



Peregrine | AssetCenter  
Contracts

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AssetCenter

Peregrine Systems, Inc.  
Worldwide Corporate Campus and Executive Briefing Center  
3611 Valley Centre Drive San Diego, CA 92130  
Tel 800.638.5231 or 858.481.5000  
Fax 858.481.1751  
[www.peregrine.com](http://www.peregrine.com)



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# 1 | Contract management in AssetCenter

## CHAPTER

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

An asset can be associated with several contracts.

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

This chapter explains the functionality of contracts in the application.

You will find information on the following topics:

- The different types of contracts.
- How to create a contract.
- How to manage the assets covered by a contract.
- How to calculate contract payments (rental payments).
- How to manage the loans tied to a contract.
- How to manage the contacts for a contract.
- Hierarchical organization of contracts

Select **Contracts** from the **Contracts** menu 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.

## The different types of contracts.

AssetCenter enables 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.

The different types of available contracts are:

- **Master lease**  
Enables you to define the general leasing conditions without defining the list of assets that are covered or the payment conditions.
- **Lease schedule** (or rental agreement)  
Enables you to:
  - Define a lease schedule (or rental agreement.
  - Specify the list of assets included in the contract and the payment conditions.
- **Maintenance**  
Enables you to:
  - Define a maintenance contract
  - Manage work orders relating to this contract.
- **Insurance**  
Enables you to define an insurance contract (insurance policy).
- **License**  
Enables you to define a license agreement.
- **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**  
Enables you to define a contract which does not correspond to one of the above types.

### Conditional tabs

The contract "Type" that you select determines the tabs that appear in a contract detail:

- **Assets:** This tab appears for any contract with the exception of the **Master lease** or **Blanket PO** types.
- **Costs:** This tab appears for any contract with the exception of the **Master lease** type.
- **Rents:** This tab appears for any contract except **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:** This tab appears for any contract with the exception of **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:** This tab appears if the contract type is set to **Master lease** or **Lease schedule**.
- **Options:** This tab appears if the contract type is set to **Master lease** or **Lease schedule**.
- **Cycle:** This tab appears if the contract type is set to **Lease schedule**.
- **Schedules:** This tab appears if the contract type is set to **Master lease**.
- **Maintenance:** This tab appears if the contract type is set to **Maintenance**.
- **Orders:** This tab appears if the contract type is set to **Blanket PO**.
- **Licenses:** This tab appears if the contract type is set to **License**.

### Other contractual conditions of contracts.

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

### 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.



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**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 (**Tools/ Workorders** 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 (**Procurement/Orders** menu item). The **On blanket PO** check box (SQL name: bUsesBlanketPo) and the **Purchasing contract** field (SQL name: BlanketPOCntr) contained in this tab enable you to specify the **Blanket PO** type contract associated with these orders.

For further information on blanket purchase orders, refer to the guide entitled **Contracts**, chapter **Contract management in AssetCenter**, section **The different types of contracts/ Information specific to Blanket PO type contracts**.

## Creating a contract

To create a contract:

- 1 Select **Contracts** from the **Contracts** menu.
- 2 Wait for the Edit window to appear.
- 3 Click **New**.
- 4 Select the contract type in the **Type** field of the **General** tab.
- 5 Populate the fields of the different tabs according to your needs. You can refer to the corresponding chapters of this guide to help you through this task.

## Manage the assets covered by contracts.

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

This tab appears for the following contract types:

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

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




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**Note:** The procedure you use to tie assets to a lease schedule is described in the section entitled of the chapter .

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### Tying an asset to a contract

To tie (include) an asset to a contract, 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 tie an asset to a contract

It is also possible to tie 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.

## Calculating contract 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:

- 1 Right-click a sub-tab.
- 2 Select **Add linked record** or **Duplicate linked record**.
- 3 Populate the new sub-tab.
- 4 Click **Modify** or **Create**.

The third sub-tab here is similar to the **Acquis.** tab in asset detail, which appears if, in the **Procurement** sub-tab, the **Acquisition method** of the asset indicates **Lease** or **Rental**.

### Validity of rents

Each rent is associated to a period of validity. The **Dates** fields, situated in the **Planning** zone, indicate the starting and ending dates of the contract's rent. The  icon enables you to attach an alarm to the end of this period.

### Allocating rents

In a rent sub-tab, the **Cost category** field (SQL name: CostCategory) enables you to categorize the expenses coming from the rent, which allows for the automatic addition of new expense lines. The **Cost Center** field (SQL name: CostCenter) enables you to allocate these expenses to the cost center that you have already defined using the **Finance/Cost centers** menu. These fields are only available if the **Prorate to assets** field is set to **Do not allocate or distribute rent to assets**.

## 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 enables 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) enables you to specify the method of 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, if you set the **Periodicity** field to **Monthly**, and the **Payment** field to **In advance**, and then you set the **Bill cycle day** field to **-5 days**, then 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 a set to Monday.
- For semi-monthly rent: The start of the period is set to the 1st and 16th days of the month.
- For monthly rent: The start of the period is set to the 1st 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 5th. The lessor tolerates payments up to 7 days late. The lessee is free to pay up to the 12th of the month.

**Figure 1.1. Example of a date of payment**

Schedule	
Periodicity: Monthly	<input checked="" type="checkbox"/> Main rent
Dates: 01/01/2000	31/12/2002
Payment: In advance	<input checked="" type="checkbox"/> Acceptance date
Bill cycle day: 4 days	Grace: 7 days
Expense lines calculation effective from: 01/01/2000	

## Main rents

In the case of multiple rent payments, a distinction is made between main rent and secondary rent payments. This is an important concept 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:

- Let's say that a certain payment is the main rent payment of a contract: This certain payment will then be the main rent payment of all assets tied to this contract.
- There can only be one main rent payment for any given 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.

## Managing the loans associated with contracts

This section explains how to manage loans:

- 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 appears in the **Loans** tab of 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 is set to **Loans** or **Both**.

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

### Loans tab in contract detail

Loan conditions are described in the **Loans** tab of the contract detail. Each loan is represented by a sub-tab.

To add a sub-tab describing a loan:

- 1 Right-click a sub-tab.
- 2 Select **Add linked record** or **Duplicate linked record**.
- 3 Populate the **Description** field in the sub-tab that appear.
- 4 Click  or . The table in the sub-tab lists the payments on the loan. The **Balance** column indicates the amount that still needs to be paid.

### Adding a payment line to a loan.

- 1 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:

**Figure 1.2. Detail of payment to a bank**

- 2 Enter the amount you want to repay, the interest and any fees.
- 3 If necessary, specify the **Rate** (SQL name: pInterestRate) specific to this payment. Please note that there is no intelligence behind this field.
- 4 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).

5 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 enables you to distribute the repayments from the **Total** field 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 system itemized list enables you to allocate payments to the assets or a selection of assets chosen via . You also have the choice not to allocate the payments to the assets.

### 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

## Organizing the hierarchy 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.

## Manage the contacts associated to contracts

The list of companies and individuals involved in a contract appears in the **Contacts** tab of 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 a label for the sub-tab is defined by the **Description** field.

### Contacts and persons in charge of the contract zone

The fields in this zone correspond to records in the table of departments and employees or the table of locations.



The  icon, located to the right of person's name in the **Contact** tab of the **Contract's detail** enables you to access the detail of the person in charge of this contract.

**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 zone

Third party contacts are described in individual sub-tabs.

To add a contact sub-tab:

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



# 2 | Leasing presentation

## CHAPTER

Leasing consists of giving a third-party the right to possess and use an asset for a set time period against the payment of rent.

