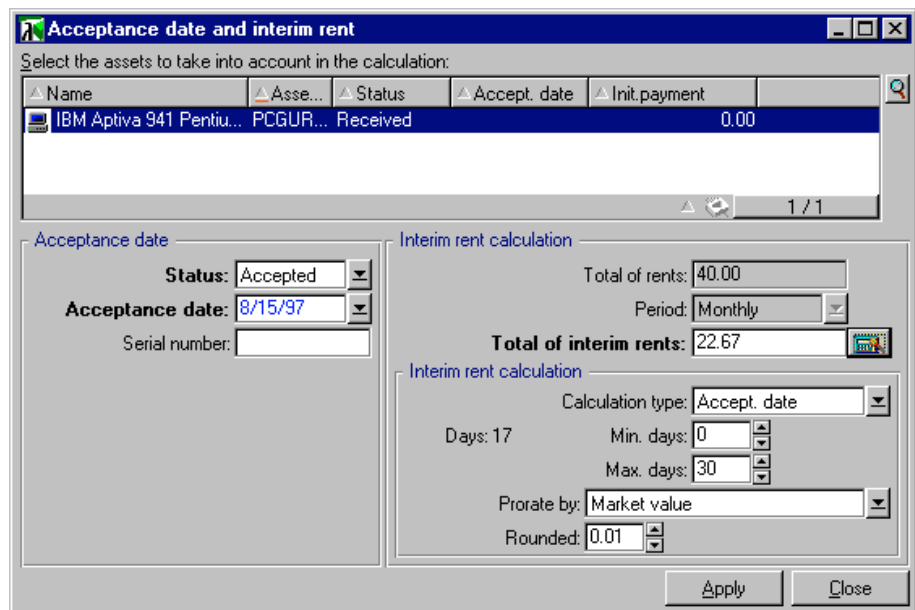
- The "Calculation" zone specifies the methods of rent calculation. In this case it is calculated by applying a lease rate factor to the market value at schedule level.
  - ❖ In our case, the lease rate factor is 2%.
  - ❖ The market value of the contract used as the basis for rent calculations is by default equal to the sum of the market values of the assets under contract. In this example, it is the market value of the asset under contract specified in the previous step, i.e. \$2000.
  - ❖ The rent amount is automatically displayed in the **Payments** field (SQL name: mPayments) depending on the **LRF** (SQL name: pLRF) you have entered.
- The "Schedule" zone indicated that this rent is payable monthly throughout the two year term.
- The "Payment" zone specifies the methods of payment of the rent: the payment must be made on the first day of each month. The lessor allows no grace period.
- The **Prorate and distribute rent to all assets** option selected in the **Prorate to assets** field (SQL name: seProrateRule) indicates that the rent will be prorated at the asset level. There will be a lease rent associated with each asset under contract.

- ✎ Check the **Main rent** check box (SQL name: bMainRent) in order for the interim rent calculation in the next step to work (the notion of initial payment or interim rent only exists for the main rent of the contract).
- ✎ Click  to confirm these parameters. The **Acquis.** tab in the detail of an asset is automatically updated: a rent sub-tab is created and the **Payments** field (SQL name: mPayments) of this sub-tab indicates the rent amount for the asset.

Thus in this step, we have fixed the rent calculation methods. To simplify this example, we have not dealt with taxes associated with rents.

## Step 4: Accepting assets and calculating interim rent

To accept the asset under contract and calculate the interim rent, click the  button in the contract detail screen. The following window is displayed:



The window titled "Acceptance date and interim rent" contains a table for selecting assets and two calculation sections.

Name	Asset...	Status	Accept. date	Init. payment
IBM Aptiva 941 Pentiu...	PCGUR...	Received		0.00

Below the table, there are two main sections:

- Acceptance date:**
  - Status:
  - Acceptance date:
  - Serial number:
- Interim rent calculation:**
  - Total of rents:
  - Period:
  - Total of interim rents:
  - Interim rent calculation:
    - Calculation type:
    - Days: 17
    - Min. days:
    - Max. days:
    - Prorate by:
    - Rounded:

At the bottom right, there are "Apply" and "Close" buttons.

*Accepting assets*



## Accepting assets

Accepting assets is a key step in the leasing process, giving rise to the exchange of contractual documents between lessee and lessor. It contractually binds the lessee to pay rent on the equipment.

To accept the asset, select it, then:

- In the **Status** field, select **Accepted**.
- Enter an acceptance date (here August 15, 1997).


## Calculating interim rent

Interim rent covers the period between receiving and accepting an asset and the date of the first main rent payment for a full period. A contract can be associated with several rent payments (insurance, leasing, maintenance, etc.); however, interim rent only exists for the "Main" rent of the contract (the rent payment, described in the **Rents** tab of the contract, for which the **Main rent** check box (SQL name: bMainRent) is selected).



The interim rent is calculated when the asset is accepted using the conditions defined in the **Leasing** tab of the contract detail. By default, it is calculated from the acceptance date.

In our case, the rent is monthly and is payable on the first day of the month, the interim rent covers the period between the acceptance date (August 15, 1997) and the date of the first rent payment for a full period (September 1, 1997).

To calculate the interim rent, carry out the following operations in the "Acceptance date and interim rent" screen:

- ↳ Select the asset.
- ↳ Click the  button.
- ↳ The interim rent due is displayed in the **Total of interim rents** field.


## Confirming the acceptance and interim rent

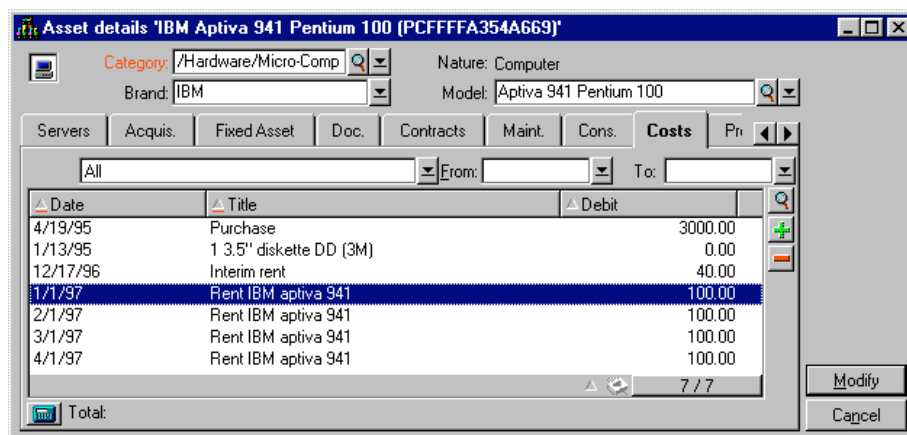
- ↳ Click  to accept the asset and confirm the interim rent.
- ↳ Click  to return to the contract detail.

---

## Step 5: Viewing the expenses associated with the contract

The previous steps show how to define the rents associated with a leasing agreement. The corresponding expense lines are generated automatically by AssetCenter Server.

- To view the associated rents, go to the **Costs** tab in the lease detail. The list of rent payments period by period is displayed.
- Click  to calculate the total of the rents.



Date	Title	Debit
4/19/95	Purchase	3000.00
1/13/95	1 3.5" diskette DD (3M)	0.00
12/17/96	Interim rent	40.00
1/1/97	Rent IBM aptiva 941	100.00
2/1/97	Rent IBM aptiva 941	100.00
3/1/97	Rent IBM aptiva 941	100.00
4/1/97	Rent IBM aptiva 941	100.00

Total: 7 / 7

*Expense lines linked to the contract*

You will also find the expense lines associated with an asset in the **Costs** tab of the asset detail:



- The expense line associated with the interim rent of the asset.
- The expense lines generated by AssetCenter Server, which correspond to the asset's periodic rent payments.

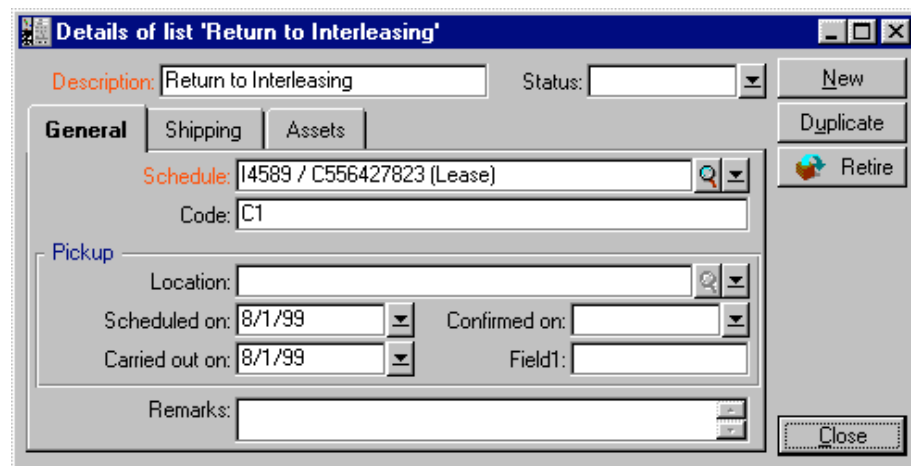
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## Step 6: Returning the assets at the end of term



At the end of term, the lessee chooses between returning, purchasing or renewing all or part of the assets.

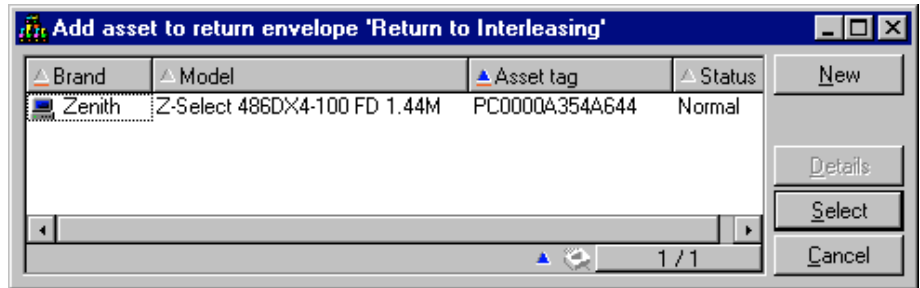
In this scenario, Taltek Services returns the asset to Interleasing. We are now going to create the corresponding return envelope.

- ↳ Click . A window is displayed which allows you to create a return envelope for the assets.
- ↳ Click  to create the return envelope.
- ↳ Enter a **Description** (SQL name: Description) and fill in the **General** tab as shown below. You will see that the **General** tab proposes a projected return date, by default equal to the end of term date (August 1, 1999). We can now specify an effective return date different from this.



*Creating the return slip*

- ↳ Click .
- ↳ Interleasing's details are by default contained in the **Shipping** tab.
- ↳ You now need to specify that the asset has been returned: display the **Assets** tab of the return envelope.
- ↳ Click  in the **Assets** tab to access the window of assets under contract:



*Selecting the asset to be returned*

- ✎ Select the asset under contract.
- ✎ Click **Select** to associate it with the return envelope.
- ✎ Click **Modify** in the return envelope to confirm the information entered. The **Acquis. status** (SQL name: seAcquStatus) of the asset is modified and shows that the asset is **To be returned**.
- ✎ Click **Retire**: the asset is effectively retired. It is the effective return date, specified in the **General** tab of the return envelope, that is taken into account:
  - ❖ The **Acquis. status** of the asset is modified to indicate that the asset is **Returned**.
  - ❖ The **Assignment** field (SQL name: seAssignment) in the **General** tab of the asset detail is modified to indicate that the asset is a **Retired asset**.
  - ❖ The **Reason for return** field (SQL name: RetReason) in the **General** tab of the asset is modified to indicate that the retirement is due to the asset being returned (return to Interleasing).
- ✎ Click **Close** to return to the contract detail.

The asset has now been returned to Interleasing.

## Step 7: Tracking operations

Go to the **Cycle** tab in the contract detail to view the stages in this scenario:

- Inclusion of assets in contract
- Accepting the assets on August 15, 1997

- Returning the assets on August 1, 1999

## Summary

We have just described a leasing scenario between two companies, a lessor and a lessee.

Using AssetCenter, the lessee was able to calculate the various rents payable to the lessor (interim rent and past, present and future monthly rents) and manage the return of the asset taking into account the contractual deadlines.

This leasing scenario, designed to show you what AssetCenter is capable of, by no means covers all its functionality. The rest of this manual explains its complete functionality.



# Chapter 4 - Information specific to lease contracts

This chapter details the specific aspects of lease contracts:

- Specific description of lease contracts
- Leasing information specific to assets
- Information inherited by a lease schedule linked to a master lease

---

## Specific description of lease contracts

Certain fields in the contract detail are only displayed if the contract type is **Master lease** or **Lease schedule**. They allow you to describe the specificities of these contract types.

### Lessor

The lessor, selected in the table of companies, is specified in the **Leasing** tab of the contract detail.

### Notice periods

A lease contract (leasing agreement) defines several notice periods, that AssetCenter allows you to record:

- Period of time the lessee has in order to notify the lessor of a pending end of term (**Notification** field in the **General** tab of the contract detail). AssetCenter allows you to associate an alarm with the date of end of term (contract end date).

