

Plant Finance / Lease

Used where a plant equipment item has been purchased on finance and a monthly payment is to be made to the finance company.

Equipment Register (Plant Hire, Equipment Register)

In the Costs of Ownership section enter the following information:

Key Entry Fields (# indicates default setting)

Finance Company		Enter the account number for the finance company from the purchase ledger. Standard look-up is available.
Terms		Enter a description of the terms of the lease (not mandatory).
Monthly Lease	Fixed Monthly Charge# Reducing Interest Calculation	The monthly lease charge entered below will be applied in full each time. This option will charge the interest based on a reducing balance of the finance value. The interest charge will be applied each time the <i>Plant Lease & Depreciation Update</i> is run and the calculation will use the total interest figure.

	<p>Example Reducing Interest Calculation:</p> <p>The calculation based on an example of 6 months with a total value of interest of £100.00 would be;</p> $6 + 5 + 4 + 3 + 2 + 1 = 21$ <p>First payment $100/21 \times 6 = \text{£}28.57$ Second payment $100/21 \times 5 = \text{£}23.81$ Third payment $100/21 \times 4 = \text{£}19.05$ Fourth payment $100/21 \times 3 = \text{£}14.29$ Fifth payment $100/21 \times 2 = \text{£}9.52$ Final payment $100/21 = \text{£}4.76$</p> <p>Total interest payment £100.00</p> <p>This automatic payment cannot be combined with a depreciation charge.</p>	
Term		<p>For a <i>Fixed Monthly Charge</i> enter the fixed monthly payment amount.</p> <p>For <i>Reducing Interest Calculation</i> enter the total interest due.</p>
Made		<p>This will be completed automatically and indicates the number of lease payments made to date.</p>
Final Payment		<p>Enter the date the last lease payment is due. This is for reference only.</p>

The Plant Lease and Depreciation Update program should be run each month to update the equipment transactions and statistics with the lease cost.

No Nominal postings are made from this process.

Nominal Ledger

(Nominal Ledger, Journals, Standard Journal Maintenance)

To account for the monthly lease payments in the Nominal Ledger a standard journal should be created.

Key Entry Fields (# indicates default setting)

Start Date		Enter the date of the first instalment.
Frequency		Enter payment frequency in months. For example, enter '1' if the journal is to be posted each month or '3' for quarterly posting etc.
Posting Day		Enter the day of the month for the journal to be posted.
Link Type	Not Applicable # Wholegood Item Plant Hire Code	For Plant Lease payments select "Plant Hire Code" to link to a specific item on the equipment register.
Plant Hire Code		Enter a plant hire reference (standard look-up available). This entry is for reference only.
Nominal Account	Debit entry	The journal should debit a plant expense nominal account as specified on the plant group code. Ensure that this is NOT set to the Plant On Cost nominal account so that the plant net book value and cost are NOT updated.
Nominal Account	Credit entry	This should be to the bank account or creditors control account.

Note: No postings are made to the Plant Hire module from the journal created in this way.