The customer, or lessee, uses the products at their disposal without actually owning them. They pay rent to the lessor, who is either the legal owner of the assets or acts on behalf of the legal owner of the assets.

This chapter explains how AssetCenter manages leasing procedures and contracts.

You will find the following information in this chapter:

- 1 What Leasing Management does and who it is aimed at
- 2 Key terms used in Leasing Management
- 3 Main areas of the software where Leasing Management comes into play
- 4 A typical procedure
- 5 Methodology- How to create a lease contract
- 6 Specific description of lease contracts.
- 7 Leasing information specific to assets.

8 Information inherited by a lease schedule linked to a master lease. We recommend that you use this guide in accordance with your user profile in order to obtain the information that concerns your needs. If you are an **AssetCenter user**, you have a record in the list of departments and employees to which the administrator has assigned a login and password. We advise you in this case to refer to sections 1 through 7 of this guide to gain a better understanding of the functions that you will be using. If you are an **AssetCenter administrator**, you possess all the rights for all the tables in the AssetCenter database. We advise you in this case to refer to section 8 of this guide, which deals specifically with the functions you will be using.

## 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:

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

### Leasing

"Leasing" has similarities and differences with long-term rental and hire-purchase agreements.

Rent payments are used in all cases. But there are differences between the three:

- **Leasing:** Leasing agreements use payment schedules to calculate rent payments and penalties. A wide variety of leasing agreements exist, all of which help a company avoid the capital cost involved in owning equipment. Leasing is often also used as an asset management strategy, especially for IT assets, which can quickly become obsolete.
- **Long-term rental:** A leasing agreement with no buy-out option at the end of term, such as the case with hire-purchase.
- **Hire-purchase:** A system of purchase by paying in installments where the lessee can use the equipment while paying for it.

### 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 enables 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.

#### **Overall rent for the contract and lease rate factor**

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, 2001.
- The acceptance date is April 10, 2001.
- Rent is due monthly.

The interim rent covers the period from April 01, 2001 through June 31, 2001, which constitutes 91 days of interim rent calculated "pro-rata temporis". The monthly rent is calculated for full periods from July 01, 2001, the start date of the contract.

The leasing agreement specifies the calculation method of the interim rent. The interim rent is set at the asset level or at the contract level.

From the start date of the contract, AssetCenter can determine rent for complete periods.

## **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 enables 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, etc.

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 enables 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.

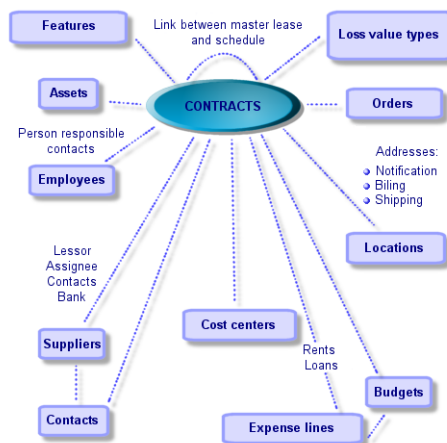
## **Main areas of the software where Leasing Management comes into play**

Leasing is used in several places in AssetCenter:

- **Contracts/ Contracts** menu item: list of all contracts, regardless of their **Type** (SQL name: seType).
- **Contracts/ Application services** menu item: list of application services considered to be contracts. Application services are dealt with in the chapter Managing application services.
- **Contracts/Blanket purchase orders** menu: Lists all blanket PO-type contracts.
- **Contracts/Master leases**: Lists all master lease contracts.

- **Contracts/Lease schedules:** Lists all lease schedules.
- **Contracts>Returns - End of term:** List of returns linked to a contract.
- **Portfolio/ Assets** menu item, **Acquis.** tab for a **Lease** or a **Rental:** leasing information at the asset level.
- **AssetCenter Server monitoring program:** This program automatically creates expense lines corresponding to lease rents and loans.
- **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.

**Figure 2.1. Main tables linked to contracts**

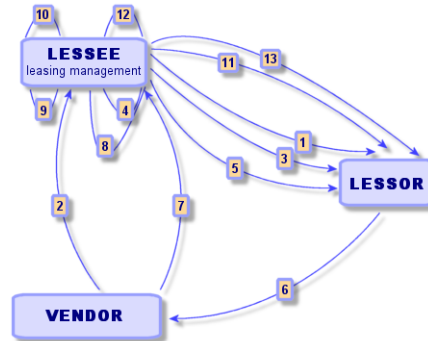


## A typical procedure

Here is an example of a typical leasing procedure:



**Figure 2.2. Simplified description of a leasing procedure**



- 1 Creating the master lease: This defines the general terms and conditions. It is used as a template for lease schedules.
- 2 Creating estimates (quotes) for assets to be leased using AssetCenter. This enables you to start evaluating rent amounts.
- 3 Creating the lease schedule. This can be attached to a master lease or remain autonomous.
- 4 Creating the purchase order for the assets to be leased using AssetCenter.
- 5 Issuing the purchase order (lessee to lessor).
- 6 Purchase order from lessor to vendor.
- 7 Delivery from vendor to lessor.
- 8 Creating the receiving slip for the assets associated with the order using AssetCenter. This allocates the assets to the schedule.
- 9 If you do not use AssetCenter to manage procurement, the assets need to be added manually to the lease schedule.
- 10 Rent description.
- 11 Accepting the assets. Sending the acceptance certificate (lessee to lessor).
- 12 Life-cycle management of assets on contract: additional assets, loss or destruction of assets, returns, renewals and purchases.
- 13 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.

- 1 Create a master lease (optional)
- 2 If a master lease exists, enter it in the AssetCenterportfolio. Create the **Master lease** type 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.
- 3 Create a lease schedule

The easiest way to proceed is to use the **Contracts/ Contracts** 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.
- 4 In this way you can define the financial and legal conditions of the contract.
- 5 Create or select the leased assets.
- 6 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.
- 7 Populate the **Rents** tab in the asset detail.

## 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 enable 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, which AssetCenter enables 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 enables 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 enables 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  **Renewal** buttons.

AssetCenter also enables 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 enables you to specify whether shipping, freight-out and insurance 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 enables 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 (SQL name: seIntRentType) 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

Leasing agreements 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

Leasing agreements define what steps to take in case of destruction, simple loss or progressive loss over a period of time of the assets under 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 enable you to access the details of leasing agreements and their associated assets.

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

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

### Introduction

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:

- 1 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.
- 2 Select **Rental** or **Lease** if you want to enter leasing information concerning this asset.
- 3 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.



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**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.

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### 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** sub-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** sub-tab indicates the planned end-of-term 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 shortcut 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 (Rent sub-tab in **Acquis.** tab of asset detail).



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**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 Acceptance date 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 Recalculate 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.

## 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:

- **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.

# 3 | Creating a leasing agreement in AssetCenter

## CHAPTER

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.

### Prerequisites for calculating deadlines and lease rents

The Leasing module uses AssetCenter Server in order to calculate deadlines and rental payments.

As a consequence, you must install and run AssetCenter Server on your server or computer. For more information on how to operate AssetCenter Server, refer to the **Administration** guide.

## Launching AssetCenter

To launch AssetCenter, click the icon that corresponds to 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, click the icon that corresponds to the AssetCenter program group.