- Periods of time the lessee has in order to notify the lessor of a planned end of lease option (corresponding "Notification" fields in the **Purchase**, **Renewal** and **Return** sub-tabs of the **Options** tab). AssetCenter allows you to associate alarms to the corresponding notification dates.
- Period of time the lessor has in order to inform the lessee of the end of term (**Lessor notice** field (SQL name: tsLessorNotice) in the **Leasing** tab of the contract).




## End of lease options

The possible end of lease options are stipulated in the **Options** tab of the contract detail view.

A given contract can authorize:

- Renewing the leased assets,
- Returning the assets,
- Purchasing (buying-out) the assets.

Selecting one of these end of term options has an effect on the options that are possible in managing the life-cycle of the assets under contract.

Thus, if the **Options** tab stipulates that the contract does not have a purchase option, the  **Purchase** button in the contract detail will be disabled. The same goes for the renewal and return options which are linked to the  **Renewal** and  **Return** buttons.

AssetCenter also allows you to describe other contractual options such as upgrading the equipment under contract. There are no automatic mechanisms under AssetCenter linked to the activation of this option.

To specify the possible end of lease options, you just need to check the appropriate options in the "Possible end of term options" frame. The list of sub-tabs displayed depends on what you check in this frame.

Within the **Purchase**, **Renewal** and **Return** sub-tabs, you can define:

- The purchase, renewal or return option type.
- The minimum notice period in order to declare the planned option before the end of term. The date associated with this period of time is automatically calculated using the end of contract date in the **General** tab.
- Alarms serving as reminders for the contractual renewal, purchase and return notification periods.



- Financial condition for in the case of renewal: New rent payments, etc.

## Fees specific to lease contracts

### Additional expenses

The **Leasing** tab allows you to specify whether insurance, shipping and freight-out costs are payable by the lessor or the lessee.

### Interim rent

Interim rent is a notion which is specific to leasing agreements.

There is an initial payment for each contract type. AssetCenter allows you to specify this in the **Init. payment** field (SQL name: mIntPay) in the **General** tab of the contract detail. In the case of a "Lease schedule", this initial payment corresponds to the interim rent.

The "Interim rent" field in the **Leasing** tab of a given contract detail specifies the method of calculation of the interim rent: According to the acceptance date, a percentage, etc.

As a general rule, the value of the interim rent is calculated on accepting the assets.

## Assignee

Lease contracts can be "assignable": The lessor may call on a third party called an assignee in order to finance the equipment. In this case, you just need to check the **Assignable** box in the **Leasing** tab of the contract detail in order to be able to select the assignee in the table of companies.

## Loss values

Lease contracts set out the procedure to be followed in the case of loss or destruction of the assets under the contract.

The **Leasing** tab in the contract detail permits you to specify the calculation method for loss values:

- The **Rule** field (SQL name: LossValRule) indicates the evaluation rule of the loss value.

- The **Calculation** field (SQL name: seLossValCalcMode) indicates whether to calculate the loss value for a given date or all loss values for all periods.
- Once the selected calculation method has been taken into account, by clicking the calculator button you can launch the calculation.

### Assets under contract

When you add (take down) assets to a lease contract, AssetCenter triggers the calculation or recalculation of the rent payments at contract or asset level and modifies the details of the assets under contract.

Certain fields in the lease contract are then used:

- The **Total value of assets** (SQL name: mMarketVal) (**Leasing** tab in the contract detail).
- The **Default acquisition method for assets** (SQL name: seAcquMethod) (**General** tab in the contract detail). This field is only displayed when the contract **Type** is **Master lease** or **Lease schedule**. The acquisition method of the assets is selected from an itemized list. It is applied to assets when they are added to the contract (either via the **Assets** tab in the contract detail, or via the detail of the asset itself).

---

## Leasing information specific to assets

This section explains how leasing information appears at the asset level:

You will find information on the following topics:

- Introduction
- Rent sub-tabs at the asset level

*The Finance/ Contracts or Finance/ Lease schedules menu items allow you to access the details of lease contracts and their associated assets.*

*Leasing information is also available at the asset level, in the table of assets. Use the Repository/ Assets menu item to access this.*

*The Acquis. tab in the asset detail allows you to describe the leasing information for a given asset.*

## Leasing information on assets

The **Acquis.** tab in an asset detail groups together leasing information specific to assets.

## Acquisition method of assets

The **Acq. method** field (SQL name: seAcquMethod) at the top of the **Acquis.** tab of an asset indicates the acquisition method of the asset:

- When an asset is associated with a **Lease schedule** type contract, the value of this field is modified to indicate the value of the **Default acquisition method for assets** field contained in the **General** tab of the contract detail.
- Select **Rental** or **Lease** if you want to enter leasing information concerning this asset.
- The information displayed in the sub-tabs of the **Acquis.** tab depends on the value of this field.

## Acquisition status of an asset

The **Acquis. status** field (SQL name: seAcquStatus) in the **Procurement** sub-tab indicates the acquisition status of the asset; It can be set as **Not defined**, **On order**, **Received**, **Accepted**, etc. It is automatically updated when an asset is accepted, renewed, returned, etc.

## Market value of an asset

The **Market value** field (SQL name: mMarketVal) (**Procurement** sub-tab) is used in the default mechanisms used to calculate rent payments.

Note: The market value of an asset is its market value at the time it was included in the table of assets. This is its purchase price if it is new, its buy-out price if it is second hand, etc.

## Initial payment

In the case of leasing, the **Init. payment** field (SQL name: mIntPay) in the **Price and conditions** tab indicates the interim rent due before the start of the first full rental period.

### Purchase option value

The purchase option value is indicated in the **Price and conditions** tab (the acquisition method must be set to **Lease**). It is used to estimate the buy-out value at the end of term.

### Termination option

The **Termination option** field (SQL name: TerminOpt) in the **Price and conditions** tab indicates the planned termination option of the asset. This value is selected from a free itemized list (e.g. return asset to lessor, etc.) and is for informational purposes only. If the itemized list is "open" and if you have the necessary rights, you can enter the appropriate termination option.

### Rent sub-tabs at the asset level

A rent description sub-tab is created automatically when an asset is acquired by "rental" or "lease". It is only effectively used from the moment when you enter additional information.

If the asset is linked to a lease schedule (**Acquis.** tab, **Procurement** sub-tab of the asset), and there is a rent sub-tab to distribute to all assets, then a rent sub-tab bearing the same name is automatically created at the asset level. It is automatically deleted when you indicated that the contract level rent is not to distributed to the asset level or the rent sub-tab is deleted from the contract. The sub-tabs specific to the assets that you have created manually are not affected by these automatic mechanisms.

The information found in this sub-tab is similar to the information in the **Rents** tab in the lease contract detail.

To add a description tab for lease rent at the asset level, right-click at the level of the names of the sub-tabs to display the popup menu and select **Add linked record**.

### Value (SQL name: mValue)

Reference "value" from which the rent is calculated. By default, it is the "Market value" of the asset (**Procurement** sub-tab in **Acquis.** tab of asset detail).

---

Note: The market value of an asset is its market value at the time it was included in the table of assets. This is its purchase price if it is new, its buy-out price if it is second hand, etc.

---

## Generation of expense lines for asset rents

AssetCenter Server generates expense lines for asset rents at regular intervals. The expense lines generated depend on:

### **The From the date of acceptance check box (SQL name: bFromAcceptDate)**

If the box is checked, and if the asset level rent originates from a lease schedule, the expense lines corresponding to the rent payments are only generated from the asset acceptance date. If this check box is cleared, the expense lines are generated from the date of validity of the rent.

### **The Recalculation effective from field (SQL name: dRecalcul)**

AssetCenter Server recalculates the expense line corresponding to the rent payments of an asset from the date appearing in this field.

Each time AssetCenter Server recalculates the rent expense lines, it attributes the date it did so to this field.

If you modify any rent parameters thus justifying recalculating the rent expense lines, indicate from which date AssetCenter Server should recalculate those already-existing expense lines.

## Allocation of asset level rent

The default values of the **Budget** (SQL name: Budget) and **Cost center** (SQL name: CostCenter) fields of a rent sub-tab at the asset level are the same as those of the fields of the same name at the top of the **Acquis.** tab of the asset detail.

This holds true even if the asset rent is calculated by prorating the contract level rent (the values of the **Budget** (SQL name: Budget) and **Cost center** (SQL name: CostCenter) fields in the rent sub-tabs of the contract are not copied over to the **Budget** (SQL name: Budget) and **Cost center** (SQL name: CostCenter) fields in the corresponding rent sub-tabs at the asset level).

---

## Information inherited by a lease schedule linked to a master lease

When you create a lease schedule and attach it to a master lease, by default this inherits certain information defined at the master lease level:

- **Features** tab: list of features with their values.
- **Options** tab: all information is recopied, except comments.
- **Contacts** tab: the contacts and people in charge of the contract are inherited. Third party contacts are automatically populated, if any exist, from information appearing in the schedule itself.
- **Leasing** tab: all information is recopied.
- **General** tab: all information is recopied, except the number, initial payment, customizable fields (**Field1** (SQL name: Field1) and **Field2** (SQL name: Field2)) and comments.

For fields, default settings may be modified through customizing the database(default values of fields).

# Chapter 5 - Life-cycle management of leased assets

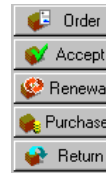
The previous chapter gives a high-level view of the lease contract, in order to manage it independently of the assets assigned to it. It describes:

- ❖ the general information on the contract (dates of validity, notification, etc.)
- ❖ the conditions specific to the lease contract (loss and destruction clauses, notification periods, end of lease options, etc.)
- ❖ rent and loans associated with the contract
- ❖ the budgets and costs centers associated with the different expense lines
- ❖ the parties involved with a contract (lessee, lessor, assignee, bank, etc.)

This chapter describes the life cycles of those leased assets. You will find information on the following topics:

- Adding assets to a lease schedule
- Accepting assets and calculating interim rents
- Renewing the presence of assets in a contract
- Returning assets
- Buying-out assets
- Tracking operations

***All these operations are carried out via the contract detail and using the 5 buttons on the right of the lease contract detail.***



*Managing leased asset life-cycles*

---

## Adding assets to a lease schedule

This section explains how to add assets to a lease contract.

You will find information on the following topics:

- Assets originating from the procurement cycle
- Assets directly selected or created in the table of assets
- Viewing assets covered by the contract

### Assets originating from the procurement cycle

#### Advantages

Using the procurement cycle, the lessee can create orders for leased assets associated with a lease contract.


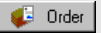
This link between orders and lease contracts is significant because it automates the creation of leased assets in the repository. It is not necessary to import or manually enter the information in the table of assets. When the order is received, the assets are created in the repository and associated with the lease contract.

#### How to link an order and a lease contract

The link between an order and a contract is made in the **Financing** tab in the order detail. This tab allows you to specify whether the order is financed by a contract and to specify the reference of this contract in the **Acqu. contract** field (SQL name: AcquContract).



Note: For an asset to be associated with the contract when its order is received, it needs to be associated with the contract in the **Financing** tab of the order.

Note: You cannot associate an order with a contract using the  **Order** button in the contract detail window. To associate an order with a contract you must go via the **Financing** tab in the order detail. If you click the  **Order** button in the detail of a lease schedule for which no order is associated, the message "There is no order financed by this contract" will be displayed.



### The distinction between receiving and accepting assets

When you receive the ordered assets, they are created in the database even if you later refuse them. They are created with their **Acquis. status** field set to **Received** status (**Acquis.** tab, **Procurement** sub-tab of the asset). When they are finally accepted, their **Acquis. status** field is set to **Accepted**.

### When are the assets effectively created in the database?


Assets resulting from an order linked to a lease contract are created in the table of assets in the AssetCenter database when they are received. They can also be seen in the **Assets** tab of the contract detail.


There are two ways to take delivery of assets:

- From the procurement cycle: the "Take delivery..." function (via the **Finance/ Receiving slips** menu item for example).
- Directly from a lease contract:
  - ↳ Click  **Order** in the contract detail to access the list of orders associated with the contract.
  - ↳ Select the order you want to receive.
  - ↳ Click  **Recept.** in the order detail to create the receiving slips.

Once the assets are received, the leasing process enters a new phase: Accepting the assets.

## Viewing orders associated with a lease contract

You just need to click the  **Order** button in the contract detail to view the list of associated order lines and their statuses (ordered, received, etc.) (**Tracking** tab in order detail).


Note: Using the  **Order** button in the lease schedule detail window, you can keep track of the statuses of orders associated with contract and take delivery of order lines.

## Assets directly selected or created in the table of assets

Assets under contract may not originate from the procurement cycle but they can be directly selected in the table of assets. They can be created:

- by entering them directly in the table of assets,
- by entering them in the **Assets** tab in the lease contract detail,
- by importing them into the table of assets,
- by pasting the Clipboard in the **Assets** tab of the contract detail.

## Entering or importing the assets under contract in the table of assets


It is possible to place assets directly under contract from the table of assets. Use the **Repository/ Assets** menu item or click the  icon in the toolbar.


To associate an asset with a lease contract, you must fill in the **Acquis.** tab in the asset detail appropriately.

The **Acq. method** field (SQL name: seAcquMethod) should indicate the acquisition method (lease or rental) and the **Schedule** field (SQL name: AcquContract) in the **Procurement** sub-tab should indicate the reference of the contract.

