Calculating your Lease Payments

Calculating your lease payments in advance will allow you to better identify your future lease commitments and budgetary requirements over the lease period. Your calculations will also help your justification of whether to lease or to purchase equipment after all factors including the present value of lease payments, ease of and disposal costs, technology refresh and other cost of ownership considerations are taken into consideration.

About the Lease Rate Factor

At the commencement of each quarter (January, April, July and October) Alleasing Pty Ltd will publish the relevant lease rate factors for each equipment type and lease term. The LRF is calculated based on a number of factors including the 90 day bank bill swap rate, risk associated with leasing the particular type of equipment and resale or market value at the end of lease.

Current Lease Rate Factors (1 Jan 2016 to 31 Mar 2016)

Equipment Type	Lease Term (Years)	Payment Term (Quarters)	Interim Payment	Lease Rate Factor (LRF)
Laptops	3	12	1	0.076859
Desktops	3	12	1	0.076859
Server	3	12	1	0.078515
Scanner	3	12	1	0.081099
Network Equipment	3	12	1	0.078518
Others/ Soft costs	3	12	1	0.088485
Audio Visual	3	12	1	0.081494
Audio Visual	4	16	1	0.064156
Others/ Soft costs	4	16	1	0.068197
Server	4	16	1	0.067068
Server	5	20	1	0.055968
Network Equipment	5	20	1	0.053772
Others/ Soft costs	5	20	1	0.055968

Every lease is subject to a free rental period which could be at a minimum 1 month or at a maximum up to 4 months. Simply calculated for leasing purposes, the calendar year from January through to December is divided into 4 equal quarters with any equipment received by the University in any quarter, subject to free rental for that quarter plus free rental for the first following month of the next quarter. The reason for this is to ensure that leases commence and end at only four times in the calendar year and to allow a smooth transition at end of lease cycle, allowing you to replace end of lease equipment with new equipment during the free rental periods meaning that you will not pay duplicate rental payments whilst you make the changeover.

Example 1

Equipment is received by you on January 15. From January 15 through to March 31 you will not pay any rent on the equipment even though you have possession and are using the equipment. You will also not make a rent payment for the first month of the next quarter, in this example, April. For this example you have received 3 months and 16 days free rental.

Example 2

Equipment is received by you on March 20. From March 20 through to March 31 you will not pay any rent, and will also not pay any rent for the first month of the next quarter, again April. For this example you have received 1 month and 11 days free rental.

Hint:

There is an obvious benefit to time receipt of new equipment to commence nearer to the start of a new quarter than at the end in order to receive the maximum benefit from the free rental period.

Calculating your Interim Payment

Every lease is subject to an interim payment which will always be 2/3rds of 1 quarterly payment. This is used to allow the leasing cycle to be brought back to a quarterly cycle following the application of the free rental periods previously described. There will only ever be 1 interim payment made for each lease commenced.

To calculate your interim payment use the following calculator

1. Copy the Lease Rate Factor for the type of equipment and lease term in the 'Equipment Type LRF column above.
2. Place the cost of the equipment (ex GST) in the 'Equipment Cost' column. If you have multiple item of equipment, for example 10 desktop PC's, use the total cost (ex GST).

Equipment Type LRF	Equipment Cost (excl. GST)	Interim Payment
0.079178	$20,000.00	$1,055.71

Calculating your Lease Payments

Once your Interim payment has been made your cycle of lease payments will commence, 12 payments for a 3 year term, 16 payments for a 4 year term and 20 payments for a 5 year term.

To calculate your lease payments use the following calculator

1. The Lease Rate Factor for the type of equipment and lease term in the 'Equipment Type LRF column will be copied from the interim payment calculator above.
2. The Equipment Cost will be copied from the interim payment calculator above.
3. Place the number of payments you expect to make in the 'Lease Term' column, 12 for a 3 year term, 16 for a 4 year term (photocopiers or printers) and 20 for a 5 year term (photocopiers or printers).

Equipment Type LRF	Equipment Cost (excl. GST)	Quarterly Rental	Lease Term (Quarters)	Total Quarterly Lease Payments
0.079178	$20,000.00	$1,583.56	12	$19,002.72

Total Lease cost (Interim Payment + Lease Payments)

Total Interim and Quarterly Lease Costs	Net Present Value	Benefit
$20,058.43	**$18,057.54**	**$1,942.46**

Extending your lease term

Under some circumstances you may choose to extend your lease term. It is not recommended that extensions go beyond 3 months because after this the benefits for leasing in the first place will diminish very quickly. You have the option of extending for 1 quarter (3 months), 2 quarters (6 months), 3 quarter (9 months) or for 4 quarter (12 months). If you wish to take advantage of the less expensive rates for 3 and 4 quarter extensions, you must advise Alltech Finance that this is your intention prior to extending the lease.

Length of Extension	Lease Cost per Quarter	Total
1 Quarter Extension	$1,187.67	**$1,187.67**
2 Quarter Extension	$950.14	**$1,900.27**
3 Quarter Extension	$950.14	**$2,850.41**
4 Quarter Extension	$791.78	**$3,167.12**