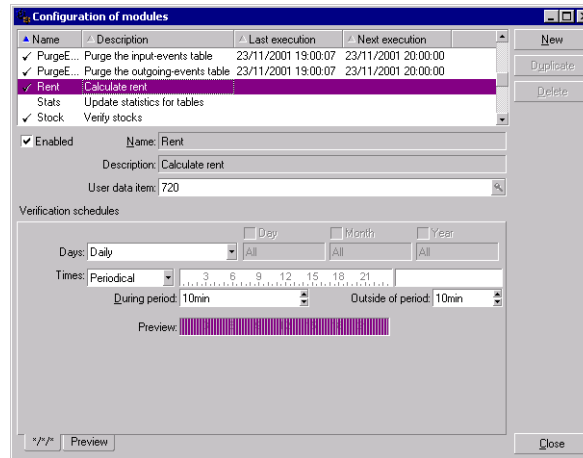
Use the **File/ Connect** menu item to connect to the "ACDemo30xENG" demonstration database.

Once the connection is made, AssetCenter Server monitors the database and manages stocks, alarms, purchases and history lines. 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:

- 1 Select the **Tools/ Configure modules** menu item.
- 2 Select the **Rent** option and enter the values listed in the following image:

**Figure 3.1. Configuring AssetCenter Server**



Rent will be calculated for the next 720 days.

- 3 Click **Modify**.

## Scenario of the creation of a leasing agreement

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 2002 through August 1, 2004. The PC will be returned to the lessor at the end of term.

Here are the steps in this scenario:

- 1 Creating a lease contract.
- 2 Selecting the assets associated with the leasing agreement.

- 3 Calculating rent.
- 4 Accepting assets and calculating interim rent.
- 5 Viewing the expenses associated with the contract.
- 6 Returning the assets at the end of term.
- 7 Tracking operations.

## Step 1: Creating a lease contract

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

- 1 Display the list of contracts (**Contracts/Contracts**).
- 2 Click **New**.
- 3 Select a leasing contract in the **Model** field.  
To create models, refer to the Portfolio Guide.
- 4 Click **Create** to validate.
- 5 Make sure that the selected model automatically populates the **Type** field with the value **Lease schedule**.


### Entering general information on the contract


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

**Figure 3.2. 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.

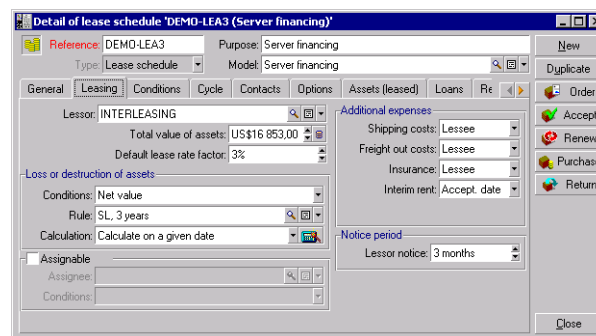
- 2 Click  to view the structure of an alarm.
- 3 Click **Cancel** to cancel the creation of an alarm and return to the contract detail.

## 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:

**Figure 3.3. Some financial conditions of the contract**



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

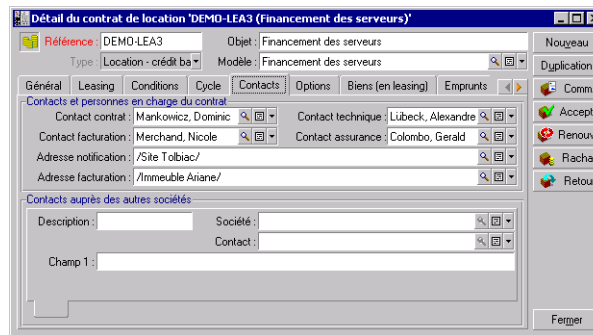
It also sets the company associated with the additional expenses and the method used to calculate interim rent. The interim rent covers the

"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:

**Figure 3.4. 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:



**Figure 3.5. 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.

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 enables 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 **Create** to confirm the creation of the contract.

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

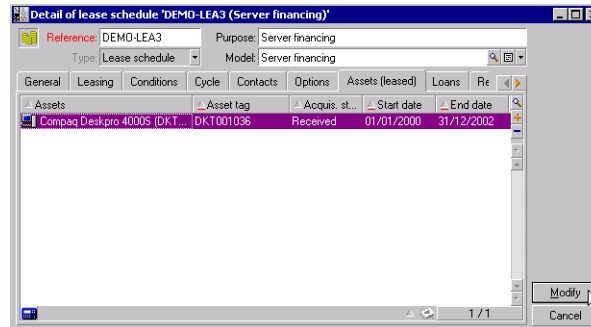
## Step 2: Selecting the assets associated with the leasing agreement


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.

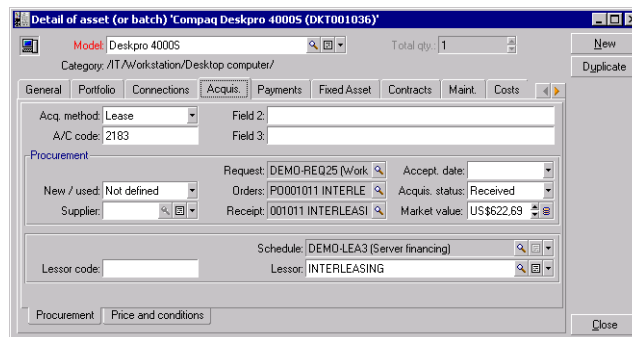
- 1 Go to the **Assets** tab in the detail view of the lease contract created in the previous step. This tab displays the list of assets associated with the contract: For the moment the list is empty.
- 2 Click . This opens Taltek Services' table of assets.
- 3 Select one of the assets from the list and click **Select** to associate it with the contract.
- 4 AssetCenter displays an intermediate window that enables you to automatically populate the start and end of term dates in the asset detail. Leave this as is and click **Select**.
- 5 The **Assets** tab now shows that the asset is associated with the contract:

**Figure 3.6. The asset is taken down**



- 6 Click **Modify** to confirm the choice of asset.
- 7 Click  to access the detail view of the asset.
- 8 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 of the **Acquis.** tab will not be discussed.

**Figure 3.7. The Acquis. tab summarizes the leasing information on the asset**



- 9 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.

10 Click **Modify** to confirm this value.

11 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.

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

**Figure 3.8. Calculating lease rents**

2 The part under the Description field 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.
- 3 The "Schedule" zone indicates that this rent is payable monthly throughout the two year term. It also specifies the methods of rent payment: The rent must be paid the first day of each month; the lessor will not accept any late rent payment.
  - 4 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.
  - 5 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).
  - 6 Click **Modify** 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:

Figure 3.9. 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:

- 1 In the **Status** field, select **Accepted**.
- 2 Enter an acceptance date (here August 15, 2002).

### 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 contract's "Main" rent. (The Main rent is 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, 2002) and the date of the first rent payment for al full period (September 1, 2002).

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


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

### Confirming the acceptance and interim rent

- 1 Click **Apply** to accept the asset and confirm the interim rent.
- 2 Click **Close** 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.

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



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.

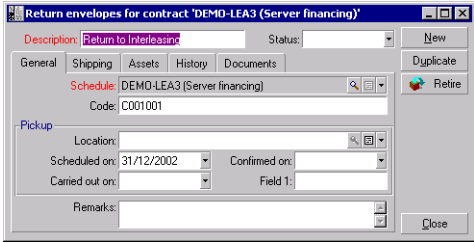
## Step 6: Returning the assets at the end of term



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.

- 1 Click . A window is displayed which enables you to create a return envelope for the assets.
- 2 Click  to create the return envelope.
- 3 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.