## Entering the assets under contract from the Assets tab in the contract detail window

It is possible to place the assets under contract from the **Assets** tab in the contract detail.

A click  in this tab lets you access the assets table from where it is possible to:

- create an asset associated with the lease contract. To do this:  
↳ Click .

- ⇒ Enter the information specific to the asset.
- ⇒ Click  to add the asset to the table of assets.
- ⇒ Click  to place the asset under contract.
- create assets which already exist in the lease contract. To do this:
  - ⇒ Select the assets.
  - ⇒ Click  to associate them with the contract.

After clicking , you need to fill out the following screen:

Description	Start	End	Periodicity	Amount	Rate
Rent 1	10/14/97	12/31/98	Monthly	6.00	3.00 %
Rent	11/4/96	1/31/99	Monthly	8942.04	3.00 %

This screen contains the following information:

- Start date:  
AssetCenter automatically suggests the earliest start date from among the rent start dates and contract start date.
- End date:  
AssetCenter automatically suggests the latest of the two end dates (i.e. that of the contract or that of the rent.)
- Table:  
AssetCenter automatically proposes the contract-level rents that are to be distributed to a selection of assets (**Prorate to assets** field(SQL name: seProrateRule) in the sub-tabs of the **Rents** tab.) Select those to which you want to attach the assets.

Note: AssetCenter automatically adds the assets associated with rents that are distributed to the level of all assets. AssetCenter does not offer to add assets for which the **Prorate to assets** field is set to **Do not allocate or distribute rent to assets**.

The **Acquis.** tab of the selected assets is automatically filled in and/or modified to associate the assets with the leasing contract:

- The **Acq. method** field (SQL name: seAcquMethod) takes the value of the **Default acquisition method for assets** field (SQL name: seAcquMethod) as defined in the schedule.
- The **Procurement** sub-tab indicates the name and the reference of the lessor as well as the reference of the lease contract in the **Schedule** field (SQL name: AcquContract).
- The **Price and conditions** indicates the start and end dates of term.
- Rent description sub-tabs are created for the rents which have been selected as well as for the contract rents distributed to all assets. The information on the rent defined at the contract level is copied. The rent to be charged to the asset is calculated according to the rent distribution rule defined at the contract level.

## Viewing assets covered by the contract

The **Assets** tab in the lease contract window automatically lists all the assets associated with the contract:

- The assets originating from a Procurement Management order financed by the contract. These assets have been received and are now part of the repository.
- The assets, created by import or by being entered directly in the table of assets, acquired within the framework of the leasing agreement.

For all these assets, the **Acquis.** tab in the asset detail refers to the contract.

---

# Accepting assets and calculating interim rents


This section explains how to accept assets and calculate interim rent.

You will find information on the following topics:

- How to accept assets
- Interim rent


Once the assets have been received, the lessee has a certain amount of time to evaluate the assets and make sure that they function correctly. Acceptance of the assets marks the effective start of leasing and the payment of rent.

This is a crucial step in the leasing process, giving rise to the exchange of contractual documents between the lessee and lessor. The lessee sends a certificate of acceptance to the lessor indicating the accepted assets.

The  **Accept** button to the right of the contract detail displays a window which allows you to:

- accept assets.
- calculate the interim rent relative to these assets.


It is important to proceed in the following order:


- ↳ Populate the left part of the window to accept the assets.
- ↳ Populate the right part to calculate the interim rent for the accepted assets.
- ↳ Click  to save.

Note: Using AssetCenter, it is possible to select those assets you want to accept on a given date from among those assets on a contract,. This allows you to use a staggered delivery schedule and to accept assets at different times.

## How to accept assets

To accept assets:

- ↳ Click  in the contract detail. The window displayed shows a list of the assets concerned by the lease contract. By default, AssetCenter selects those assets whose status is less than **Accepted**.
- ↳ Select the assets you want to accept.
- ↳ In the **Acquis. status** field (SQL name: seAcquStatus) select **Accepted**: This field is also found in the **Procurement** sub-tab of the **Acquis.** tab of the asset detail.
- ↳ Enter an acceptance date in the appropriate field.
- ↳ If you accept the assets one after another, you may enter their individual serial numbers if this field is not already populated. This field corresponds to the **Serial N°** field in the **General** tab of the asset detail.

To finish, fill in the right part of the window to calculate the interim rent associated with these assets, then click .

Note: The **Serial number** field in the acceptance window indicates the serial number of the asset under contract. This information is very

important for the lessee since the certificate of acceptance which needs to be sent to the lessor includes the accepted assets, their acceptance dates and their serial numbers.

## Interim rent

Acceptance defines the start of payment. Thus the lessee must pay the lessor the interim rent.

Interim rent covers the period between receiving and accepting an asset and the date of the first rent payment for a full period.

Note: AssetCenter manages the interim rent calculation for the main rent of the contract only.

AssetCenter calculates the interim rent in several ways depending on the option selected in the **Prorate to assets** field (SQL name: seProrateRule) in the main rent sub-tab of the **Rents** tab of the contract detail:

- **Do not allocate or distribute rent to assets.**
- **Prorate and distribute rent to all assets.**
- **Prorate and distribute rent to a selection of assets.**
- **Allocate unit level rent to all assets.**
- **Allocate unit level rent to a selection of assets.**


## Main contract rent "Prorated to all assets"

AssetCenter performs this operation out in 3 steps:

- ↳ It first calculates the interim rent for all the selected assets in the acceptance screen. It bases its calculation on the total of assets rents selected and the interim rent calculation type defined in the acceptance screen. Note that the selected group of assets does not necessarily correspond to all the assets under the contract.
- ↳ It distributes this interim rent to each asset of the selection. It bases its calculation on the two fields in the asset details: **Payments** (SQL name: mPayments) and **Periodicity** (SQL name: sePeriodicity) fields (**Acquis.** tab, main rent sub-tab). The interim rent of each asset is stored in the **Init. payment** field (SQL name: mIntPay) in the **Price and conditions** tab.

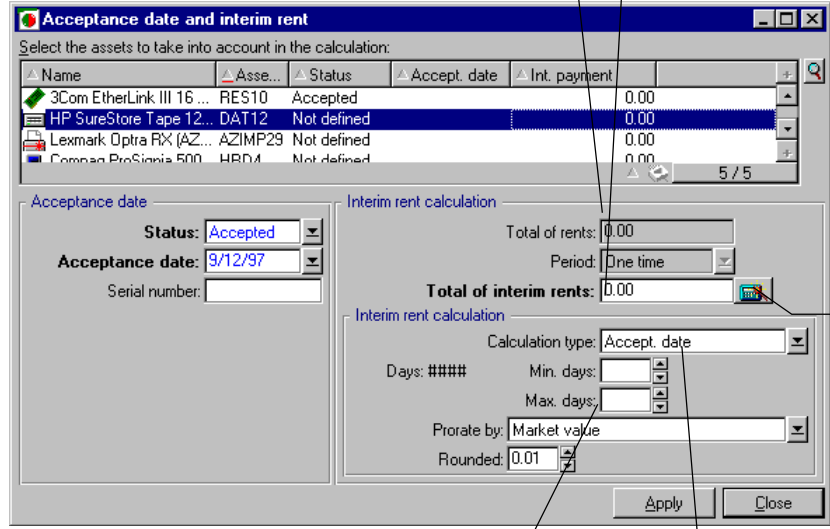
- ↳ It recalculates the overall interim rent of the contract. This is equal to the sum of the interim rents of the assets under contract. It is indicated in the **Init. payment** field (SQL name: mIntPay) of the **General** tab of the contract detail.

Here is how to calculate the interim rent for all assets:

- ↳ Click  in the contract detail. You thus access the window which allows you to accept the assets and calculate the interim rent.

Total of the main periodic rent payments for the assets selected.

Total of the interim rents for the assets selected.




Click on the calculator to calculate the total interim rent amount for the assets selected.


Method used to distribute the interim rent to asset level.

Interim rent calculation method, selected from a system itemized list.

#### Calculating the interim rent

- ↳ Select the assets.
- ↳ Select the interim rent **Calculation type** and, depending on the method chosen, populate the **Min. days**, **Max. days** and **Percentage** fields. If you select **Fixed value**, enter this value in the **Total of interim rents** field.
- ↳ Click  to display the **Total of interim rents** for all assets.
- ↳ Specify how the resulting interim rent should be distributed at assets level:

- ❖ In the **Prorate by** field, indicate the method used to distribute the interim rent to asset level.
- ❖ In the **Rounding** field, indicate the value to which interim rent should be rounded.

Click  to save the calculation at asset and schedule level.  
Thus:

- ❖ The **Init. payment** (SQL name: mIntPay) field in the General tab of the contract detail, which specifies the overall interim rent at schedule level, is recalculated.
- ❖ For each asset, the **Init. payment** field (SQL name: mIntPay) in the **Price and conditions** sub-tab of the **Acquis.** tab of the asset detail indicates the interim rent at the asset level. This rent is calculated by distributing the over rent amount at schedule level to the assets according to the rule fixed by the **Prorate by** and **Rounding** fields.
- ❖ For each asset, the expense line relative to its interim rent appears in the **Costs** tab of the asset detail.

### ***Prorate and distribute rent to a selection of assets***


The procedure used to calculate the interim rent on acceptance of a number of assets is similar to that described in the case of a main rent prorated to all assets, with the following conditions:

- There is an interim rent at the level of each asset belonging to the selection of assets, calculated when the asset is "accepted". The interim rent for the assets which do not make up the selection is zero.
- The overall interim rent at schedule level is equal to the sum of the interim rents of the selection of assets. It is indicated in the **Init. payment** field (SQL name: mIntPay) in the **General** tab of the contract detail.

### ***Do not allocate or distribute rent to assets***

There is no interim rent at the asset level.

The overall interim rent at schedule level is entered directly by the lessee in the **Init. payment** field (SQL name: mIntPay) in the **General** tab of the contract detail.

In this case, the  button is not used to calculate interim rent: it is just used to accept the assets under contract.



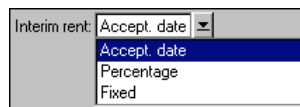
The expense line relative to the interim rent of the contract is displayed in the **Costs** tab of the contract detail.

## Types of interim rent calculations

Note: The interim rent calculation types are only used when the main rent of the contract is distributed to all or a selection of the assets (**Prorate to assets** field (SQL name: seProrateRule) in the main rent sub-tab in the **Rents** tab of the contract detail).

In this case, AssetCenter allows you to calculate the interim rent for a group of assets in three different ways:

- according to the date of acceptance,
- as a percentage of the rent of these assets,
- as a fixed value.



*Leasing tab -Selecting the interim rent calculation method*

The interim rent calculation type is shown in the **Leasing** tab of the contract detail and in the acceptance and interim rent calculation window.

The following sections describe in detail the interim rent calculation methods for a group of assets.

### Calculation according to the "Acceptance date"

The interim rent is calculated from the acceptance date of the assets, i.e. prorata to (in proportion to) the interim period. AssetCenter considers there are 30 days in a month.

The calculation parameters are summarized in the acceptance and interim rent window:

- The reference amount is specified in the **Total of rents** field: this is the total of the periodic rents of the selected assets. Note that in the case where the schedule level rent is distributed to a selection of the assets (**Prorate to assets** field (SQL name: seProrateRule) in the **Rents** tab of the contract detail), the periodic rent of an asset not belonging to the selection is replaced by zero.

- The number of days to be taken into account is automatically determined by AssetCenter.
- ❖ **Days**  
Number of days, calculated automatically by AssetCenter, between the acceptance date and the date of the 1st rent on a full period.
- ❖ **Min days**  
Minimum number of days for interim rent to be calculated.
- ❖ **Max. days**  
Maximum number of days to take into account in interim rent.

### Example of interim rent calculation according to the acceptance date

A lease contract starts on July 1, 1997. The monthly rent, payable on the first day of the month amounts to \$3000. It is distributed to all the assets. On June 17, 1997, the lessee accepts two of the assets under contract whose monthly rents are \$800 (asset A) and \$400 (asset B).

- The interim rent for these two assets covers the period from June 17 through June 30 inclusive, i.e. 14 days. It is thus evaluated at  $14/30 * (800 + 400) = \$560$ .

The total interim rent at schedule level (specified in the **Init. payment** field (SQL name: mIntPay) in the **General** tab of the contract detail) increases by \$560.

- For each of the two assets accepted, the **Init. payment** field in the **Price and conditions** sub-tab in the **Acquis.** tab of the asset detail indicates the interim rent of the asset.

Let's suppose that the interim rent of these two assets is calculated by distributing the total interim rent at schedule level prorata to the rent, rounded to 0.1.

The interim rent of A amounts to:  $560 * 800 / (800 + 400) = \$373.3$ .

The interim rent of B amounts to:  $560 * 400 / (800 + 400) = \$186.7$ .

### Example of utilization of Min. days and Max. days fields

A lease contract starts on July 1, 1997. The rents, distributed to all assets, are due on the first day of the month. The interim rent is calculated according to the acceptance date. **Min. days** shows 3 days, **Max. days** shows 25 days.

- If all the assets under contract are accepted on June 29, 1997, the interim rent is zero since the gap between the acceptance date and the first day of the full period is less than 3 days.

