

## Veco User Guides – Scheduled Charges

### Introduction

“Scheduled Charges” are used to record financial events that happen on a regular basis for either the property or the tenancy. These events would normally be for the same value each time.

Charges are then applied to the accounts system when running the “Accounting Routines”.

Typical charges would be:

- Monthly rent due for each month of a tenancy
- Quarterly service charges due on the property
- Regular payments to suppliers (eg gardener)
- Monthly management fees (fixed or as a percentage of rental income)

#### Important Note (1):

*Once a Scheduled Charge with a list of scheduled items has been created it only remains active as long as the tenancy is still active. The amounts on the scheduled items DO NOT adjust automatically even if a “Vacating Date” or “Move Out” date is adjusted.*

#### Important Note (2):

*When creating a Scheduled Charge for rent, if you are not 100% sure of the implications of the various ways of setting up the schedule ALWAYS follow the instructions for a “Periodic Tenancy” but DO NOT tick “Periodic Tenancy” in the Tenancy Details. By working this way you will ensure that the scheduled items are created automatically on a month-by-month basis and you will not have to worry if the “Vacating Date” changes or if a “Move Out Date” is entered because the correct charge should always be created. Also each item will be calculated automatically depending on the number of days in a part month. The only downside of working this way is that you will not be able to use the “Fees Forecast” facility.*

## Rent Charges (Fixed Term Tenancy)

Rent charges record the value of the rent due for each period of a fixed term tenancy. They are entered from the Tenancy Details form.

1. In the tenancy details ensure the “Periodic?” field is NOT ticked to indicate that the tenancy is fixed term.
2. Select “Scheduled Charges” from the bottom section of tabs
3. Click “Add Charge”
4. In the “Relates To” section:
  - a. Select the type “Sales Ledger Invoice”
  - b. Select department “Owner”
5. In the “Details” section:
  - a. Select an existing description or enter a new description. This would normally say something like “Monthly Rent Due”. Note that only users assigned as a “Manager” can add new descriptions.
  - b. Enter the amount of rent in the “Charge Amount” box, or optional select the rent from the “Selected Charge” list.
  - c. Ensure the “Frequency” is selected correctly
  - d. Enter the number of monthly rent “Instalments”. For a fixed term tenancy this would normally be the total number of months of the tenancy less one – the first month’s rent is normally paid up front. If the tenancy is for an indeterminate length (ie if the tenancy is periodic) enter 1 (one) instalment to indicate there are no specific number of charges to raise.
  - e. Ensure the status is “Active”
  - f. Select a “Start Date” for the first automatically raised invoice. Normally this is set to one month after the start of the tenancy, because the first month’s rent is normally paid upfront.
6. In the “Analysis” section, select the correct nominal account to which the charge should be posted (eg RENT) and optionally select the correct rate of VAT.
7. In the “Schedule” section:
  - a. For fixed term click “Generate” schedule and the monthly rental instalments will be calculated and displayed in a list.
  - b. Check (and optionally change) the dates and amounts in the schedule
  - c. Ensure the “Continue to Charge after the Schedule is complete” box is NOT ticked. This will ensure that the system will stop charging rent after the final scheduled item has been charged.
  - d. *If the first or last period of rent is different to the full rent, you must ensure that the amounts on the schedule are adjusted manually to reflect the correct dates and value for the period. This will not be recalculated.*
8. Each rent invoice is raised when you run the “Raise Charges (SLI)” routine every day or each month. Charges will only be processed as they become due. The “Schedule” will show which charges have already been raised and the transaction reference of each SLI transaction.
9. Click “Save” to save the new Scheduled Charge.

## Rent Charges (Periodic Tenancy)

Rent charges for a periodic tenancy are entered from the tenancy form.

1. In the tenancy details ensure the “Periodic?” field is ticked to indicate that the tenancy is periodic.
2. Select “Scheduled Charges” from the bottom section of tabs
3. Click “Add Charge”
4. In the “Relates To” section:
  - a. Select the type “Sales Ledger Invoice”
  - b. Select department “Owner”
5. In the “Details” section:
  1. Select an existing description or enter a new description. This would normally say something like “Monthly Rent Due”. Note that only users assigned as a “Manager” can add new descriptions.
  2. Enter the amount of rent in the “Charge Amount” box, or optional select the rent from the “Selected Charge” list.
  3. Ensure the “Frequency” is selected correctly
  4. Enter the number of “Instalments” as 1.
  5. Ensure the status is “Active”
  6. Select a “Start Date” for the first automatically raised invoice. Normally this is set to one month after the start of the tenancy, because the first month’s rent is normally paid upfront.
  7. In the “Analysis” section, select the correct nominal account to which the charge should be posted and optional select the correct rate of VAT.
  8. In the “Schedule” section:
    - c. Click “Generate” schedule and the first monthly rental instalment will be calculated and displayed in a list.
    - d. Check (and optionally change) the dates and amounts in the schedule
    - e. Ensure the “Continue to Charge after the Schedule is complete” box is ticked. This will ensure that the next period of rent is generated automatically.
  9. Each rent invoice is raised when you run the “Raise Charges (SLI)” routine every day or each month. Charges will only be processed as they become due. The “Schedule” will show which charges have already been raised and the transaction reference of each SLI transaction.
10. Click “Save” to save the new Scheduled Charge.