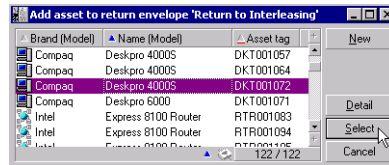
**Figure 3.10. Creating the return slip**



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



**Figure 3.11. Selecting the asset to be returned**



- 8 Select the asset under contract.
  - 9 Click  to associate it with the return envelope.
  - 10 Click  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**.
  - 11 Click : 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:
    - 1 The **Acquis. status** of the asset is modified to indicate that the asset is **Returned**.
    - 2 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**.
    - 3 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).
  - 12 Click  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:

- 1 Including the assets under the contract on August 1, 2002.
- 2 Accepting the assets on August 15, 2002.
- 3 Returning the assets on August 1, 2004.

## 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 guide explains its complete functionality.

# 4 | Managing the assets under a leasing agreement

## CHAPTER

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.).
- Conditions specific to the lease contract (loss and destruction clauses, notification periods, end of lease options, etc.).
- Rent and loans associated with the contract.
- Cost categories and cost centers associated with the different expense lines.
- 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.
- Defining loss value calculation rules
- Calculating the loss value
- Updating loss values

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

**Figure 4.1. Buttons to manage 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 leasing agreements is significant because it automates the creation of leased assets in the portfolio. 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 portfolio 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 enables 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).



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**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.

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**Warning:** You cannot associate an order with a contract using the 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 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.

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

### 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/ Deliveries** menu item for example).
- Directly from a lease contract:
  - 1 Click  in the contract detail to access the list of orders associated with the contract.
  - 2 Select the order you want to receive.
  - 3 Click  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  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 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.
- Entering them in the **Assets** tab in the lease contract detail.
- Importing them into the table of assets.
- 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 **Portfolio/ 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:
  - 1 Click .
  - 2 Enter the information specific to the asset.
  - 3 Click  to add the asset to the table of assets.
  - 4 Click  to place the asset under contract.
- Create assets which already exist in the lease contract. To do this:
  - 1 Select the assets.
  - 2 Click  to associate them with the contract.


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

Figure 4.2. Selection of rents

Lease period for selected assets

Start date: 01/01/2000  
End date: 31/12/2002

Select the rents to which the selected assets are to be added

The following list only shows those rents prorated and distributed to a selection of assets or allocated to a selection of assets. The selected assets will be automatically associated with the other rents.

Description	Start	End	Periodicity	Payments	LRF
Default	01/01/2000	31/12/2002	Monthly	415.74	3%

Select Cancel

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 agreement:

- 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 (**General** tab).
- 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 portfolio.
- 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
- How to calculate 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  button to the right of the contract detail displays a window, which enables you to:

- Accept assets.
- Calculate the interim rent relative to these assets.

It is important to proceed in the following order:

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





---


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

---

## How to accept assets

To accept assets:

- 1 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**.
- 2 Select the assets you want to accept.
- 3 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.
- 4 Enter an acceptance date in the appropriate field.
- 5 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.

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### How to calculate 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.



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**Warning:** 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"**

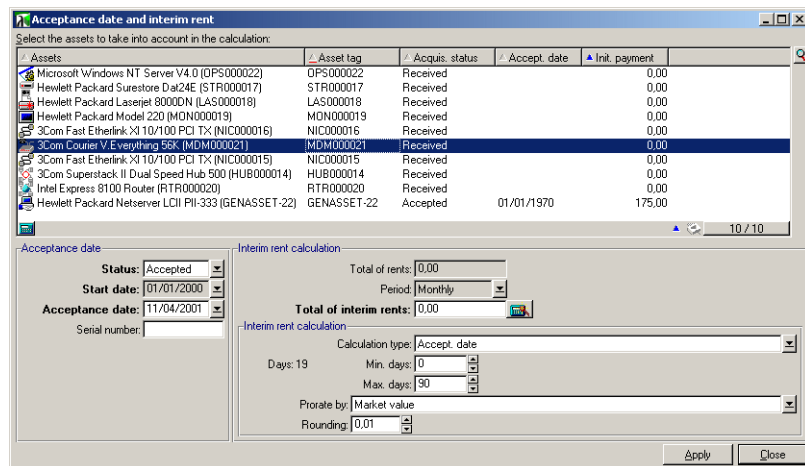
AssetCenter performs this operation out in 3 steps:

- 1 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.
- 2 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.
- 3 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:

- 1 Click  in the contract detail. You thus access the window that enables you to accept the assets and calculate the interim rent.

**Figure 4.3. Calculating interim rent**



- 2 Select the assets.

- 3 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.
- 4 Click  to display the **Total of interim rents** for all assets.
- 5 Specify how the resulting interim rent should be distributed at assets level:
  - 1 In the **Prorate by** field, indicate the method used to distribute the interim rent to asset level.
  - 2 In the **Rounding** field, indicate the value to which interim rent should be rounded.
- 6 Click  to save the calculation at asset and schedule level. Thus:
  - 1 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.
  - 2 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.
  - 3 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  **Accept** button is not used to calculate interim rent: It is just used to accepted 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**



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**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 enables 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.

**Figure 4.4. 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, 2002. The monthly rent, payable on the first day of the month amounts to \$3000. It is distributed to all the assets. On June 17, 2002, 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, 2002. 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, 2002, the interim rent is zero since the gap between the acceptance date and the first day of the full period (07/01/02) is less than 3 days.
- If all the assets under contract are accepted on June 2, 2002, the gap between the acceptance date and the start of the first full period (07/01/02) is greater than 25 days. As a consequence, the interim rent will only be calculated for a period of 25 days.



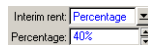
### Calculation by "Percentage of rent"

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.

### Figure 4.5. The interim rent is a percentage of the lease rent



### Example

A lease contract starts on July 1, 2002. 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 2002.

- The interim rent of the contract covers the period from June 1 through June 30, 2002.  
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:

- 1 Click the  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.
- 2 Populate the windows described below.
- 3 Click  in the final window to confirm.

### Assets to be renewed selection window

The first window displayed enables 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 enables 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 enables 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 end date of the previous period (the end of the contract) + 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**.

## 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 enables 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  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.

- 1 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.
- 2 Click  to remove the assets from the selection.

The shipping information is included in the **Shipping** tab of the return slip detail.


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:


- 1 Give a date to the **Carried out on** field (SQL name: dCarriedOut) in the **General** tab of the return envelope.
- 2 Select the assets to retire in the **Assets** tab of the return envelope detail.
- 3 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:

- 1 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.
- 2 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.



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**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.

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Next, click  to confirm the operation.

Several fields are modified for the selected assets:


- **Acq. method** field (SQL name: seAcquMethod) (**Acquis.** tab): This is set to **Purchase**.
- **Purchase date** field (SQL name: dAcquisition) (**Acquis.** tab, **Price and conditions** sub-tab): This takes the purchase date.
- **Purchase price** field (SQL name: mPrice) (**Acquis.** tab, **Price and conditions** sub-tab): This is a 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 enables 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: You cannot 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.



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

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## Defining loss value calculation rules

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

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

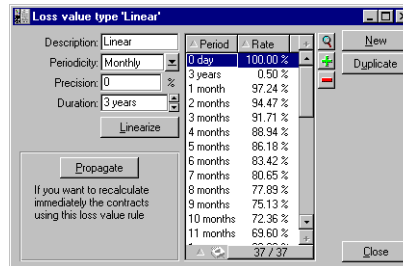
In order to do this:

- 1 Display the lease contract detail and go to the **Leasing** tab.
- 2 Go to the **Rule** field (SQL name: LossValRule).
- 3 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 loss value rule on assets:



**Figure 4.6. 'Linear' loss type value**



### Periodicity (SQL name: sePeriodicity)

Periodicity of calculation.