- If all the assets under contract are accepted on June 2, 1997, the gap between the acceptance date and the start of the first full period is greater than 25 days. As a consequence, the interim rent will only be calculated for a period of 25 days.

### Calculation by "Percentage of rent"

The interim rent is calculated as a percentage of the amount specified in the **Total of rents** field of the contract:

- The percentage is specified in the **Percentage** field which is displayed when the calculation method is selected. It is by default equal to the percentage defined in the **Leasing** tab of the contract detail.
- The **Total of rents** is the sum of the periodic rents of the selected assets. Note that when the schedule level rent is distributed to a selection of assets (**Prorate to assets** field (SQL name: seProrateRule) in the **Rents** tab of the contract detail), the periodic rent of an asset not belonging to the selection is replaced by zero.

The interim rent is in this way independent of the acceptance date of the assets.

The image shows a small window with two fields. The first field is labeled 'Interim rent:' and has a dropdown menu with 'Percentage' selected. The second field is labeled 'Percentage:' and contains the text '40.00 %'.

*The interim rent is a percentage of the lease rent*

### Example

A lease contract starts on July 1, 1997. The monthly rent is payable on the first day of the month and amounts to \$3000. The interim rent calculation percentage, defined in the **Leasing** tab of the contract detail is 30%. The rent is distributed to all the assets and all the assets under contract are accepted during the month of June 1997.

- The interim rent of the contract covers the period from June 1 through June 30, 1997  
It amounts to  $3000 * 30\% = \$900$ .
- The interim rents at the asset level are calculated by prorating the interim rent according to the selected method.

### Calculation by fixed value



The interim rent is equal to a fixed value: you just need to enter this value in the **Total of interim rents** field in the acceptance window.

---

## Renewing the presence of assets in a contract

At the end of term, the lessee may extend the lease for all or a selection of the assets: this is called renewing the assets.

To renew assets, simply:

- click the  **Renewal** button in the contract detail window. This button is only available if the **Renewal** option (SQL name: bRenOpt) in the **Options** tab in the contract detail has been activated.
- populate the windows described below.
- click  in the final window to confirm.

### Assets to be renewed selection window

The first window displayed allows you to select the assets to be renewed.

#### "Rent" column

If the **Prorate to assets** option (SQL name: seProrateRule) in the main rent sub-tab in the **Rents** tab of the contract detail is selected, this column lists the main rents for each asset. Otherwise it shows null rents.

Once the assets are selected, click  to continue the procedure.

### Assets to be renewed selection window

The second window allows you to select the rents of the contract to be renewed for all the assets selected in the previous step.

Once the rents are selected, click .

## New rent definition window

The third window allows you to specify the conditions of application of each of the renewed rents. Select each rent and populate the following fields:

### Description

Name of the new rent.

When a new rent is created, a corresponding rent sub-tab is created in the **Rents** tab of the contract detail.

### Start

The start date of the new rent is by default equal to the end date of the previous period plus 1 day.

### End

The end date of the new rent is by default equal to the start date of the new rent + the length of time specified in the **Renewal period** field (SQL name: tsDefRenDur) in the **Renewal** sub-tab of the **Options** sub-tab of the contract.

### Rent

The new lease rent is calculated by default using the information appearing in the "Renewal by default" frame of the **Renewal** sub-tab in the **Options** tab of the contract

Once the new rents are defined, click  to continue the procedure.


## Renewal date definition window

The final window defines the renewal period for the selected assets.

By default:

- The date of renewal of the assets is equal to the earliest of the start dates of the new rents.
- The end date of renewal of the assets is equal to the latest of the end dates of the new rents.

## Consequences of renewing assets

Click  in the renewal rents definition window to confirm the procedure:

- AssetCenter creates sub-tabs using the information you have just entered for the new rents in the **Rents** tab of the existing contract. These new rents are calculated and managed in the same way as the previous lease rents.
- These rent sub-tabs can be found in the **Acquis.** tab of the asset detail.
- When an asset is renewed, its status is automatically modified: the **Acquis. status** field (SQL name: seAcquStatus) in the **Procurement** sub-tab in the **Acquis.** tab of the asset detail indicates that it is **Renewed**.


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
## Returning assets

This section explains how to return assets at the end of term.

You will find information on the following topics:

- Contract associated with a return envelope
- List of assets to be returned (return envelope)
- Retiring assets


*Clicking the  button in the contract detail creates a return envelope associated with the schedule. This button is only available if the Return option (SQL name: bRetOpt) in the Options tab of the contract detail has been activated.*

*Return envelopes can also be managed from the Finance/ Returns -end of term menu item. This allows you to access the list of all return envelopes, regardless of their associated contract, whereas the  button only displays the return envelopes linked to the given contract.*

A return envelope concerns one or more assets from the same contract.



## Contract associated with a return envelope

The **Schedule** field (SQL name: Schedule) in the **General** tab of the detail of a return slip specifies the contract to which the return envelope is attached.

In the case of return envelopes viewed using the  **Return** button in the lease, contract detail, this field displays the reference of the lease contract and is not modifiable. In the case of return envelopes viewed from the **Finance/ Returns -end of term** menu item, you can select a lease schedule from the table of contracts.

## List of assets to be returned (return envelope)

The list of assets to be returned can be found in the **Assets** tab of the return envelope detail.

- Click  to select the assets in the list of assets concerned by the lease schedule specified in the **General** tab of the return envelope detail.
- Click  to remove the assets from the selection.


When an asset is included in a return envelope, its status is automatically modified: the **Acquis. status** field (SQL name: seAcquStatus) in the **Procurement** sub-tab in the **Acquis.** tab of the asset detail indicates that the asset is **To be returned**.

The asset is neither deleted from the table of assets or from the list of assets under contract (this list is accessible in the **Assets** tab of the contract detail).

## Retiring assets

The assets included in a return envelope are not automatically retired.

To effectively retire assets included in a return envelope:

- ↳ Give a date to the **Carried out on** field (SQL name: dCarriedOut) in the **General** tab of the return envelope.
- ↳ Select the assets to retire in the **Assets** tab of the return envelope detail.
- ↳ Click .

The following changes:


- The **Acquis. status** (SQL name: seAcquStatus) of the asset (**Acquis.** tab) is set to **Returned**.

- The "Standard assignment" zone of the **General** tab of the asset detail is modified to indicate the change:
  - ❖ The **Assignment** (SQL name: seAssignment) field indicates that the asset is a **Retired asset**.
  - ❖ The **Retirement** field (SQL name: dDispos) by default uses the effective return date specified in the **General** tab of the return envelope (**Carried out on** field).
  - ❖ The **Reason** field (SQL name: DisposReason) in the **General** tab of the asset detail is modified to indicate that the reason for retirement is a "Return (Assets returned to lessor)".

---

## Buying-out assets

To buy-out assets:

- Click the  **Purchase** button in the contract detail. This button is only available if the **Purchase** option (SQL name: bPurchOpt) in the **Options** tab of the contract detail has been activated.
- Select the assets to buy-out.

AssetCenter calculates the various amounts for the given selection:

- The total of the **Payments** fields (SQL name: mPayments) in the sub-tabs of the **Acquis.** tabs corresponding to the main rent (**Acquis.** tabs).
- The total, for the selected assets, of the **Market value** (SQL name: mMarketVal) fields in the **Procurement** sub-tabs of the **Acquis.** tabs.


AssetCenter automatically fills in certain purchase conditions:

- The buy-out value is equal to the total, for the selected assets, of the **Purchase option value** fields (SQL name: mPurchOptVal) of the **Price and conditions** sub-tabs of the **Acquis.** tabs.
- The buy-out date is by default, the date of end of term.

Enter the **Purchase price** manually and modify the purchase date if necessary. In the **Prorate by** field, specify how the purchase price is to be distributed at the level of the selected assets.

Note: the **Total of rents**, the **Total of market values** and the **Projected buyout value** are only shown for informational purposes. They help you set the **Purchase price**.



Next, click  to confirm the operation.

Several fields are modified for the selected assets:

- **Acq. method** field (SQL name: seAcquMethod) (**Acquis.** tab): is set to **Purchase**.
- **Purchase date** field (SQL name: dAcquisition) (**Acquis.** tab, **Price and conditions** sub-tab): takes the purchase date.
- **Purchase price** field (SQL name: mPrice) (**Acquis.** tab, **Price and conditions** sub-tab): value calculated from the parameters defined in the purchase screen.
- An expense line is created in the **Costs** tab of the asset.


---

## Tracking operations

The **Cycle** tab allows you to track the asset life cycle. It summarizes operations performed on the assets as part of a lease contract.

- Placing under contract (inclusion),
- Acceptance,
- Renewal,
- Purchase (buy out),
- Return.

This tab is for information only: it does not allow you to perform operations on the assets under contract.

You just need to click  to unfold the list of assets and the return envelopes associated with an operation.

By double-clicking, it is thus possible to access the details of the assets and return envelopes listed.

---

Note: In the case of returns, the date which appears is the scheduled return date.

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# Chapter 6 - Calculating loss values for assets

In general, the value of lost or destroyed assets is defined contractually.

AssetCenter allows you to describe stipulated loss value rules and to estimate the loss value of an asset or of a group of assets according to their reference value.

These two tasks are performed at lease contract level, in the **Leasing** tab. You cannot estimate the loss value of an asset directly from the asset detail.

This chapter contains information on the following points:

- Defining loss value calculation rules
- Calculating the loss value
- Updating loss values

---

## Defining loss value calculation rules

Before being able to calculate the loss value for a group of assets, you must define the calculation rules for this value.

In order to do this:

- Display the lease contract detail and go to the **Leasing** tab.
- Go to the **Rule** field (SQL name: LossValRule).
- Create a new loss value rule by entering its name and moving to another field (AssetCenter will then offer to let you create the rule on the fly or in detail. Chose the detailed creation).

Here is an example of a calculation rule used to give the loss value of an asset:

Period	Rate
0 day	100.00 %
3 years	0.50 %
1 month	97.24 %
2 months	94.47 %
3 months	91.71 %
4 months	88.94 %
5 months	86.18 %
6 months	83.42 %
7 months	80.65 %
8 months	77.89 %
9 months	75.13 %
10 months	72.36 %
11 months	69.60 %

### ***Periodicity* (SQL name: sePeriodicity)**

Periodicity of calculation.

### ***Precision* (SQL name: fPrecision)**

Precision used in calculating percentage.

Example: "0.1" will ensure that the percentages calculated by linearization will be expressed to 1 decimal after the point.

### ***Duration* (SQL name: tsDuration)**

Length of validity of the rule from the start of the contract.

### **Propagate**


Use this button if when modifying a loss value you want the changes to be propagated to those contract which are already linked.


### **+ and - buttons**

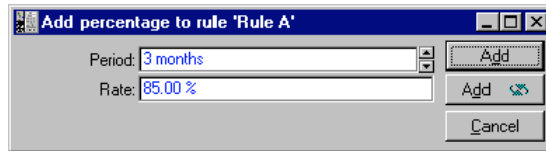
Click + or - to add or remove a loss percentage.

The calculation rule determines the percentage to be applied to the reference price of the assets to obtain a loss value according to the time elapsed since the start of the contract.

In the case where the loss values follow a straight line relationship between two values, the "Linearize" button allows you to calculate them automatically. You just need to:

- ↳ Define the **Periodicity** and the **Precision** of the calculation,
- ↳ Enter the first and last loss values,
- ↳ Select both of these loss values,
- ↳ Click : the corresponding percentages between these two values are generated.

If the variation in percentage is not linear, the different loss values have to be entered manually by clicking the  button:




In this example, the loss value will be equal to 85% of the reference value of the assets from 3 months after the start of term until the next period.


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## Calculating the loss value

Once the loss value calculation rule is selected, AssetCenter calculates the loss values using this loss-value calculation rule. There are two ways of calculating loss-values:

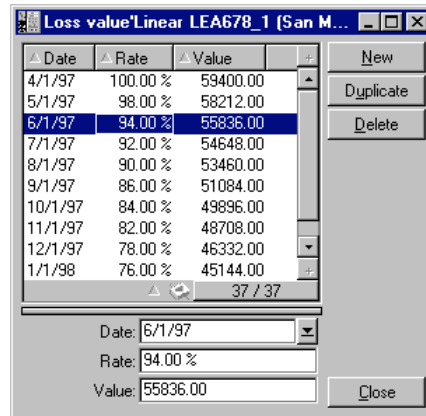
- calculating for all periods,
- calculating on a given date.

Click the calculator button  to start these calculation procedures.

Note: Before launching the calculation of the loss value, you need to confirm the selected method of calculation by clicking  in the contract detail.

### Calculate for all periods

AssetCenter calculates the loss values for all the periods included within the duration of validity of the rule beginning with the start date of the contract (**General** tab). AssetCenter generates the table loss values specific to the lease contract.



The screenshot shows a window titled "Loss value"Linear LEA678\_1 (San M...". It contains a table with three columns: Date, Rate, and Value. The table lists values for dates from 4/1/97 to 1/1/98. The row for 6/1/97 is highlighted. To the right of the table are buttons for "New", "Duplicate", and "Delete". Below the table, there are input fields for "Date", "Rate", and "Value", which correspond to the selected row (6/1/97, 94.00 %, 55836.00). A "Close" button is at the bottom right.