## Tenancy Term Adjustments

*It is important to note that all rent charges are processed in accordance with the schedule set up on the “Scheduled Charge”. If the term of the tenancy changes, for example if the tenancy extends or if the tenancy becomes periodic, it is important to reflect those changes in the Tenancy Details AND in the Scheduled Charge.*

### Tenancy Extends

If an existing fixed term tenancy extends for a further fixed term the following changes must be made:

1. In the Tenancy Details enter an “Extension Date” of the end of the current tenancy.
2. Enter a new “Vacating Date” to indicate the end of the next fixed term
3. In the Scheduled Charge for rent:
  - a. If “Continue to Charge after the Schedule is complete” is TICKED the scheduled items will continue to be created based on either the “Rental Amount” or “New Rental Amount” on the Tenancy Details form.
  - b. If “Continue to Charge after the Schedule is complete” is NOT TICKED you must ensure that a new set of scheduled items is generated for each period of the new fixed term.

### Tenancy becomes Periodic

If the tenancy changes from a fixed term to periodic, the following changes must be made BEFORE raising the final charge of the fixed term:

1. In the Tenancy Details tick the “Periodic?” field.
2. In the Scheduled Charge for rent tick the field “Continue to Charge after the Schedule is complete”.
3. When the final charge of the fixed term is generated a new line item will be automatically generated on the Charge Schedule.

### Tenancy Moves Out Early

If a fixed term tenancy terminates early, the following changes must be made BEFORE raising the next charges:

1. In the Tenancy Details ensure “Periodic?” is NOT ticked
2. Do NOT amend the “Vacating Date”. This is the legal Tenancy End date and should not be changed.
3. Enter a “Move Out Date” to reflect the date when the tenant is moving out.
4. In the Scheduled Charge, the scheduled items will stop being raised automatically, but if “Continue to Charge after the Schedule” is NOT TICKED and there are unprocessed scheduled items, the amounts shown will be created in accordance with the schedule. The amounts will NOT be adjusted automatically.

### Tenancy Vacating Date changes

If the tenancy “Vacating Date” has been entered incorrectly and needs to be changed you must ensure that the Scheduled Charge for rent is setup correctly.

1. In the Scheduled Charge:
  - a. If “Continue to Charge after the Schedule” is NOT TICKED and there are unprocessed scheduled items, the amounts shown will be created in accordance with the schedule up until the new “Vacating Date”. If there are not enough items on the schedule, additional lines will need to be created manually.
  - b. If “Continue to Charge after the Schedule” is TICKED the next amount shown in the schedule will be charged as shown, but the final rent will be calculated as either a full rent or apportioned rent depending on the actual

“Vacating Out Date”. This final scheduled item will be created when the next charges are raised. If the next item is incorrect, the dates and amount MUST be adjusted manually.

## Service Charges

“Service Charge” charges are entered from the Property Details form.

- a. Select “Scheduled Charges” from the bottom section of tabs
- b. Click “Add Charge”
- c. In the “Relates To” section:
  - a. Select the type “Sales Ledger Invoice”
  - b. Select department “Estate”
- d. In the “Details” section:
  - a. Select an existing description or enter a new description. This would normally say something like “Quarterly Service Charge”. Note that only users assigned as a “Manager” can add new descriptions.
  - b. Enter the amount of rent in the “Charge Amount” box, or optional select the rent from the “Selected Charge” list.
  - c. Ensure the “Frequency” is selected correctly
  - d. Enter the number of service charge “Instalments” to be raised. Generally, this should be set to 1 (one) to indicate that there are no specific numbers of charges.
  - e. Ensure the status is “Active”
  - f. Enter a “Start Date”
- e. In the “Analysis” section, select the correct nominal account to which the charge should be posted, and optionally select the correct rate of VAT.
- f. In the “Schedule” section:
  - a. Ensure the “Continue to Charge after the Schedule is complete” box is ticked. If this is not ticked the system will not create any charges. If ticked, the system will automatically add a new line to the “Schedule” every time the “Raise Charges (SLI)” routine is run and a new transaction is created.
- g. Each service charge invoice is raised when you run the “Raise Charges (SLI)” routine every day or each month/quarter. Charges will only be processed as they become due. The “Schedule” will show which charges have already been raised and the transaction reference of each SLI transaction.
- h. Click “Save” to save the new Scheduled Charge.