### Precision (SQL name: fPrecision)

Precision used in calculating percentage, which enables you to round off percentages.

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.

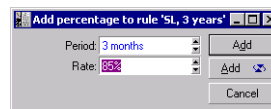
The calculation rule determines the percentage to be applied to the reference price of the assets to obtain a loss value according to the time elapsed since the start of the contract.

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

- 1 Define the **Periodicity** and the **Precision** of the calculation,
- 2 Enter the first and last loss values,
- 3 Select both of these loss values,
- 4 Click **Linearize**: 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:

**Figure 4.7. Adding a percentage in a linear rule**




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.

## 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.

**Figure 4.8. Loss values specific to the leasing agreement**

Date	Rate	Value
4/1/97	100.00 %	59400.00
5/1/97	98.00 %	58212.00
5/1/97	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

Date: 5/1/97  
 Rate: 94.00 %  
 Value: 55836.00

In the above example, from May 1, 2002 through June 1, 2002, 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 enables you to define loss-value calculation rules and methods of calculation (**Calculate for all periods** or **Calculate on a given date**). Click  in the **Leasing** tab 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 InfraCenter 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:

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



# 5 Calculating contract payments (rent payments)

## CHAPTER

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. (You can create one by right-clicking and selecting "Add linked record".)

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

## 1st method- Calculating the contract rent and distributing it to all the assets under 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).

### Behavior produced at software level

- 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:

- 1 Create the contract without populating the **Rents** tab.
- 2 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.
- 3 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).
- 4 Verify that AssetCenter Server has been launched so that the expense lines can be calculated.



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**Important:** 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.

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## 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.

**Figure 5.1. 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:** This is 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.

This tab does not appear until the method of acquisition, specified in the **Acquis.** tab of the asset detail, is set to **Purchase**.

- 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.

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:

**Figure 5.2. Asset rent formula**

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



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

### 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

- 1 33.34
- 2 33.33
- 3 33.33
- For a rounding value equal to 0
  - 1 33.333333333333433
  - 2 33.333333333333254
  - 3 33.333333333333254




---

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

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

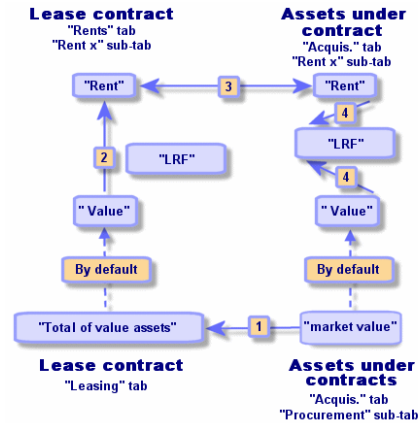
### In the case of "Lease schedule" type contracts

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.

Figure 5.3. 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 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** is 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:

- Two PCs X and Y with a market value of \$1999.90 each.
- One 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 × **LRF**.

**Value** of the contract rent = "Market values" of the asset under contract = \$6799.80.

**Payments** at the contract level =  $6799.80 \times 3\% = \$203.994$

#### Calculating asset level rent

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

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



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

=  $203.994 \times 1999.90 / (1999.90 + 1999.90 + 2800)$

= \$59.997, rounded to \$60.

**Payments** of Z =  $203.994 \times 2800 / 6799.80 = \$84$

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

=  $203.994 - 60 - 84$

= \$59.994

The rent of X is not rounded.

## 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 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.

### Figure 5.4. Rent formula for an added asset

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

- 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:

### Figure 5.5. Base value for rent calculations

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



**Important:** 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.

Rent A = Rent of Y × Prorata value of A / Prorata value of Y

= Rent of Y × Market value of A / Market value of Y

= 60 × 2 400 / 1999.90

= \$72.00360018001, rounded to \$72.

New **Payments** at the contract level = Previous **Payments** at the contract level + **Payments** of A

= 203.994 + 72

= \$275.994.

New contract rent **Value** = New contract level **Payments** / LRF

= 275.994 / 3%

= \$9199.80.

### 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 enables 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 **Payments** x assumes that adding an asset to the contract does not alter the rent x payments of the other assets in the contract.

### Figure 5.6. Rent formula for an added asset

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

- 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:




### Figure 5.7. Base value for rent calculations

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

## 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:
  - 1 Select the assets to be removed.
  - 2 Click .
  - 3 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 (SQL name: mMarketVal) 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.

#### **For other contract types**

You may remove assets from the contract

- From the **Assets** tab in the contract detail:
  - 1 Select the assets to be removed.
  - 2 Click .
  - 3 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

**Figure 5.8. Base value for rent calculations**

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

## 2nd 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:

- 1 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.

- 2 Select from this list the assets to which the rent is distributed.
- 3 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.

### For other contract types

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 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" type contracts

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.

### For 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 that adding assets has on the **Total value of assets** of the contract and the rent x at the contract level. These impacts apply 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 rent x, distributed to a selection of assets, and if the rental period of the added asset corresponds to the period of validity of rent x

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

- 1 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.

### Figure 5.9. Rent formula for an added asset

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

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

### Figure 5.10. Base value for rent calculations

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

**If you select rent x, distributed to a selection of assets, and if the rental period of the added asset 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:

### Figure 5.11. Rent formula for an added asset

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

- 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 (SQL name: mMarketVal) 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:

### Figure 5.12. Rent formula for an added asset

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

#### 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:

### Figure 5.13. Rent formula for an added asset

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

#### 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.

## 3rd 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:

#### Figure 5.14. Contract-level rent formula

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

- The asset rent is equal to:  
RentAsset = Unit rent.
- The lease rate factor of the asset under contract is equal to:

### Figure 5.15. Lease rate factor formula

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

or

### Figure 5.16. Other lease rate factor formula

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

#### 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.

## 4th 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 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:

### Figure 5.17. Contract-level rent formula

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

- The asset rent is equal to:  
Rent<sub>Asset</sub> = Unit rent.
- The lease rate factor of an asset included in the selection is equal to:

### Figure 5.18. Lease rate factor formula

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

or

### Figure 5.19. Other lease rate factor formula

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



**Important:** 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.

## 5th 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:

- Calculating contract level rent
- Consequences of adding assets
- Consequences of removing assets

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).

### Calculating contract level rent

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.

- 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 in 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 at the contract level

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

- 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.

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

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

- 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**

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

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 (SQL name: mMarketVal) 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 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 **Payments** field of contract level rent x is not modified.

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

Since the rent is not distributed to asset level:

- 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.

## 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 enables 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.



# 6 | Calculating the costs of a contract (Administrator)

## CHAPTER

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

## 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, InfraCenter Server. Other costs (interim rents, miscellaneous fees...) are not calculated by InfraCenter Server, but are calculated dynamically by AssetCenter.

### Launching AssetCenter Server

To launch AssetCenter Server, select it from the list of programs in the Windows start-up menu.