Date	Rate	Value
4/1/97	100.00 %	59400.00
5/1/97	98.00 %	58212.00
6/1/97	94.00 %	55836.00
7/1/97	92.00 %	54648.00
8/1/97	90.00 %	53460.00
9/1/97	86.00 %	51084.00
10/1/97	84.00 %	49896.00
11/1/97	82.00 %	48708.00
12/1/97	78.00 %	46332.00
1/1/98	76.00 %	45144.00

In the above example, from May 1, 1997 through June 1, 1997, the loss value for assets is set at 94% of the reference value which is by default equal to the **Total value of assets** (SQL name: mMarketVal) (**Leasing** tab of contract).

### Date (SQL name: dLossVal) and Rate (SQL name: pRate)

Date and rate of the line selected. These values are obtained from the selected loss value rule. You can modify this information or save it in the list of loss values of the contract.

### Value (SQL name: mValue)

Loss value corresponding to the line selected in the loss value calculation rule. You can enter the reference value of the asset or of a group of assets.

### Calculate on a given date

AssetCenter calculates the loss value on a given date by referring to the calculation rule associated with the contract.

### Basis of calculation

By default, AssetCenter gives you the **Total value of assets** (SQL name: mMarketVal) (**Leasing** tab in contract).

You can enter the reference value of an asset or of a group of assets.

### Start of contract

Sets the date from which the loss value rule is applied. This date is by default equal to start date of the contract (**General** tab). You can modify this to in order to calculate, for example, the loss value of asset which were taken down after the start of the contract.


### Calculate button

Click here to:


- ❖ display the rate to be applied to the calculation basis: it is determined by the rule chosen and the loss date of the assets.
- ❖ calculate the loss value corresponding to the basis of calculation.

---

## Updating loss values

The **Leasing** tab in the contract detail allows you to define loss-value calculation rules and methods of calculation (**Calculate for all periods** or **Calculate on a given date**). Click  to start the calculation of loss values.

You can modify the detail of a loss-value calculation rule:

- Via the **Tools/ List of screens** menu item, **Loss values** table (SQL name: amLossValLine) (only the AssetCenter administrator has access to this menu).
- By clicking the  button to the right of the **Rule** field (SQL name: LossValRule) in the **Leasing** tab of the contract detail.

In this case, all contracts using this loss value need to be updated.


### Immediate update after modifying loss-value

To update all contracts using a loss-value rule which has just been modified, you just need to click "Propagate" in the detail of the loss value.

## Updates done by AssetCenter Server

AssetCenter Server recalculates, at regular intervals, the loss values for lease contracts whose calculation method is set to **Calculate for all periods** (**Calculation** field (SQL name: seLossValCalcMode) in **Leasing** tab of lease contract detail). In this way, loss values pertaining to any loss value rules which have been modified since the last time AssetCenter Server accessed the database are updated.

To define the frequency of recalculation of loss values:

- Select the **Options/ Configure** menu item in AssetCenter Server
- Go to the **Modules** tab.
- Check the **Calculate stipulated loss values** option.
- Enter the frequency of calculation at the bottom of the window.
- Click  to confirm.



# Chapter 7 - Calculating rent

This chapter explains how rent is calculated in contracts.

Contract level (schedule level) rent payments are described in the **Rents** tab of the contract detail. Each rent amount (insurance, maintenance, etc.) associated with a contract is described by a sub-tab.

Asset level rents are described in the "Sub-tabs" of the **Acquis.** tab of the asset detail.

This chapter details the five methods of calculating contract rent:

- ↳ Rent is calculated at the contract level, then distributed to the level of each asset. To apply this method, select the **Prorate and distribute rent to all assets** option in the **Prorate to assets** field (SQL name: seProrateRule) in the **Rents** tab of the contract detail.
- ↳ Rent is calculated at the contract level, then distributed to the level of a selection of assets under the contract. To apply this method, select the **Prorate and distribute rent to a selection of assets** option in the **Prorate to assets** field (SQL name: seProrateRule) in the **Rents** tab of the contract detail.
- ↳ A unit rent is defined at the contract level, then allocated identically to each asset under the contract. To apply this method, select the **Allocate unit level rent to all assets** option in the **Prorate to assets** field (SQL name: seProrateRule) in the **Rents** tab of the contract detail.
- ↳ A unit rent is defined at the contract level, then allocated identically to several assets under the contract. To apply this method, select the **Allocate unit level rent to a selection of assets** option in the **Prorate to assets** (SQL name: seProrateRule) field in the **Rents** tab of the contract detail.
- ↳ Rent is calculated at the contract level, and is not allocated to asset level. To apply this method, select the **Do not allocate or distribute rent to assets** option in the **Prorate to assets** (SQL name: seProrateRule) field in the **Rents** tab of the contract detail.

In this chapter, you will also find information of the following points:

- 1st method- Calculating the contract rent and distributing it to all the assets under contract
- 2nd method- Calculating the contract rent and distributing it to a selection of the assets under contract
- 3rd method - Calculating the contract rent and allocating a unit rent to all the assets under contract
- 4th method - Calculating the contract rent and allocating a unit rent to a selection of the assets under contract
- 5th method - Calculating the contract rent without allocating or distributing it to the assets under contract
- Choosing a calculation method

---

## 1<sup>st</sup> method: Calculating the contract rent and distributing it to all the assets under the contract

This section explains how to distribute a rent payment to all the assets under contract.

You will find information on the following topics:

- Behavior produced at software level
- Steps to follow
- Calculating Rent x at the contract level
- Calculating asset level rent
- Calculation rules for rent prorated and distributed to all assets
- Example
- Consequences of adding assets
- Consequences of removing assets

***This method is only applied when the Prorate and distribute rent to all assets option is selected in the Prorate to assets field (SQL name: seProrateRule) in the rent description sub-tab of the Rents tab in the contract detail.***

Let's suppose that the rent in question is called "Rent x" and is described in a sub-tab "Rent x" of the contract (**Rents** tab).

## Software behavior

- For each asset of the contract, there is a "Rent x" sub-tab (**Acquis.** tab of the assets).
- Certain fields in the "Rent x" sub-tab are common to all assets and can only be modified at the contract level:
  - ❖ **Periodicity** (SQL name: sePeriodicity)
  - ❖ "Main rent" nature of the rent payment
  - ❖ Start date of rent x
  - ❖ End date of rent x
  - ❖ Payment
  - ❖ Bill cycle day
  - ❖ Grace
  - ❖ **From the date of acceptance** (SQL name: bFromAcceptDate)
- Certain fields in the "Rent x" sub-tab are not used at the contract level:
  - ❖ **Expense lines calculation effective from** (SQL name: dRecalcul)
- The "Rent x" sub-tab at the contract level defines a budget and a cost center. These two data items are only shown in the "Rent x" sub-tabs at the asset level if the **Budget** (SQL name: Budget) and **Cost center** (SQL name: CostCenter) fields at the top of the **Acquis.** tab in the asset details are not populated. Otherwise, the **Budget** and **Cost center** fields defined at the top of the **Acquis.** tab in the asset details are used in the "Rent x" sub-tabs of the assets.
- Expense lines corresponding to rent payments are charged to the budgets and cost centers defined in the "Rent x" sub-tabs of the assets. The parameters used in generating these expense lines are those in these sub-tabs.

## Steps to follow

In order for automatic calculations to be performed by the software to function correctly, you must do the following in order:

- ↳ Create the contract without populating the **Rents** tab.
- ↳ Add the assets to the contract without adding a description tab for "Rent x" in the **Acquis.** tab. Verify that the **Market value** field (SQL name: mMarketVal) in the **Procurement** sub-tab of the **Acquis.** tab of the asset detail is populated.

- ✎ Populate the sub-tab that is still unnamed in the **Rents** tab of the contract. If there are other rents involved, add the corresponding sub-tabs and determine which one is the **Main rent** (SQL name: bMainRent).
- ✎ Verify that AssetCenter Server has been launched so that the expense lines can be calculated.

Important note: If you select the **From the date of acceptance** option (SQL name: bFromAcceptDate) in a rent sub-tab, the expense lines for this rent payment will not be calculated until the assets under the contract have been accepted.

## Calculating "Rent x" at the contract level

The **Rents** tab in the contract detail specifies the calculation conditions for rent payments associated with the contract. Each rent is described in an individual sub-tab.

*Rent sub-tab in a contract*

For each rent:

- By default, the **Value** (SQL name: mValue) of the rent, which is the basis of calculation, is equal to the sum of the "Market values" of the assets under the contract. This only functions if you add the assets to the contract before defining the "Rent x" sub-tab.

Note: If you change the method of distributing rent to asset level (**Prorate to assets** field (SQL name: seProrateRule) in "Rent x" sub-tab), the **Value** of the rent at the contract level remains unchanged. If

necessary, you need to change it manually in order for it to show the sum of the prorata values of the assets under contract.

- In general, the lease rate factor varies according to the type of assets leased. It is contractually defined.
- The amount of contract level **Payments** (SQL name: mPayments) is calculated by applying the **LRF** (SQL name: pLRF) to the **Value** of the rent.

## Calculating asset level rent

Rent is calculated for each asset under the contract according to the **Payments** (SQL name: mPayments), **Prorated by** (SQL name: ProrateField), **Rounding** (SQL name: fPrecision) and **From the date of acceptance** (SQL name: bFromAcceptDate) fields in the rent sub-tab of the **Rents** tab of the contract detail.

## Possible methods for distributing rent at the asset level

It is possible to calculate asset level rent prorata to the:

- Rent: specified in the **Payments** field (SQL name: mPayments) in the rent description sub-tab of the **Acquis.** tab in the asset detail.
- Market value of the asset: this is indicated in the "Market value" field in the **Procurement** sub-tab of the **Acquis.** tab of the asset detail.
- Purchase price of asset: this is specified in the "Purchase price" field in the **Price and conditions** sub-tab of the **Acquis.** tab of the asset detail. This field is only available when the asset is purchased (when the **Acq. method** field (SQL name: seAcquMethod) in the **Acquis.** tab of the asset detail is set to **Purchase**).
- Purchase option value (buy-out value): this is indicated in the **Purchase option value** field (**Price and conditions** sub-tab of the **Acquis.** tab of the asset detail). This field is only available when the asset is leased (when the **Acq. method** field in the **Acquis.** tab of the asset detail is set to **Lease**).
- Interim rent of the asset: this is indicated in the **Init. payment** field (SQL name: mIntPay) in the **Price and conditions** sub-tab of the **Acquis.** tab of the asset detail when the acquisition method is either **Rental** or **Lease**.

- Depreciation of the asset: this is indicated in the **Depreciation** field (SQL name: mDeprVal) in the **Fixed Asset** tab of the asset detail.
- Residual value of the asset: this is indicated in the **Residual value** field (SQL name: mNetValue) in the **Fixed Asset** tab of the asset detail.
- Resale price, if applicable: this is the value specified in the **Resale price** field in the **General** tab of the asset detail. This field is only displayed when the **Assignment** field in the **General** tab of the asset is set to **Retired asset**.

All these methods of calculation use a value from the asset detail (**Purchase price**, **Payments**, **Market value**, etc.) which we will call the "Prorata value".

Here is the formula which is used to calculate the asset **Payments** (SQL name: mPayments), if the contract **Payments** and the prorata values of the assets are known:

$$\text{Asset "Rent"} = \text{Contract "Rent"} \times \frac{\text{Prorata value of asset}}{\sum \text{Prorata values of assets}}$$

Note: The **Prorate to assets** (SQL name: seProrateRule) field lists all the possible methods to distribute rent to asset level.

Certain methods are used to calculate lease rents: Prorating by market value, by purchase option value, etc.

Others are used to calculate other types of rent for assets which are not necessarily rented or leased. For example, an insurance premium may be considered as a contract-level rent and therefore distributed (allocated) to purchased assets prorata to their purchase price.

## Rounding errors

Rounding errors are carried over to the first rent item: AssetCenter Server calculates rent for each asset except for the first, and adjusts the rent corresponding to the first asset in order that the sum total of rent payments at the asset level is equal to the rent at the contract level (the "first" asset depends on the database management system and how its indexes are configured).

If the rounding value is set to "0", rents for each asset are calculated using the default precision for floating numbers. For example, for a contract rent with value "100" distributed identically to 3 assets,

AssetCenter generates the following asset rents according to the selected rounding value:

- For a rounding value equal to 0.01
  - ❖ 33.34
  - ❖ 33.33
  - ❖ 33.33
- For a rounding value equal to 0
  - ❖ 33.3333333333333433
  - ❖ 33.3333333333333254
  - ❖ 33.3333333333333254

The rounding value is also used in the distribution of tax values.

