

sage X3



PURCHASING CONTRACTS MODULE

This is ideal for organisations that process recurring invoices from a supplier on a daily, monthly or annual basis for fixed and / or variable recurring charges, be it contractual or not.



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THE CHALLENGES:

Running a true procurement cycle whereby every invoice needs to be managed through a Requisition and Approval process can be onerous on the business, and allowing the business to 'bypass' the procurement process in certain circumstances can open the business to the potential of bypassing the process when the user "feels like it". Additionally, contracts particulars are often stored in a spreadsheet where someone needs to manually update the details and check on renewals and escalations. Working this way can be:

- Time-consuming
 - Error-prone
 - High risk
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THE SOLUTION: T3T's Purchasing Contract Module

T3T's Purchasing Contract Management module resides within **Sage X3's** Purchasing module. This allows you to create a new contract directly in the module, capturing all variable and fixed values, in a predefined space in the application.

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THE BENEFITS & FEATURES:

- Multiple contract types, such as leases, service contracts, licensing fees, etc., allows you to define which charges are applicable and perform detailed analysis of contract spend by contract type
- All contracts are stored and updated in one central place
- Specify currency, take on dates, terms, and termination dates with ease
- Allows the system to calculate contract duration
- Supports approval / authorisation process to ensure supervisor sign-off
- Verifications of variable costs per contract type are done in a single function
- Escalations can be defined per contract or charge line with different anniversary dates of each line's escalation
- The system calculates the billing schedule automatically, including predefined escalations
- Renewal of contracts is easy to generate, evaluate, and track
- Month-end payments are easier, faster, and more accurate
- Purchase orders, Receipts and Invoices are automatically generated
- Full detailed tracking of all transactions in **Sage X3** against the contact



IFRS16 - INTERNATIONAL FINANCIAL REPORTING STANDARD:

Standard 16 Management of rental lease contracts

When a property is leased over a 12-month period for a meaningful value, you can treat the property as a right of use asset. This lease can be loaded in the asset module and depreciation can be written off at the specified frequency.

To do so, the following needs to be considered:

- Capital value
- Duration
- Interest rate
- Monthly payment value
- Plus, changes in either the interest rate or monthly payment

In **Sage X3**, the existing lease contracts module provides for contract total and interest rate, but interest rate and schedules are not in-built functionalities. There is also no provision made for escalations on standard leases, and as a result, everything is input manually, reducing control, efficiency, and transparency, and exposing businesses to tremendous risk.

THE T3T PURCHASING CONTRACTS MODULE SUPPORTS YOUR IFRS16 REQUIREMENTS

- Automatically calculates and displays the payment schedule
- Allows for different interest rates throughout the contract
- Allows for different escalation rates throughout the contract
- At month end, the system generates a purchase order transaction automatically according to the payment schedule
- Users input the purchase invoice against an automatically generated list of the current month's generated purchase orders/receipts that have yet to be processed
- Utilises Sage X3's inbuilt bulk payment preparation to automate bulk payments
- User-friendly interface for ease of use
- At the approval stage of the contract, a journal is generated to record the lease liability
- The system-generated purchase transactions handle the lease and interest portions
- The asset that is captured manually will take care of the depreciation entry