

Understanding the End of Day Summary Values

The End of Day summary reports daily, month to date, and year to date figures that should aid the owner and manager in understanding how his business is performing. Considerable control over the business can be attained by understanding these figures and monitoring them frequently. These figures also may be used to establish commission and bonus schemes for employees.

When calculated values are obtained, it is helpful to know how many agreements or units make up that particular value. Standard statistical methods usually report the number of observations used to calculate a statistic as N, and this notation often has been followed in the End of Day Summary report. Occasionally, the number of units as well as the number of agreements is important information. In such cases, the number of agreements is represented by N and the number of units is reported as Units.

In many calculations, the number of days in a month or the number of weeks in a month is used. The number of days per month is determined to be 365.25 days per year divided by 12 months per year = 30.4375 days per month. The number of weeks per month is determined to be 30.4375 days per month divided by 7 days per week = 4.3482142 weeks per month.

Agreement Production

The agreement production, recorded for both the number of new agreements and the number of new units, is calculated by tallying transactions in the transaction register at the end of each business day. Terminations include any transaction that may terminate an agreement, namely: a return or repossession of all units assigned to an agreement, a charge-off of an active or skip agreement, or a cash option of an active agreement. The terminations are subtracted from the gross production to yield the net production. Cancellations, the number of agreements terminated for which no money was collected, also is tracked. Subtracting this number from gross production yields the value reported as true production.

Delinquency Summary

Delinquent agreements and units are separated into active, ceased lease, skip, and other agreements. Active agreements are any agreements with an A status that are more than one day past the adjusted payment next due date (for an explanation of the adjusted next due date, see page 81). Agreements falling into the delinquent ceased lease category are those agreements that were terminated through return or repossession (status R or X) but that continue to owe a balance. These ceased lease agreements should either be worked for collections, non-cash adjusted so that the balance becomes zero (causing the payment next due date to be set to zero), or charged-off to bad debt (charge-offs were explained on page 36). Delinquent agreements that have any other status fall into the other category (e.g., statuses such as Hold and Invoice).

The denominator used to calculate the percentages for active and ceased lease delinquent agreements is the number of all active agreements, all on service agreements, and the number of agreements that fall into the categories delinquent ceased leases, delinquent skips, and other delinquents. Therefore, the percentages calculated here may not match the percentages calculated at the delinquency summary at the end of a Debt report.

The denominator used to calculate the percentages of active delinquent units is the total number of units on rent and on loan. The denominator for the delinquent amounts is the total monthly billing for rent-to-own, rent-to-rent, and layaway agreements.

Agreement Status

At the end of each day, the agreement file is processed and the status of each agreement record is tallied. The result is broken down by agreement type.

Billing

The amount of rent and insurance being billed for each pay period is summed. The number of units represented by this billing also is summed. Then, in order to give a meaningful sum, each amount being billed is converted to a monthly equivalent, and a total monthly billing reported. For example, the amount being billed weekly is multiplied by the number of weeks in a month, and the amount being billed semi-monthly is multiplied by two.

Value of Agreements

The future amount of rent and insurance expected to be collected from agreements is calculated by taking the amount being billed for each agreement and multiplying it by the term remaining on the agreement. The figures thus computed are summed for all agreements with an A (Active) status. The average agreement value is calculated by dividing the total rent receivable by the number of agreements represented by it. The average unit value is calculated by dividing the rent receivable by the number of units represented by it (see page 5 of the End of Day Summary for these averages).

Agreement Transaction Summary

The transaction register is summarized here. Cash Options, Charge-offs, and Returns and Repossessions that terminate agreements are tallied in the first block. The average agreement length in months of agreements terminated by these methods is recalculated every time end of day is run, by summing the length in days each agreement continued (the number of days between the delivery date and the closed date) for each record with the appropriate status. Note that even though an agreement may have a status of C (charge-off), Rentpro maintains the previous status of the record internally so that the record will contribute to the average length of terminations by return. These sums are then divided by appropriate denominators, e.g., the total number cash optioned, the total number returned, the total number repossessed, and the total number of active agreements charged-off. This last quotient is divided by the number of days per month to yield an average agreement length in months.

The other transaction block summarizes agreement transactions that do not terminate an agreement. For example, if an agreement has 2 units but only returns one unit, the numbers across from Returns in Other Transactions should all increase by one whereas the numbers across from Returns at the Agreement Termination block would remain unaffected.

Inventory Transaction Summary

The transactions dealing with inventory are summarized here. Inventory are grouped by whether the transaction causes them to come into the store or go out of the store. For example, adding inventory into the system, transferring inventory in, returning inventory from an agreement, or exchanging inventory may all bring inventory into the store. In contrast, putting inventory on rent, transferring inventory out of the store, selling, or exchanging inventory can each cause inventory to leave the store.

Internal Control

The transactions dealing with service cost collected and petty cash disbursement are tallied here. In addition, over and short amounts from the cash drawer reconciliation are reported here.

Income Summary

The transactions dealing with payments and cash options are tallied for each of the appropriate categories. The totals are summed for all categories when the report is run.

Non-Cash Adjustments

Transactions recorded for non-cash adjustments are tallied for each of the appropriate categories. The totals are summed for all categories when the report is run.

Agreement Charge Off Summary

Transactions recording the amounts charged off to bad debt are tallied in this area. The equipment charge is reported separately in the next block.