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

### Configuring AssetCenter Server

The "Calculate rent" module in the **Tools/ Options/ Configure modules** 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 enables you 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
```



**Note:** The maximum number of rent calculations made per transaction is specified by the UserData entry in the Amsrv.cfg configuration file.

### Projected rent

The **User data item** field in the **Modules** tab in AssetCenter Server enables 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, 2001 through July 1, 2003.
- 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.

July 1, 2002, AssetCenter Server is put into service for the first time: it generates:

- Past rents from July 1, 2001 through July 1, 2002.
- The present rent on July 1, 2002.
- The projected rents from August 1, 2002 through July 1, 2003.

Following these calculations, the **Recalculation effective from** field indicates the date of the last non-projected expense line, i.e. July 1, 2002.

AssetCenter Server runs in the background: 2 months later on September 1, 2002, it generates:

- The projected rents from October 1, 2002 through September 1, 2003.
- 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, 2002 through October 1, 2003.

## 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.

A cost category, which is defined in the rent description sub-tab of the **Rents** tab, categorizes the expense line that you can allocate to a cost center.

#### **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 categorized according to the cost category and the cost center, defined for the asset (**Acquis.** tab, rent description sub-tab). By default, the values of these fields are taken from the **Cost category** (SQL name: CostCategory) 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 cost centers

If you modify the cost center to which an asset-level or contract-level rent item is allocated, past rents remain allocated to the previous 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, 2002. 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, 2002. In order for AssetCenter Server to allocate the "RRR" rent for November 2002 and December 2002 to the cost center "CCC", you just need to enter the date November 1, 2002 in the **Recalculation effective from** field (SQL name: dRecalcul) in the "RRR" rent sub-tab of the asset detail.

## 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 cost center defined in the rent sub-tab at the asset level. In the third case, it is allocated to the cost center defined in the rent sub-tab at the contract level.
- Expense lines linked to initial payments. In the case of leasing agreements:
  - 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 cost center defined at the top of the **Acquis.** tab of the asset detail. In the third case, it is allocated to the 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 cost center defined at the top of the **Acquis.** tab of the asset detail. In the third case, it is allocated to the 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 directly by the user. They are allocated to the 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.



# 7 | Managing application services

## CHAPTER

An application service consists of the use of an application in a company without it being installed locally. The application is hosted "in-house" over the company Intranet or remotely at an application service provider (ASP) and accessed over the Internet. An ASP, who serves as an intermediary between the vendor and the end user, provides use of applications as a subscription service.

Using an application as an application service automates maintenance and upgrade operations. Using a simple thin-client web interface, users can use a personal account to access application services via Internet or Intranet. They can now concentrate on being productive.

### Example of an application service

Let's take the case of company A, who wants to optimize its internal communication and information sharing. An application service provider can quickly fulfill this need. Additionally, it offers complementary services to secure company A's data. After taking a

close look at the ASP's offer, company A signs a subscription contract. The companies exchange information concerning the use of the service, such as the cost, the terms of payment, and how user accounts are managed.

## Implementation in AssetCenter

AssetCenter is capable of storing and tracking your company's application-service data.

Each application service record designates a license-type contract. The contract is associated with a user account, and the user can access the information therein. Since application services are considered contracts, they are thus included in the Contracts table. To manage this type of contract, choose the **Portfolio/Application services** menu.

Because employees are the central piece of information in managing user accounts, AssetCenter comes with an **Application services** tab in the employee detail. In this way, you can access the Contract Utilizations screen without having to go through the Application services screen. Actions concerning application services or direct modifications to the values of fields in the database can have automatic repercussions on other database values.

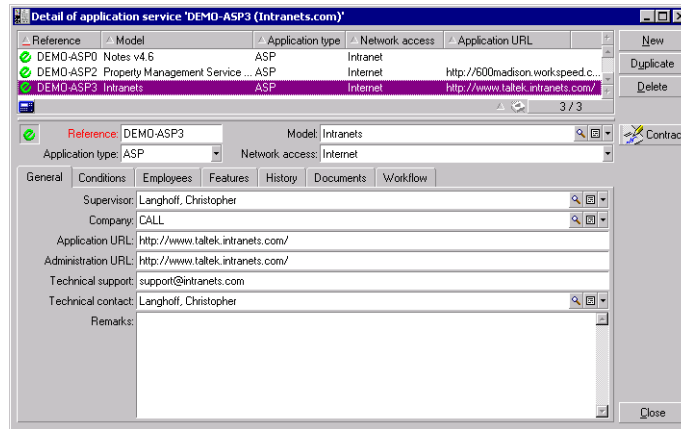
## The application services screen

This screen centralizes all information relating to application-service contracts. You can access it by selecting the **Portfolio/ Application services** menu item.

Open it each time you want to add, view, change or delete related information.



**Figure 7.1. The application services screen**



The rest of the section presents the record list and detail panes of the screen.

### List of application services

The main list is laid out as follows: The top line contains the column headers, which determine the information that is shown on each line. Standard configuration of the column headers when the list is visible:

- **Reference** is the contract number.
- **Model** defines the application service covered by the contract.
- **Application type** specifies the nature of the application service.
- **Network access** is the type of access used by the application service.
- **Application URL** is URL of the application service on the network.

### Detail of an application service

The information shown in the detail depends on the selected application service.

#### Main fixed information

In the upper part of the detail pane, an icon and four fields are always associated with the current application service.

**Figure 7.2. The upper part of the detail pane**

The screenshot shows a form with the following fields:

- Reference:** DEMO-ASP
- Application type:** ASP
- Model:** Intranets
- Network access:** Internet

- The **Reference** field (SQL name: Ref) corresponds to the contract number and is a mandatory field.
- The **Application type** field (SQL name: seASPTYPE) indicates the administration mode of the application. The three possible values are: ASP, Intranet, and Other.
- The **Model** link (SQL name: Model) (this field is a link to a field in the table of models) indicates the name of the provided application. This link points to a record in the table of models.
- The **Network access** field (SQL name: seASPAccessType) indicates the type of network access used. The four possible values are: Internet, Secure Internet, Intranet, and Other.

### Using the tabs

#### The General tab

This tab centralizes general information on the current application service.

**Figure 7.3. The General tab**

The screenshot shows the General tab with the following fields:

- Supervisor:** Langhoff, Christopher
- Company:** CALL
- Application URL:** http://www.taltek.intranets.com/
- Administration URL:** http://www.taltek.intranets.com/
- Technical support:** support@intranets.com
- Technical contact:** Langhoff, Christopher
- Remarks:** (empty text area)

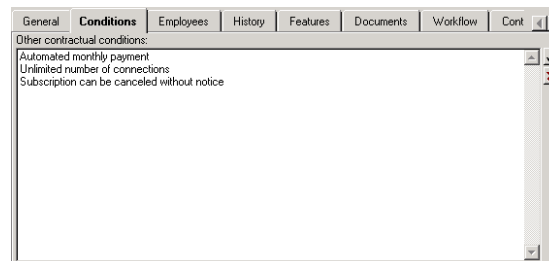
- The **Supervisor** link (SQL name: Supervisor) indicates the department or the employee who is responsible for the associated contract.
- The **Company** link (SQL name: Company) designates the application service provider.

- The **Application URL** field (SQL name: ASPConnectionURL) indicates the URL connection address for the application.