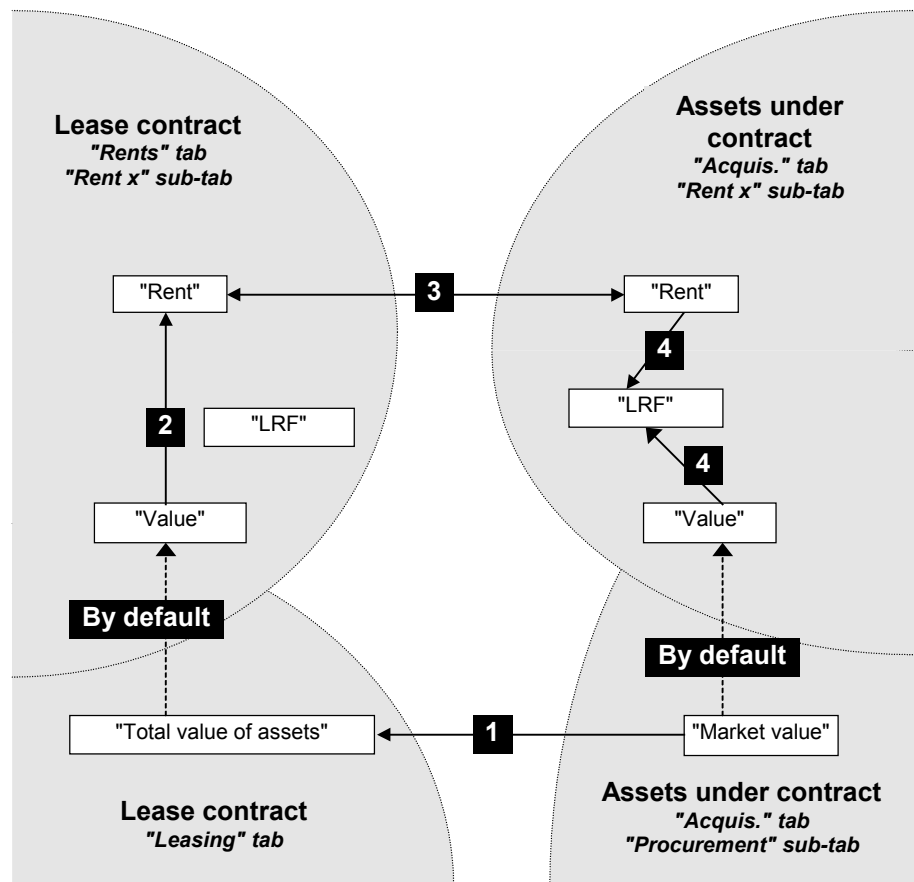
## Calculation rules for rent prorated and distributed to all assets

### In the case of "Lease schedule" type contracts

A given "Rent x" is described in:

- a "Rent x" sub-tab in the contract detail (**Rents** tab).
- a "Rent x" sub-tab in the asset detail (**Acquis.** tab).

The diagram below summarizes the links which exist between the fields in the contract detail and the fields in the asset detail, and the calculation rules for the **Value** (SQL name: mValue), **Payments** (SQL name: mPayments) and **LRF** (SQL name: pLRF) fields when the "Rent x" sub-tab is filled in for the first time. This scenario only exists if the assets are added to the contract before populating the **Rents** sub-tab.



#### *Distributing rent to all the assets under contract*

- ✎ The **Total value of assets** (SQL name: mMarketVal) under the contract is equal to the sum of the "Market values" of all the assets under contract. This data item is for informational purposes only.
- ✎ The **Value** which is used as the basis of calculation for the Rent x of the contract is by default equal to the "Total value of the assets".
- ✎ The contract level "Rent x", shown in the **Payments** field, is equal to the rent x **Value** multiplied by the **LRF** you have defined.



- ↳ The contract level "Rent x", shown in the **Payments** field, is prorated and distributed to the asset level according to the method that you define.
- ↳ The **LRF** of the asset is calculated according to the **Value** used as the basis of calculation for rent x of the asset and the **Payments** field of the asset, as calculated in the previous step. The **Value** used to calculate the rent x of the asset is by default equal to the "Market value" of the asset.

## For other contract types

A given "Rent item x" is described in:

- a "Rent x" sub-tab in the contract detail (**Rents** tab).
- a "Rent x" sub-tab in the asset detail (**Acquis.** tab).

Here are the rules which determine the **Value** of the contract, the contract level "Rent", the asset level **Payments** and the **LRF** corresponding to the asset:

- ↳ The **Value** of the contract is by default equal to the sum of the "Market values" of the assets under the contract.
- ↳ The contract level **Payments** are equal to the **Value** of the contract multiplied by the **LRF** you have defined for the contract.
- ↳ The contract level **Payments** are distributed to the asset level according to the method that you define.
- ↳ The **LRF** of the asset is calculated according to the **Value** of the asset and the **Payments** field of the asset, as is determined in the previous step. The **Value** of the asset is by default equal to the "Market value" of the asset.

## Example

Let's suppose that a company leases 3 assets:

- 2 PCs X and Y with a market value of \$1999.90 each
- 1 PC Z with a market value of \$2800

The initial lease rate factor of the contract is 3%.

The rent is prorated by the market value of the assets and rounded to the nearest 0.1.

### Calculating the contract level **Payments** (SQL name: **mPayments**)

**Payments** at the contract level = **Value** of the contract rent  $\times$  **LRF**.

$$\begin{aligned}\text{Value of the contract rent} &= \sum \text{"Market values" of the asset under contract} \\ &= \$6799.80.\end{aligned}$$

$$\text{Payments at the contract level} = 6799.80 \times 3\% = \$203.994$$

### Calculating the rent at the asset level

Let's suppose that errors rounding up are carried over to the rent of PC "X".

**Payments** of Y = **Payments** at the contract level  $\times$  "Prorata value" of Y / ( $\sum$  "Prorata values" of X, Y and Z)

$$\begin{aligned}&= \text{Payments at the contract level} \times \text{Market value of Y} / (\sum \text{Market values of X, Y and Z}) \\ &= 203.994 \times 1999.90 / (1999.90 + 1999.90 + 2800) \\ &= \$59.997, \text{ rounded to } \$60.\end{aligned}$$

$$\text{Payments of Z} = 203.994 \times 2800 / 6799.80 = \$84$$

**Payments** of X = **Payments** at the contract level - ( $\sum$  rent amounts of the assets other than X)

$$\begin{aligned}&= 203.994 - 60 - 84 \\ &= \$59.994\end{aligned}$$

The rent of X is not rounded.

## Consequences of adding assets to an existing contract

### In the case of "Lease schedule" type contracts

You may select assets in use and add them to a lease contract:

- From the table of assets.
- From the **Assets** tab in the contract detail.

Note: We recommend adding assets to a contract via the **Assets** tab in the contract detail since this automates the creation and/or modification of rent sub-tabs for the at contract and asset level. If you associate assets with a contract from the table of assets, you will have to manually create and/or modify the rent-sub tabs at contract and asset level.

This section describes the consequences adding assets has on contract level rent, when these assets are added via the **Assets** tab in the contract detail.

### Impact on the Total value of assets (SQL name: mMarketVal) of the contract

Any addition of an asset to a lease contract automatically causes the **Total value of assets** of the contract to be recalculated (**Leasing** tab).

The **Total value of assets** is incremented according to the "Market value" of the asset which is added.

### Impact on the rent *Values* and the *Payments* field at the contract level

When you add an asset, AssetCenter displays an intermediary window and asks you to determine the start and end term dates of the asset and its associated rent payments. Since we are dealing exclusively with rent distributed to all assets, you do not have to associate rent payments with the additional asset: the asset is automatically attached to the rent payments which are distributed to all assets.

For each "Rent x" distributed to all assets, regardless of whether or not the dates of start and end of term of the asset defined in the intermediary window differ from those of "rent x", the asset added is now an integral part of the assets subject to "rent x":

- ❖ The method used to calculate **Payments** x assumes that adding an asset to the contract does not alter the rent x payments of the other assets in the contract.

$$\text{"Rent" of the asset added} = \text{"Rent" of another asset under contract} \times \frac{\text{Prorata value of the asset added}}{\text{Prorata value of the other asset}}$$

- ❖ The **Payments** x at the contract level increases according to the **Payments** x of the asset.
- ❖ The **LRF** of rent x at the contract level is not modified.
- ❖ The **Value** used as the basis of calculation for rent x at the contract level is modified:

$$\text{New "Value" = } \frac{\text{New "Rent" at contract level}}{\text{"Lease rate factor"}}$$

Important note: In the case of a "rent x" distributed to all assets, if you add an asset and define a leasing period which differs from the period of validity of "rent x", AssetCenter associates the asset with "rent x" without taking this different period you have specified into account. The leasing period defined at the level of "rent x" is used.

This only holds true in the case of rent distributed to all assets. When rent is distributed to a selection of assets, AssetCenter takes any possible differences between the leasing period of the asset added and the period of validity of the rent.

As a consequence, if you want to associate an asset with a rent distributed to all assets and you also want AssetCenter to take different leasing periods into account, we recommend that you first modify the rent in order for it to be distributed to a selection of assets. Next, you can add the asset to the contract.

### Example

Let's take the previous example and suppose that an asset "A" with a market value of \$2400 is placed under contract.

The value of the **Payments** field of A is calculated assuming that adding A to the contract does not alter the rents of X, Y and Z.

$$\begin{aligned} \text{Rent A} &= \text{Rent of Y} \times \text{Prorata value of A} / \text{Prorata value of Y} \\ &= \text{Rent of Y} \times \text{Market value of A} / \text{Market value of Y} \\ &= 60 \times 2\,400 / 1999.90 \\ &= \$72.00360018001, \text{ rounded to } \$72. \end{aligned}$$

$$\begin{aligned} \text{New } \mathbf{Payments} \text{ at the contract level} &= \text{Previous } \mathbf{Payments} \text{ at the} \\ &\text{contract level} + \mathbf{Payments} \text{ of A} \end{aligned}$$

$$\begin{aligned} &= 203.994 + 72 \\ &= \$275.994. \end{aligned}$$

$$\begin{aligned} \text{New contract rent } \mathbf{Value} &= \text{New contract level } \mathbf{Payments} / \mathbf{LRF} \\ &= 275.994 / 3\% \\ &= \$9199.80. \end{aligned}$$

## For other contract types

You may select assets in use and add them to a contract:

- From the **Contracts** tab in the asset detail.
- From the **Assets** tab in the contract detail.

This section describes the consequences adding an asset has on a given rent item x distributed to all assets.

When you add an asset to a contract, an intermediary window is displayed. It allows you to specify the date of inclusion and the planned removal date.

Regardless of whether or not the dates of start and end of term of the asset defined in the intermediary window differ from those of "rent x", the asset added is now an integral part of the assets subject to "rent x":

- The method used to calculate value of the **Payments** x field assumes that adding an asset to the contract does not alter the rent x payments of the other assets under the contract.

$$\text{"Rent" of the asset added} = \text{"Rent" of another asset under contract} \times \frac{\text{Prorata value of the asset added}}{\text{Prorata value of the other asset}}$$



- The value of the **Payments** x field at the contract level increases according to the value of the **Payments** x field of the asset.
- The **LRF** of rent x at the contract level is not modified.
- The **Value** used as the basis of calculation for rent x at the contract level is modified:


$$\text{New "Value"} = \frac{\text{New "Rent" at contract level}}{\text{"Lease rate factor"}}$$

## Consequences of removing assets

### In the case of "Lease schedule" type contracts

You may remove assets from the lease contract:

- By returning the assets via the  button.
- From the **Assets** tab in the contract detail:
  - ↳ Select the assets to be removed.
  - ↳ Click .

☞ Click  to confirm the change.

- From the **Acquis.** tab, **Procurement** sub-tab in the assets detail: modify the **Schedule** field (SQL name: AcquContract) to dissociate the assets from the contract.

### Impact on the Total value of assets of the contract

When you remove an asset from a contract it automatically reduces the **Total value of assets** of the contract (**Leasing** tab).

The **Total value of assets** is reduced according to the "Market value" of the asset removed.

### Impact on the "Value" of the rent and the value of the "Payments" field at the contract level

The value of the **Payments** field (SQL name: mPayments) at the contract level, sum of rents at the asset level, is reduced according to the sum of the "Payments" of the assets that are removed.

The **Value** of the contract is modified. It is recalculated using the **LRF**, which remains unchanged, and the new value of the **Payments** field.

Since AssetCenter Server systematically recalculates projected rents, the rents of those assets removed are no longer calculated.


## In the case of other contract types

You may remove assets from the contract

- From the **Assets** tab in the contract detail

☞ Select the assets to be removed.

☞ Click .

☞ Click  to confirm the change.

- From the **Contracts** tab in the asset detail.

Since AssetCenter Server systematically recalculates projected rents, the rents of those assets removed are no longer calculated.

As a consequence:

- The value of the **Payments** field at the contract level, sum of rents at the asset level, is reduced according to the sum of the values of the **Payments** fields of the assets that are removed
- The **Value** of the contract level rent is modified

$$\text{New "Value" = } \frac{\text{New "Rent" at contract level}}{\text{"Lease rate factor"}}$$

## 2<sup>nd</sup> method: Calculating the contract rent and distributing it to a selection of the assets under contract



This section explains how to calculate contract level (schedule level) rent and how to distribute it to asset level.

You will find information on the following topics:

- Calculating contract level rent
- Calculating asset level rent
- Calculation rules for a rent item distributed to a selection of assets
- Consequences of adding assets
- Consequences of removing assets

***This method is only applied when the Prorate and distribute rent to a selection of assets option is selected in the Prorate to assets field (SQL name: seProrateRule) in the Rents tab of the contract detail.***

Once this option is selected:

- Click the  icon to the right of the **Prorate to assets** field (SQL name: seProrateRule): The list of assets included under the contract is displayed.
- Select from this list the assets to which the rent is distributed.
- Click  to confirm the selection of assets.

