

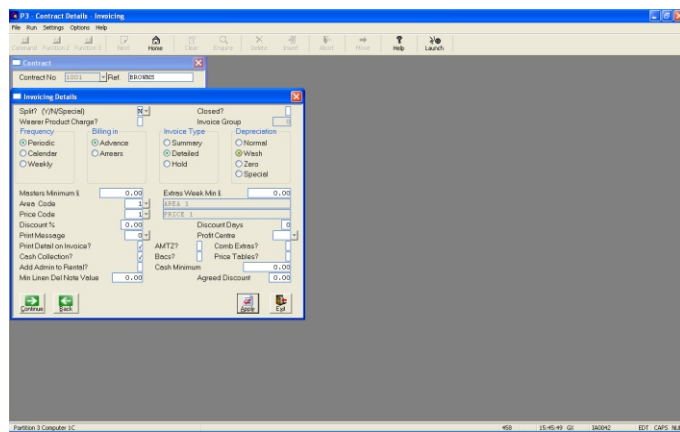
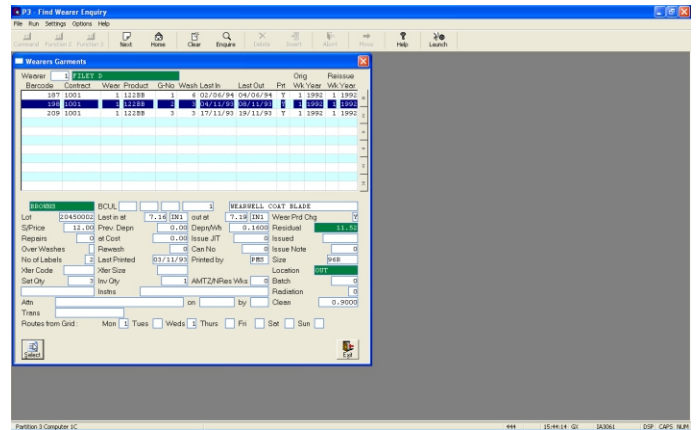
# Wash Life Residuals

Residual values are always a major concern of the garment rental industry. When wearers are marked as 'leavers' the computer works out the age of the garment and calculates a residual value charge based on this calculated age.

However, with the growing trend towards 'Split' contracts that have a separated rental and a laundry charge, the earnings per garment can be dramatically reduced where the wearers do not send in their stock on a regular basis.

The solution is to base residual values on the number of washes the garment would normally have during its life.

The screen (right) shows depreciation of £0.16 per wash, and with three washes being recorded to date, the garment has a net value of £11.52, with an original value of £12.00.



Contracts can easily be set up to use this feature by selecting "Wash" in the depreciation box. Existing contracts can be changed to use this option if required, and a routine run to reset the depreciation values to the new formula.

Where garments are subject to a fast turnaround, the contract can be set to utilise a low weekly rental charge, with a separate wash charge that includes a depreciation element. The garment can then be replaced after the agreed number of washes, - irrespective of its age, - and the customer will not have to pay further residual charges. The result is that worn garments can be replaced without incurring costs to either party, and the stock quality is not compromised.

## ZERO DEPRECIATION

The Zero Depreciation option is specifically designed to provide customers with rental contracts where the residual value is ZERO at the end of the agreed contract term. This is achieved by calculating the depreciation per week in such a way that every garment has a zero value at the end of the contract. As wearers are added and garments replaced, this does not affect the rental price per wearer-product. This price is not changeable by the user and is based upon the depreciation per garment, plus the addition of a specific 'Admin Charge' per garment, if appropriate.

The screen (right) shows the effect of issuing extra garments to the contract at some stage after the contract was first set up. The depreciation changes from 0.1389 per week/per garment to 0.1442 for garments issued some 4 weeks later.