Unit Charge Off Summary

Transactions charging off agreements are tallied to report the charged-off equipment charges and the number of units represented by the amount in this area. Rent and other charged-off income are reported in the Agreement Charge Off Summary block.

Fee Waivers

If either late fees or insurance fees are waived when a payment is collected, a negative value of the amount waived is recorded in the transaction register for that field. During end of day processing, Rentpro will sum these amounts to record them in the fee waiver block. The number of agreements having their fees waived also is tracked.

Insurance Penetration

When an agreement is created, if the agreement was set up on an insurance or damage waiver plan, the payment type field of the transaction register is set to a number greater than zero (it is actually set to the ordinal value of the insurance flag). Therefore, when the transaction register is processed during end of day processing, Rentpro tallies the number of agreements that were established with the insurance plan and

divides this number by the Gross Production value yielding the insurance penetration percentage. Note that agreements put on the insurance plan after the agreement was created, by editing the insurance flag at the query screen (see page 29), are not included in this insurance penetration figure. Only agreements set up on the insurance plan when they were created are included in the percentage.

Agreement Information

Agreements may be set up on a pay period by pay period basis by entering a zero for the number of payments prompt at the new agreement screen (see page 22). Such agreements are said to be agreements without term. The average maturity is separated for agreements with term and agreements without term. The average maturity is calculated by summing the number of days between the delivery date and the next payment due date for every agreement within the proper category (those with and those without term). The sum for those with term is then divided by the number of agreements with term (the value N), and the sum for those without term is divided by the number of agreements without term. These average maturity in days figures are then divided by the number of days in a month to yield an average maturity value expressed in months.

The average life remaining value is calculated by summing the number of days between the next payment due date and the maintenance limit date for each agreement. This value is then divided by the number of agreements with term, and further divided by the number of days in a month to yield average life remaining values expressed in months.

The average term figure is calculated by summing the maturity in days and life remaining in days for agreements with term, and dividing this sum by the number of agreements with term. This quotient is then divided by the number of days in a month to yield an average term value expressed in months.

Deposit Summary

Transactions are processed to produce these values. Payment transactions (transaction code 1) record the deposit amounts collected, and these are summed to record the deposit amounts. The refunds are recorded as transaction code 38, and these are summed for the refund amount reported.

The total deposits collected value is calculated by processing each agreement record, not the transaction register. Each record keeps track of the total deposits collected as well as the deposits on hand. These are summed for each agreement record to produce the total deposits collected and the total deposits on hand values. The deposits refunded to customer field is calculated by subtracting the total deposits on hand from the total deposits collected.

Debit Summary

When the agreement records are processed, any charges that are due for collection are summed, and separated by rent due, late and insurance fees, and other debits. These figures represent manually applied debits. For example, automatic rental and late fees would not be included in them. However, fees may be assessed as a debit by the system automatically if a partial payment is collected on a delinquent agreement, and this amount did not fully pay the fees being assessed. For example, if only 5.00 were collected toward 20.00 of late fees, the difference between the amount paid and the amount assessed, 15.00, would be recorded as a debit on the agreement and the late fee next due date would be advanced.

Active Agreement Income Projection

Rentpro calculates what would be owed by active agreements if the present day was actually the last day of the month. The late fees would, of course, be subtracted out of this total. The amounts are then broken down by rental income due, insurance due, other charges due, and tax due. The total income due by the end of the month includes all charges due on agreements, less any late fees presently or later due on the agreements. Note that no estimate is made concerning the number of new agreements or the future decline in the number of agreements in projecting income due by end of month.

The total income due by end of month, therefore, is meant to represent the total amount that may be collected from active agreements by the end of the month. Both delinquent and current agreements are included in this figure, but late fees collectable are not included. Agreements with a skip status (K), hold status (H), or any status other than active (A) are not included in these values.

Total Monthly Billing

The total monthly billing is the total taken from the break down of the billing described earlier (see page 56). It represents the total amount expected to be collected every month. The total number of agreements and the total number of units also is summed from the billing area described earlier. These figures represent the true number of agreements and units that make up this total monthly billing. The average agreement income per month is calculated by dividing the total monthly billing by the number of agreements comprising this figure. Note that agreements with any status other than active (A) are not included in this figure. The average unit income per month is determined by dividing the total monthly billing by the number of units represented by it.

Bank Deposit

The bank deposit shown is what is the amount of the actual physical bank deposit as entered by the user. The expected bank deposit calculated by Rentpro is shown next to it. Any discrepancy between the actual bank deposit and the expected bank deposit represents the change in the cash drawer balance for the next day of business. For example, if the actual bank deposit is 5.00 less than the expected bank deposit, and the beginning drawer balance for the day was 200.00, then beginning balance for the next day would be 195.00. The way for this to occur is if the user entered 195.00 for the next day's beginning drawer balance, instead of 200.00, when he began End of Day Processing to close out the day of business.

Expected Bank Deposit

The expected bank deposit is the income summary total plus any deposits collected that day, plus the over/short cash and credit amounts, less any petty cash disbursements. Note that this expected bank deposit assumes the cash drawer balance will remain the same. If the expected bank deposit does not match the bank deposit, the difference should be found in the beginning drawer balance for the next day of business.

Inventory Summary

When the inventory records are processed, they are tallied according to status and category code. These sums are reported in the inventory summary, with subtotals for every category code with the same first character. Percentages are calculated for the grand totals using for a denominator the number of units currently active, that is, the number of units on rent, on loan, idle, on service, and on floor.

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