### Calculating contract level rent

#### In the case of "Lease schedule" type contracts

The contract rent (schedule level rent) is calculated by applying a **Lease rate factor** to the rent basis **Value** (SQL name: mValue):

- In general, the **LRF** varies according to the type of assets under contract. It is contractual.
- The **Value** of the rent is by default equal to the **Total value of assets** (SQL name: mMarketVal) (**Leasing** tab in lease contract detail), i.e. the sum of the "Market values" (**Procurement** sub-tab of **Acquis.** tab in the asset detail) of the assets included under the contract.

### In the case of other contract types

The contract rent (schedule level rent) is calculated by applying a **Lease rate factor** to the rent basis **Value**:

- In general, the **LRF** varies according to the type of assets leased. It is defined contractually.
- The "Value" of the rent is by default equal to the sum total of the "Market values" (**Procurement** sub-tab of **Acquis.** tab of the asset detail) of the assets under contract.

### Calculating asset level rent

If you select the **Prorate and distribute rent to a selection of assets** option in the **Prorate to assets** field (SQL name: seProrateRule) in a given "rent x" sub-tab of the **Rents** tab in the contract detail, the sum of the "Rent x" amounts of the assets selected is equal to the amount of the "Rent" at the contract level.

The rent x is calculated at the level of each asset selected according to the conditions defined by the **Prorated by** (SQL name: ProrateField) and **Rounding** (SQL name: fPrecision) fields

The methods used to calculate given rent x amounts at the asset level for a selection are similar to those when rent is distributed to all assets under contract. There is no rent x for the assets outside of the selection.

### Calculation rules for a rent item distributed to a selection of assets

#### In the case of "Lease schedule" contract types

The links which exist:



- Between the **Total value of assets** (SQL name: mMarketVal) included in the contract (**Leasing** tab in contract detail), the "Value" by default of the contract rent (**Value** field (SQL name: mValue) in rent sub-tab of **Rents** tab in contract detail) and the "Market values" of the assets of the selection (**Procurement** sub-tab of **Acquis.** tab in asset detail).
- Between the contract "Rent" (**Payments** field (SQL name: mPayments) in "Rent" sub-tab of **Rents** tab in contract detail) and the "Rents" of the assets of the selection (**Payments** field (SQL name: mPayments) in rent sub-tab of **Acquis.** tab of asset detail).

are similar to the links existing between the contract and all the assets under contract when the rent is distributed to all the assets:

- ↳ The **Total value of assets** included in the contract is equal to the sum of the "Market values" of all the assets under the contract.
- ↳ The **Value** to take into account when calculating the rent at the contract level is by default equal to the **Total value of assets**.
- ↳ The amount of the **Payments** at the contract level is equal to the sum of the **Payments** of the assets of the selection.

### In the case of other contract types

A given "Rent x" is described in:

- a "Rent x" sub-tab in the contract detail (**Rents** tab).
- a "Rent x" sub-tab in the asset detail (**Acquis.** tab).

Here are the rules which determine the **Value** of the contract, the contract level **Payments**, the asset level **Payments** and the **Lease rate factor** corresponding to the asset:

- ↳ The "Value" of the contract is by default equal to the sum of the "Market values" of the assets under the contract.
- ↳ The contract level **Payments** field is equal to the **Value** of the contract multiplied by the "Lease rate factor" you have defined for the contract.
- ↳ The contract level **Payments** are distributed to asset level according to the method you define.
- ↳ The **LRF** of the asset is calculated according to the **Value** of the asset and the **Payments** of the asset, as is calculated in the previous step. The **Value** of the asset is by default equal to the market value of the asset.

## Consequences of adding assets

### In the case of "Lease schedule" contract types

You may select assets in use and add them to a lease contract:

- From the table of assets.
- From the **Assets** tab in the contract detail.

Note: We advise using the **Assets** tab in the contract detail to add assets to a lease contract.

Next; we will look at the impact adding assets has on the **Total value of assets** of the contract and the rent x at the contract level if you select the **Prorate and distribute rent to a selection of assets** option in the **Prorate to assets** field in the "Rent x" sub-tab of the **Rents** tab of the contract detail.

### Impact on the *Total value of assets of the contract*

Any addition of an asset to a lease contract automatically increases the **Total value of assets** of the contract according to the "Market value" of the asset.

### Impact on the Value of the rent x and the rent x Payments at the contract level

When you add an asset, AssetCenter displays an intermediary window and asks you to specify:

- ↳ the start and end dates of term for the asset.
- ↳ the rent items to which the asset is subject.

The consequences of adding an asset depend on what is selected in this intermediary window.

### If you do not select a given rent x distributed to a selection of assets

When adding an asset which is not a part of the initial selection:

- ❖ The **Value** of the rent x at the contract level is not modified.
- ❖ The **Payments** field of asset rent x is not calculated.
- ❖ The **Payments** field of contract level rent x is not modified.

**If you select a given rent payment x distributed to a selection of the assets and if the lease period of the asset being added corresponds to the period of validity of rent payment x**

The asset added is part of the selection of assets to which the rent is distributed:

- ❖ The "Rent" x (**Payments** field) of the asset is calculated assuming that adding the asset to the contract does not alter the rent x amounts of the other assets under the contract.

$$\text{"Rent" of the asset added} = \text{"Rent" of another asset under contract} \times \frac{\text{Prorata value of the asset added}}{\text{Prorata value of the other asset}}$$

- ❖ The value of the **Payments** field at the contract level increases according to the "Rent" **Payments** of the asset.
- ❖ The **LRF** of rent x at the contract level is not modified.
- ❖ The **Value** used as the basis of calculation for rent x at the contract level is modified:

$$\text{New "Value"} = \frac{\text{New "Rent" at contract level}}{\text{"Lease rate factor"}}$$

**If you select a given rent x distributed to a selection of the assets and if the lease period of the asset being added does not correspond to the period of validity of rent x**

A new rent description sub-tab is created in the **Rents** tab in the contract.

Certain data items from the rent x sub-tab are copied over to the new sub-tab:

- ❖ Lease rate factor (**LRF**).
- ❖ Contents of **Taxes** field (SQL name: mTaxValue), if it contains a tax formula.
- ❖ **Periodicity** (SQL name: sePeriodicity).
- ❖ "Main rent" character of the rent payment.
- ❖ Information from "Allocation" frame.
- ❖ Information from "Payment" frame.
- ❖ Values of **Prorated by** (SQL name: ProrateField) and **Rounding** (SQL name: fPrecision) fields.

- ❖ Whether or not the **From the date of acceptance** option (SQL name: bFromAcceptDate) is checked.

As far as the other fields in the new sub-tab are concerned:

- ❖ The **Value** of the new rent is by default equal to the "Market value" of the asset.
- ❖ The amount of the new rent **Payments** field is calculated using the rent x amount of another asset belonging to the selection and their two respective prorata values:

$$\text{"Rent" of the asset added} = \text{"Rent" of another asset under contract} \times \frac{\text{Prorata value of the asset added}}{\text{Prorata value of the other asset}}$$

- ❖ If the **Taxes** field (SQL name: mTaxValue) of rent x shows a fixed value, the tax corresponding to the new rent is calculated using the same method as for the new rent.
- ❖ The start and end dates of validity of the new rent are the start and end dates of leasing of the asset added.
- ❖ The new rent is distributed to a selection of assets. The selection is constituted of the asset added.

The "Rent x" sub-tab in the **Rents** tab of the contract detail is not modified.

### In the case of other contract types

When adding an asset which is not part of the initial selection:

- The **Payments** field at the contract level is not modified.
- The **Value** of the contract rent is not modified.
- The **Payments** field corresponding to the asset is not calculated.

### Consequences of removing assets

We will next look at the impact removing assets has on the **Value** of the contract and the rent x at the contract level if you select the **Prorate and distribute rent to a selection of assets** option in the **Prorate to assets** field in the "Rent x" sub-tab of the **Rents** tab of the contract detail.

## In the case of "Lease schedule" contract types

### Impact on the Total value of assets of the contract

Any removal of an asset from a lease contract automatically decreases the **Total value of assets** (SQL name: mMarketVal) of the contract according to the "Market value" of the asset removed.

### Impact on the Value of the rent x and the "Rent x" Payments at the contract level

#### If the assets removed are part of the selection

The rent x amounts (**Payments** fields) of the assets that are removed are no longer calculated.

As a consequence, the "Rent" x amount at the contract level, the sum of the rents at the asset level, is reduced according to the sum of the "Rents" of the assets removed.

The **Value** of rent x contract level is recalculated:

$$\text{New "Value" = } \frac{\text{New "Rent" at contract level}}{\text{"Lease rate factor"}}$$

#### If the assets removed are not part of the selection

Neither the rent x **Value** nor the "Rent" x amount at the contract level are modified.

## In the case of other contract types

### If the assets removed are part of the selection

Since AssetCenter Server systematically recalculates projected rents, the rents of those assets removed are no longer calculated.

As a consequence:

- ❖ The value of the "Rent" x **Payments** field at the contract level, sum total of the asset level rents, is reduced according to the sum of the "Rent" x amounts of the assets removed
- ❖ The **Value** of the contract level rent x is recalculated:

$$\text{New "Value" = } \frac{\text{New "Rent" at contract level}}{\text{"Lease rate factor"}}$$

### If the assets removed are not part of the selection

Neither the rent x **Value** nor the value of the "Rent" x **Payments** field at the contract level are modified.

---

## 3<sup>rd</sup> method - Calculating the contract rent and allocating a unit rent to all the assets under contract

This section explains how to calculate contract rent and allocate a unit rent to all the assets under contract. With the exception of the automatic mechanisms linked to the allocation of unit rent defined at the contract level, this method functions identically to the **Prorate and distribute rent to all assets** method.

You will find in this chapter information on the following points:

- Calculations
- Consequences of adding an asset to the contract
- Consequences of removing an asset from the contract

***This method only applies when the Allocate unit level rent to all assets option is selected in the Prorate to assets field (rent sub-tab of the Rents tab of the contract detail).***

### Calculations

For this method you need to define a unit rent (**Unit rent** field in the **Rents** tab of the contract detail).

The following calculations are carried out:

- The contract rent is equal to:

$$\text{Rent}_{\text{Contract}} = \text{Unit rent} \times \text{Number of assets under contract}$$

- The asset rent is equal to:

$$\text{Rent}_{\text{Asset}} = \text{Unit rent.}$$

- The lease rate factor of the asset under contract is equal to:

$$\text{LRF} = \frac{\text{Rent}_{\text{Asset}}}{\text{Contract rent basis value}}$$

or

$$\text{LRF} = \frac{\text{Unit Rent}}{\text{Contract rent basis value}}$$

### Consequences of adding an asset to the contract

The consequences of adding an asset to the contract are similar to those described in the **Prorate and distribute rent to all assets** method. Please refer to this section.

### Consequences of removing an asset from the contract

The consequences of removing an asset from the contract are similar to those described in the **Prorate and distribute rent to all assets** method. Please refer to this section.

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## 4<sup>th</sup> method - Calculating the contract rent and allocating a unit rent to a selection of the assets under contract

This section explains how to calculate contract rent and allocate a unit rent to a selection of assets under contract. With the exception of the automatic actions linked to the allocation of unit rent defined at the contract level, this method functions identically to the **Prorate and distribute rent to a selection of assets** method.

You will find in this chapter information on the following points:

- Calculations
- Consequences of adding an asset to the contract
- Consequences of removing an asset from the contract

*This method only applies when the Allocate unit level rent to all assets option is selected in the Prorate to assets field (rent sub-tab of the Rents tab of the contract detail).*

## Calculations

For this method you need to define a unit rent (**Unit rent** field in the **Rents** tab of the contract detail).

The following calculations are carried out:

- The contract rent is equal to:

$$\text{Rent}_{\text{Contract}} = \text{Unit rent} \times \text{Number of assets under contract included in the selection}$$

- The asset rent is equal to:

$$\text{Rent}_{\text{Asset}} = \text{Unit rent.}$$

- The lease rate factor of an asset included in the selection is equal to:

$$\text{LRF} = \frac{\text{Rent}_{\text{Asset}}}{\text{Contract rent basis value}}$$

OR

$$\text{LRF} = \frac{\text{Unit Rent}}{\text{Contract rent basis value}}$$

Important note: There is no rent for those assets excluded from the selection.

## Consequences of adding an asset to the contract

The consequences of adding an asset to the contract are similar to those described in the **Prorate and distribute rent to a selection of assets** method. Please refer to this section.

## Consequences of removing an asset from the contract

The consequences of adding an asset to the contract are similar to those described in the **Prorate and distribute rent to a selection of assets** method. Please refer to this section.



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## 5<sup>th</sup> method - Calculating the contract rent without allocating or distributing it to the assets under contract

This section explains how to calculate rent at schedule level without distributing it at asset level.

You will find information on the following topics:

- Calculations
- Consequences of adding an asset to the contract
- Consequences of removing an asset from the contract

***This method only applies when the Do not allocate or distribute rent to assets option is selected in the Prorate to assets field (rent sub-tab of the Rents tab of the contract detail).***

### Calculating contract level rent

The contract rent (schedule level rent) is calculated by applying a **lease rate factor** to the rent **Value**:

- In general, the **LRF** (SQL name: pLRF) varies according to the type of assets under contract.
- The **Value** of the rent is by default equal to the sum of the "Market values" of the assets under contract (**Market value** field (SQL name: mMarketVal) in the **Procurement** sub-tab of the **Acquis.** tab of the asset detail).