- The **Administration URL** (SQL name: ASPUserRegURL) indicates the address used to manage user accounts. Depending on the application service, the application and administration addresses may be the same.
- The **Technical support** field (SQL name: ASPEmail) indicates the address (e-mail, URL, etc.) used to contact technical support for the application.
- The **Technical contact** field (SQL name: TechCnct) designates the person to contact within your company for technical information on the application service.
- The **Remarks** field (SQL name: Comment) is used to store free-format text comments on the application service.

### The Conditions tab

The **Other contractual conditions** field (SQL name: Terms) is used to indicate any other terms of the contract that are not specified elsewhere.

**Figure 7.4. The Conditions tab**



### The Employees tab

This tab contains the list of the users of the current application service.

**Figure 7.5. The Employees tab**

User	Login	Profile
Admin	administrator	Administrator
Bernard, Cathy	cbernard	Operations
Bratt, Julia	jbratt	I.S. Department
Carpenter, Jerome	jcarpenter	I.S. Department
Clech, Richard	rclech	Sales
Colombo, Gerald	gcolombo	Finance
Langhoff, Christopher	clanghoff	I.S. Department
Levky, Patrick	plevky	I.S. Department

Column headers used in the list:

- **User** is the name of an employee authorized to use the application service.
- **Login** is the name used to identify the user connecting to the application service.
- **Profile** is used to identify the set of rights given to the user for the application service.

Selecting the detail of an employee in the list, using the magnifier or the shortcut menu, displays their contract utilization in the corresponding screen.

#### The contract utilization detail

**Figure 7.6. The contract utilization detail**

Detail of utilization of contract "Langhoff, Christopher - DEMO-ASP3 (Intranets.com)"

User:

Contract:

Type: License

General | Features | History | Documents | Workflow

Field 1:

Start:  Planned end date:

User account

Login:  Profile:

Status:

As in the majority of detail screens, certain items of information are displayed in the upper section:

- The **User** link (SQL name: User) is used to indicate the employee authorized to use the current application service.

- The **Contract** link (SQL name: Contract) indicates the reference and purpose of the associated contract. This link is read only.
- The **Type** field (SQL name: seType) indicates the type of contract associated.

The **General** tab contains general information on the utilization of the license by the current employee:

**Field 1** (SQL name: Field1) is a customizable field. You can use this field to store any additional item of information concerning the license utilization as long as you rename the label according to the type of information that you intend to store.

Two date-type fields, **Start** (SQL name: dStart) and **Planned end date** (SQL name: dPlannedEnd), define the period during which the user account associated with the current application service is valid.

The two following fields deduct the user rights for a licensed software. The **Authorization** field (SQL name: seAuthorization) is used to indicate whether authorization is given to the user within a license agreement. The three values defined in the system itemized list are: Authorized, Non authorized, and Unknown. Unknown is used by default if the user rights have not yet been defined. The **No. of utilizations** field (SQL name: IUseCount) enables you to choose the number utilizations given to the user if this parameter is implemented.

The **User account** frame contains the information necessary to manage the current user's user account:

- The **Login** field (SQL name: ASPLogin) is used to indicate the name that identifies the user when connecting to the account.
- The **Profile** field (SQL name: Profile) is used to indicate the name of the profile assigned to the user. The values can be selected from a drop-down list.
- The **Status** field (SQL name: seStatus) indicates the status of the user account, as given to AssetCenter, each time you perform online modifications to the ASP account. The three possible values are: To be created, Up-to-date, and To be updated. Because it is managed automatically by AssetCenter, this field is read only.

### Remaining tabs

These tabs are used in the same way throughout the software.

For more information on the **History** tab, refer to the "How the history function works" chapter (in the "Administration and advanced use" guide). For the **Documents** tab, refer to the "Using features and Associating documents with database records" chapter (of the "Introduction" guide).




---

**Note:** The Workflow tab enables you to consult the workflow scheme used to manage the user account. For more information, see the next chapter.

---

### The Contract button

A shortcut to the Contracts screen, , appears to the right of the detail screen. Selecting it displays the detail of the current application service within this screen. This button enables you to access the contract-management functions.

## Tutorial

The Application services screen enables you to efficiently manage your user accounts. According to the different information zones, you can add the information corresponding to each application service to your AssetCenter database; the amount of information will evolve according to your needs (other services, new users, etc.). The application services, contracts, employees, and contract utilizations screens represent linked tables: Any changes to them must also be made on the application-service Web site.

The actions described below enable you to easily perform common procedures used in the management of application services. In addition, the wizards, which guide you through these operations step-by-step,

are designed to ensure the consistency of information inserted into the database.

This example is taken from the demonstration database. Intranets.com is an application service that provides a suite of tools for small business. We will associate it with several actions and the 'user-account management' workflow.



---

**Note:** To use the workflows and the actions defined in this chapter, you must import the AssetCenter datakit.

---

### Administer this application service

This contextual action enables you to manage user accounts (create, modify, delete accounts, rights, profiles, etc.) by connecting to the application-service administration site. You can find this address in the **Administration URL** field (SQL name: ASPUserRegURL) of the **General** tab. To connect, go to a record in the Employees table (in the **Employees** tab of the application service detail, for example) and select **Actions/Administer this application service** from the shortcut menu. Your Web browser displays the application-service administration page.

### Connect to the application service

Make sure that your cursor is somewhere in the Contract-utilization table zone (on the screen or in the **Employees** tab of the application services screen). Choose the **Actions/Connect to the application service** shortcut menu. Using the value of the **Application URL** field (SQL name: ASPConnectionURL) included in the **General** tab, AssetCenter launches your Web browser, which displays the connection page for the Intranets.com application service. You can now enter the information required to log on.

## Send an e-mail to support

If the **Employees** tab is not selected, choose the **Actions/Send an e-mail to support** shortcut menu. The e-mail address, indicated by the **Technical support** field (SQL name: ASPEMail), in the **General** tab, enables AssetCenter to open your usual mail client. As the new message automatically includes this address, simply type your message and send it.

## Managing the user account by workflow

Users can create or delete user accounts using the contract utilizations table.

Users can also modify the values assigned to their own **Login** (nom SQL : ASPLogin) and **Profile** (nom SQL : Profile) fields, in the **User account** frame of a contract utilization (this frame is specific to application services).

For example, if you want to modify Christopher Langhoff's user account:

- 1 Modify the **Login** field (SQL name: ASPLogin) and/or the **Profile** field (SQL name: Profile) included in his contract utilization detail.
- 2 Click the **Modify** button to confirm.