## Management Fees

“Management Fees” charges are entered from the Tenancy Details form.

1. Select “Scheduled Charges” from the bottom section of tabs
2. Click “Add Charge”
3. In the “Relates To” section:
  - a. Select the type “Purchase Ledger Invoice”
  - b. Select department “Owner”
  - c. Choose a Supplier. Generally, for fees this should be your own company. If nothing appears in the “Supplier” field you must ensure that your company has been added as a “Supplier” contact, and the “Default Supplier” field on the Supplier Details is ticked.
4. In the “Details” section:
  - a. Select an existing description or enter a new description. This would normally say something like “Management Fees @10%”. Note that only users assigned as a “Manager” can add new descriptions.
  - b. Enter either a fixed fee (net) in the “Charge Amount” box, or enter a percentage value if the fee should be calculated as a percentage of the rent received. Note that percentage fees are only invoiced and paid as part of the “Period End Routine” whereas fixed fees can be paid at any time as part of the “Payments (PLP)” accounting routine.
  - c. Ensure the “Frequency” is selected correctly
  - d. Enter the number of service charge “Instalments” to be raised. Generally, this should be set to 1 (one) to indicate that there are no specific numbers of charges.
  - e. Ensure the status is “Active”
  - f. Enter a “Start Date”
5. In the “Analysis” section, select the correct nominal account to which the charge should be posted, and optionally select the correct rate of VAT.
6. In the “Schedule” section:
  - a. Ensure the “Continue to Charge after the Schedule is complete” box is ticked. If this is not ticked the system will not create any charges. If ticked, the system will automatically add a new line to the “Schedule” every time the “Raise Invoices (PLI)” routine is run and a new transaction is created.
7. Each fixed fee invoice is raised when you run the “Raise Invoices (PLI)” routine every day or each month/quarter. Charges will only be processed as they become due. The “Schedule” will show which charges have already been raised and the transaction reference of each SLI transaction.
8. Percentage fees are only raised and paid as part of the “Period End Routine”. Fees are automatically calculated from the value of allocated rents received. Details of the fees due (“Fees Pending”) can be seen on the “Owner Group – Accounts Summary” page for an individual. Total fees can be seen on the “Fees Pending” grid at any time.
9. Click “Save” to save the new Scheduled Charge.

## Example Screenshots

The image displays two screenshots of the 'Charges' application window, showing different stages of configuration.

**Top Screenshot: 'Charges' Window**

- Relates To:** Type is set to 'Sales Ledger Invoice (e.g. rent, service charge)'. Other fields like Department, Sub-department, Freeholder Group, Estate, Owner Group, Property, Tenancy, and Supplier are empty.
- Details:**
  - Select Description: [Empty]
  - Description: [Empty]
  - Charge Amount: [Empty]
  - Frequency: [Empty]
  - Status: Active
  - Instalments: [Empty]
  - Total Amount: [Empty]
  - Start Date: 22/09/2006
  - Average Monthly Amount: [Empty]
- Analysis:**

Account	Charge	VAT	Description
Rental Income	<input checked="" type="checkbox"/>	£0.00 17.5	

**Bottom Screenshot: 'Charges' Window**

- Relates To:** (Same as top screenshot)
- Details:**
  - Select Description: Rent Due
  - Description: Rent Due
  - Charge Amount: £500.00
  - Frequency: Monthly
  - Status: Active
  - Instalments: 11
  - Total Amount: £5,500.00
  - Start Date: 22/10/2006
  - Average Monthly Amount: £500.00
- Analysis:**

Account	Charge	VAT	Description
Rental Income	<input checked="" type="checkbox"/>	£500.00 17.5	Rent Due
- Schedule:**
  - Buttons: Generate Schedule, Clear Schedule, Add New Line, Delete Line, Show Generated
  - Checkbox: Continue to charge after the Schedule is completed
  - Table:

From Date	To Date	Amount (exl. VAT)	Generated	Reference
22/10/2006	21/11/2006	£500.00	<input type="checkbox"/>	
22/11/2006	21/12/2006	£500.00	<input type="checkbox"/>	
22/12/2006	21/01/2007	£500.00	<input type="checkbox"/>	
22/01/2007	21/02/2007	£500.00	<input type="checkbox"/>	
22/02/2007	21/03/2007	£500.00	<input type="checkbox"/>	
22/03/2007	21/04/2007	£500.00	<input type="checkbox"/>	
22/04/2007	21/05/2007	£500.00	<input type="checkbox"/>	
22/05/2007	21/06/2007	£500.00	<input type="checkbox"/>	
22/06/2007	21/07/2007	£500.00	<input type="checkbox"/>	
22/07/2007	21/08/2007	£500.00	<input type="checkbox"/>	
22/08/2007	21/09/2007	£500.00	<input type="checkbox"/>	
		£5,500.00		