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Note: If you select the **Do not allocate or distribute rent to assets** option in the **Prorate to assets** field (SQL name: seProrateRule), the rent is not calculated at the level of the assets under contract.

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### Consequences of adding assets

#### In the case of "Lease schedule" type contracts

You may select assets in use and add them to a lease contract:

- From the table of assets.
- From the **Assets** tab of the contract detail.

We will next look at the impact adding assets has on the **Total value of assets** (SQL name: mMarketVal) of the contract and the rent x **Payments** field at the contract level if you select the **Do not allocate or distribute rent to assets** option in the **Prorate to assets** field (SQL name: seProrateRule) in the rent x sub-tab of the **Rents** tab of the contract detail.

### **Impact on the Total value of assets of the contract**

Any addition of an asset to a lease contract automatically increases the **Total value of assets** of the contract according to the "Market value" of the asset.

### **Impact on the Value of the rent x and the rent x Payments field at the contract level**

Since rent x is not distributed to asset level, when an asset is added:

- ❖ The **Value** of rent x at the contract level is not modified.
- ❖ The "Rent x" **Payments** field of the asset is not calculated.
- ❖ The "Rent x" **Payments** field at the contract level is not modified.

### **In the case of other contract types**

When you add an asset, since the rent is not distributed to asset level:

- The contract level **Payments** field is not modified.
- The basis **Value** of the contract level rent is not modified.
- The **Payments** field of the asset is not calculated.

## **Consequences of removing assets**

### **In the case of "Lease schedule" type contracts**

We will next look at the impact removing assets has on the **Total value of assets** (SQL name: mMarketVal) of the contract and the rent x **Payments** field at the contract level if you select the **Do not allocate or distribute rent to assets** option in the **Prorate to assets** field (SQL

name: seProrateRule) in the rent x sub-tab of the **Rents** tab of the contract detail.

### **Impact on the Total value of assets of the contract**

Any removal of an asset from a lease contract automatically decreases the **Total value of assets** of the contract according to the "Market Value" of the asset removed.

### **Impact on the Value of the rent x and the rent x Payments field at the contract level**

Since the "rent x" is not distributed to asset level, when an asset is removed:

- ❖ The **Value** of the contract "rent x" is not reduced according to the value of the asset removed.
- ❖ The "Rent x" **Payments** field at the contract level is not modified.

### **In the case of other contract types**

Since the rent is not distributed to asset level:

- The contract level **Payments** field is not modified.
- The basis **Value** of the contract level rent is not modified.
- The **Payments** field of the asset is not calculated.

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## **Choosing a calculation method**

### **Why distribute a rent item to all the assets under contract?**

Consequences of calculating rent at asset level:

- AssetCenter Server creates rents and expense lines for each asset.
- Each addition of an asset to the contract increases the **Value** (SQL name: mValue) of the contract level rent and the value of the **Payments** field.

This choice places greater relative importance on the assets compared to the contract as a whole. It allows for rigorous financial management of

the contract: accurate cost breakdown, asset changes accounted for (additions, removals, returns, etc.).

As a consequence, this option is generally selected when dealing with leased IT assets.

### Why distribute a rent to a selection of the assets?

- This allows you to take different lease rate factors into account according to the selection of assets.

In this way, in the case of lease contracts, a lessee can create several lease rents, each of which can be distributed to a distinct selection of assets under contract. Thus, the assets of a given brand can be subject to a certain rent corresponding to a certain lease rate factor, the assets of another brand having a different lease rate factor are subject to another rent.

- In addition, you may choose to distribute a rent at the contract level to those assets under contract which you consider to be the "main" assets, and not take "secondary" assets into account.

In this way, you may choose to distribute the rent pertaining to a PC maintenance, to the hard drives but not to the screens.

### Why choose to not distribute rent to asset level?

Consequences of this choice:

- Adding asset to the contract modifies neither the **Value** of the rent nor the **Payments** field at the contract level.
- Likewise for returning assets.

Calculating rent at the asset level becomes superfluous when dealing with contracts which are not greatly affected by changes at the asset level: fixed insurance premiums, for example.

A lessee may also prefer not to distribute rent to asset level:

- to gain time and disk space,
- to keep an executive view of a contract without having to go into the details of assets.

In this case, the **Value** of the contract rent will probably have to be changed as and when assets are taken down or removed.

# Chapter 8 - The costs of a contract

Expense lines are generated for all the costs associated with a contract:

- Periodic rents.
- Initial payments and interim rents for lease contracts.
- loans.
- Various expenses.
- etc.

This chapter contains information on the following points:

- Generation of periodic costs by AssetCenter Server
- Viewing costs linked to a contract

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## Generation of periodic costs by AssetCenter Server

This section explains how AssetCenter Server creates the expense lines associated with contracts.

You will find information on the following topics:

- Launching AssetCenter Server
- Configuring AssetCenter Server
- Generation of expense lines linked to periodic rents

***The costs (expenses) linked to periodic rent payments and loans for contracts are generated automatically by the monitoring program, AssetCenter Server. Other costs (interim rents,***

*miscellaneous fees...)* are not calculated by AssetCenter Server, but are calculated dynamically by AssetCenter.

## Launching AssetCenter Server

To launch AssetCenter Server:

- Under Windows 95 or Windows NT 4.0, select it from the programs in the "Start" menu.
- Under Windows 3.x or Windows NT 3.5x, click the corresponding icon in the AssetCenter program group.

*Use the File/ Connect menu item to connect to the database.*

## Configuring AssetCenter Server

The "Calculate rent" module in the **Options/ Configure** menu item of AssetCenter Server defines:

- Certain parameters concerning the generation of costs for contracts and asset level rent payments.
- The frequency of updates.

## Overview

AssetCenter Server verifies at regular intervals whether it needs to generate expense lines. If this is so, it generates them.

After checking and generating the expense lines relative to a periodic rent, AssetCenter Server stores the date of the last expense line (past or present) in the **Recalculation effective from** field (SQL name: dRecalcul).

- If the contract level rent is distributed to the assets, AssetCenter Server modifies the **Recalculation effective from** field that is found in the rent sub-tabs of the **Acquis.** tab of the assets detail.
- If the contract level rent is not distributed to asset level, AssetCenter Server modifies the **Recalculation effective from** field, that is found in the rent sub-tabs of the **Rents** tab of the contract detail.

AssetCenter Server does not recalculate every single expense line each time.

- Projected expense lines associated with a periodic rent are always recalculated.

- The **Recalculation effective from** field, proper to each rent, sets the date from which past and present expense lines associated with a periodic rent are recalculated.

The lessee may directly modify the recalculation date of the non-projected expense lines by directly modifying the **Recalculation effective from** field. This flexibility allows you to be able to recalculate erroneous expense lines in case of a change in tax rates, for example.

## Parameters

The **User data item** field in the **Modules** tab in AssetCenter Server is used to set the rent generation parameters. The syntax of this field is as follows:

```
<Duration>d
```

This duration set the number of days for which the calculation is made. For example, if you want to calculate rent over a period of 90 days, enter the following value:

```
90d
```

The maximum number of rent calculations made per transaction is specified by the **MaxRentPerTrans** entry in the **Amsrv.ini** configuration file.

## Projected rent

The "User data item" field in the **Modules** tab in AssetCenter Server allows you to specify the number of days for which you calculate project rent payments.

AssetCenter Server generates the projected expense lines for the specified period. In order to not generate any, you just need to set this field to '0'.

## Example

Let's consider the following configuration:

- The contract is effective from July 1, 1996 through July 1, 1999.
- The rent is payable monthly on the first day of the month.

- AssetCenter Server verifies rent payments every 2 months and generates projected rent payments for the next 12 months.

On July 1, 1997, AssetCenter Server is launched for the first time: it generates:

- Past rents from July 1, 1996 through July 1, 1997.
- The present rent on July 1, 1997.
- The projected rents from August 1, 1997 through July 1, 1998.

Following these calculations, the **Recalculation effective from** field indicates the date of the last non-projected expense line, i.e. July 1, 1997.

AssetCenter Server runs in the background: 2 months later on September 1, 1997, it generates:

- The projected rents from October 1, 1997 through September 1, 1998.
- Past or present rents for which the payment date is later than that contained in the **Recalculation effective from** field, i.e. the rents from August 1, 1997 through October 1, 1997.

## Generation of expense lines linked to periodic rents

### Contract level rent items not distributed to asset level

If the **Prorate to assets** field (SQL name: seProrateRule) of a rent sub-tab in the **Rents** tab of the contract detail indicates that the rent is not distributed to the assets, AssetCenter Server generates one expense per rent period for all assets, for the specified period as configured in AssetCenter Server.

This expense line is the sum of the rent (before tax) and the associated tax at contract (schedule) level.

The date of the expense line is determined by the rent payment day as specified by the **Payments** (SQL name: CntrRntExpLins) and **Bill cycle day** (SQL name: tsBillCycDay) fields in the **Rents** tab of the contract detail. The expense line is attached to the contract.

No expense lines relative to the schedule level rent appear at the asset level.

The expense line is charged to the budget and cost center defined in the contract (**Rents** tab, rent description sub-tab).



## Contract level rent items distributed to all assets or a selection of assets

If the **Prorate to assets** field (SQL name: seProrateRule) of a rent sub-tab in the **Rents** tab of the contract detail indicates that the rent is distributed to all (or a selection of) the assets, AssetCenter Server generates one expense per rent period and per asset under contract (or by asset of the selection), for the specified period as configured in AssetCenter Server.

Each expense line is the sum of the rent (before tax) (**Payments** field (SQL name: mPayments) in rent description tab in the **Acquis.** tab of the asset detail) and the associated tax.

The expense line is charged to the budget and the cost center defined at the asset level (**Acquis.** tab, rent description sub-tab). By default, the values of these fields are taken from the **Budget** (SQL name: Budget) and **Cost center** (SQL name: CostCenter) fields at the top of the **Acquis.** tab in the asset detail.

The expense lines are visible at both asset and contract level (**Costs** tab). They do not, of course, exist in duplicate in the AssetCenter database AssetCenter.

## Modifying budgets and cost centers

If you modify the budget and cost center to which an asset level or contract level rent item is allocated (**Budget** (SQL name: Budget) and **Cost center** (SQL name: CostCenter) fields in rent sub-tab), past rents remain allocated to the previous budget and cost center.

In order for past rents to be allocated to the new budget and new cost center, you just need to enter an appropriate date in the **Recalculation effective from** field (SQL name: dRecalcul) in the rent sub-tab.

Example:

The current date is December 25, 1997. The **Cost center** field (SQL name: CostCenter) in the "RRR" rent sub-tab of an asset is modified since the "RRR" rent item of the asset is to be switched over to the cost center "CCC" for November 1, 1997. In order for AssetCenter Server to allocate the "RRR" rent for November 1997 and December 1997 to the cost center "CCC", you just need to enter the date November 1, 1997 in the **Recalculation effective from** field (SQL name: dRecalcul) in the "RRR" rent sub-tab of the asset detail.

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## Viewing costs linked to a contract

The **Costs** tab in the contract detail summarizes the expense lines associated with a contract:

- Expense lines linked to periodic rents, generated for a period which you specify when configuring AssetCenter Server.  
For a rent period, there is either an expense line for each asset under contract or an expense line for each asset of a selection of the assets under contract, or an expense line for all the assets.  
In the first two cases, the expense line is allocated to the budget and cost center defined in the rent sub-tab at the asset level. In the third case, it is allocated to the budget and cost center defined in the rent sub-tab at the contract level.
- Expense lines linked to initial payments. In the case of lease contracts:
  - ❖ These initial payments correspond to interim rent payments.
  - ❖ There is either an expense line for each asset under contract (corresponding to the **Init. payment** field (SQL name: mIntPay) in the **Price and conditions** sub-tab of the **Acquis.** sub-tab of the asset detail), or an expense line for each asset of a selection of the assets under contract, or an expense line for all the assets under contract (corresponding to the **Init. payment** field in the **General** tab of the contract detail).  
In the first two cases, the expense line is allocated to the budget and cost center defined at the top of the **Acquis.** tab of the asset detail. In the third case, it is allocated to the budget and cost center defined in the **General** tab of the contract detail.
- The expense lines linked to loan payments.  
There is either a payment line for each asset under contract, or a payment line for each asset of a selection of assets under contract, or a payment line for all assets.  
In the first two cases, the expense line is allocated to the budget and cost center defined at the top of the **Acquis.** tab of the asset detail. In the third case, it is allocated to the budget and cost center defined in the loan description sub-tab in the **Loans** tab of the contract detail.
- The expense lines corresponding to various fees (e.g. legal fees).  
These are created manually by the user.  
They are allocated to the budget and cost center defined in the **General** tab of the contract detail.

### **"From... To" filter**

You can apply a filter to this list of expense lines using the "From" and "To" fields to selectively display, for example, those expenses concerning the current accounting period. This filter stays in memory if you exit and re-launch AssetCenter.