AssetCenter triggers the user-account management workflow



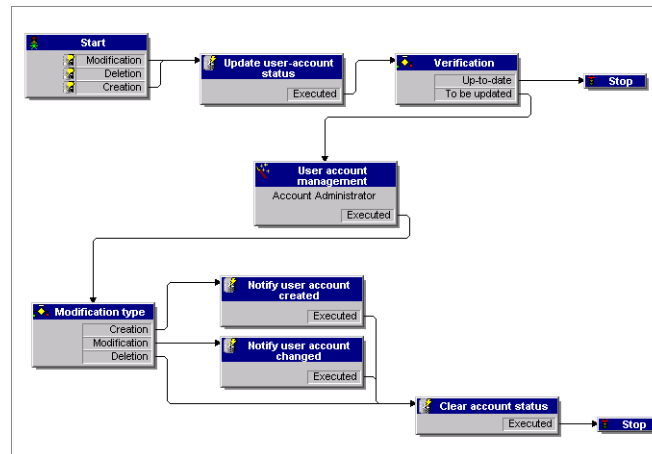
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**Note:** It is possible to adapt this standard workflow to the specific needs of your company (refer to the relevant documentation).

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Figure 7.7. Workflow scheme

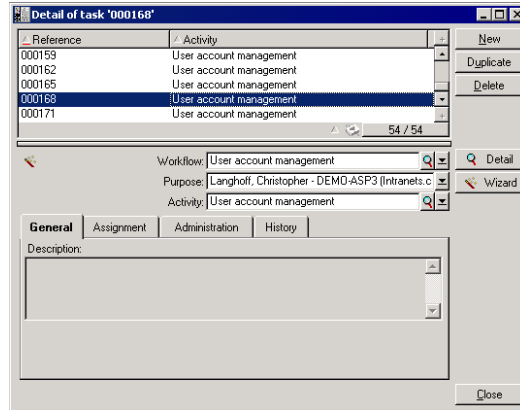


This workflow makes it possible to maintain the consistency between the actual configuration of the application service, as it is administered, and the information stored in AssetCenter.

### Supervision

It is the responsibility of the application service administrator to consult the **Tools/Tasks in progress** menu regularly. Any necessary updates appear in the list. This is necessary in order to preserve the configuration of the user accounts in AssetCenter that are equivalent to that in the application service. The workflow assigns update tasks to the application service administrator. The application service administrator can then perform the administration tasks at the level of the application service.

**Figure 7.8. Select the Tools/ Tasks in progress menu.**

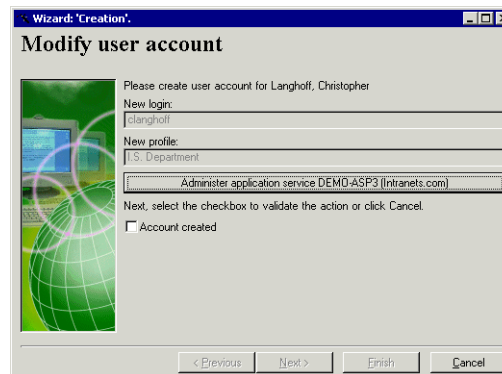


Execute the corresponding task by clicking the **Wizard** button. This enables you to carry out the modifications to Christopher Langhoff's Intranets.com account.



**Note:** The wizard specifies the task to be carried out on the application service administration site: Create, modify, or delete a user account.

**Figure 7.9. Select the Administer application service button.**

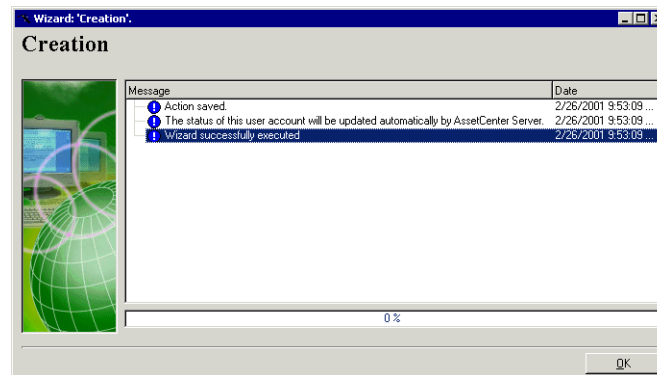


Your web browser connects to the administration site of the current application service via which you can create, modify, or delete user accounts.

Once you have finished, disconnect from the site, and then select the checkbox to validate the action in AssetCenter. **Account created** appears because, in this case, the **Status** field (SQL name: seStatus) was set to **To be created**.

Finally, click the **Finish** button.

**Figure 7.10. A summary is given at the end**



The **Status** field (SQL name: seStatus) included in the **User account** frame, changes from **To be created** to **Up to date**. Click the **Detail** button to verify.

The **Detail** button is a shortcut to the contract utilization screen, also accessible via the Employees tab in the application services screen. The contract utilization screen is displayed and enables you to consult the status of the user account in AssetCenter.

### **The workflow notifies the user that the administrator has performed the update**

Next, an automatic e-mail notifies the user of any changes made to the application service administration site, including new connection attributes.

Each user can then consult the messages sent to their assigned e-mail address.

### Status of the user account

At the end of the workflow cycle, the administrator has no more tasks to perform. The **Status** field (SQL name: seStatus) is set to **Up to date** meaning that the description of the user account in AssetCenter conforms with the actual user account at the application service level.



---

**Important:** As long as the value Up to date does not appear, and the Login field (SQL name: ASPLogin) is not empty, you will not be able to delete a user in AssetCenter, either directly in the Employees tab of the application services screen or in the contract utilization detail.

---

In order to track the accounts and make sure that the data in AssetCenter and the data hosted by the application service correspond, you must perform the following update process:

- 1 In the **User account** frame, first clear the **Login** (SQL name: ASPLogin) then click on the **Modify** button.
- 2 An update task then appears in the task list (**Tools/Tasks in progress** menu). As described above, the administrator must use the wizard to perform the task.
- 3 Confirm the deletion by selecting the checkbox, and then ending the wizard. In this way, you can be sure that the user accounts in AssetCenter correspond to the actual accounts opened by the application service provider.

### Calculate application-service rents

This workflow calculates the rent payments corresponding to each application service and produces the expense lines for the period. As

services are license-type contracts, the **Rents** tab in the contracts screen contains the information required by the workflow.

In order to choose the calculation method applied to application services, set the **Prorate to assets** field (SQL name: seProrateRule) to Allocate unit level rent to all assets for each **Rents** tab. The value of the **Unit rent** field (SQL name: mUnitPayments) is then multiplied by another value given by the AQL notation contained in the **Description** field (SQL name: Description) when the rent is calculated.

The rent can be allocated to a specific **Cost center** (SQL name: CostCenter) and classified according to a **Cost category** (SQL name: CostCategory) if you select the **Allocate according to contract rent** option. Otherwise the expense lines will be split automatically. The **Schedule** fields, apart from the recalculation and the two checkboxes (**Main rent** and **Acceptance date**) are taken into account for all rent calculations. If you are not familiar with this tab, refer to the contextual help and the documentation on rent calculation.

**Figure 7.11. Calculating application-service rents - The Rents tab**

The screenshot shows the 'Rents' tab in the AssetCenter software. The 'Description' field is set to 'Contract.Users.User'. The 'Schedule' section includes 'Periodicity: Monthly', 'Dates: 09/10/2000', 'Payment: In advance', and 'Acceptance date' checked. The 'Allocate according to contract rent' checkbox is checked, with 'Cost category: General Operations 2000' and 'Cost center: IT' selected. The 'Prorate to assets' field is set to 'Allocate unit level rent to all assets' and 'Prorated by: Market value' with a value of '0.01'.

The function of the mandatory **Description** field (SQL name: Description) is special in that not only it identifies a rent payment but it also serves as the basis for the calculation itself.

The value of this field is a series of link names separated by periods (see below). Since a link defines the direction between two tables, this series constitutes an AQL path in which the order of the links determines the path from table to table. Because this formula calculates a contract rent, this path always starts from the **amContractRent** table and includes, in our example, one of the **Contract** links that points to the

**amContract** table. If the path ends with a numeric field, its value is multiplied by the unit rent to obtain the total rent. Otherwise, the number of terminal elements, such as the number of users, is used as the basis for the calculation.

In order to define a path to a value to be used in the rent calculation, you need to know the structure of the links between the tables. You can obtain the details of these links in AssetCenter Database Administrator.

In addition, a specific syntax is used to denote the reverse link of a link-type feature. When used in a path, this link is prefixed by a minus sign instead of a period and is followed by the name of the starting table. Thus, for a feature named `fv_test`:

- `[...].fv_test.[...]` is a link-type feature from table A to table B.
- `[...]-fv_test.A.[...]` is the reverse link from table B to table A.

The following figure shows an example of a **Description** (SQL name: `Description`) where the path shows reverse feature-links. The last link, `fv_surface`, designates the value of this link.

**Figure 7.12. Appearance of the Rents tab of another application service**

The screenshot displays the 'Rents' tab configuration in AssetCenter. The 'Description' field is populated with the path `Contract-fv_FMContract.amLocation.fv_Surface`. The 'Schedule' section is active, showing a 'Main rent' with a 'Monthly' periodicity starting on '05/10/2000'. The payment is set to 'In advance' with a '0 day' bill cycle. The 'Allocate according to contract rent' checkbox is checked, and the cost category is 'General Operations 2000' and the cost center is 'Common Line'. The 'Prorate to assets' field is set to 'Allocate unit level rent to all assets' and the 'Prorated by' field is set to 'Market value' with a value of '0,01'.



