

## Software for Better Management!

### Amortization Software

Amortization software will probably prove of greatest value in budgeting and other types of financial planning because it enables you to create an infinite number of hypothetical situations. Here are a few examples.

- ✓ These programs can show the impact of interest-bearing investment strategies by enabling you to determine the future value of an investment based on an assumed principal amount, interest rate and term. This is a valuable application for determining how much should be allocated to reach your goal, whether that goal is the purchase of an asset or the amount you will need for your own retirement.
- ✓ Some software allows calculations for a variety of unknowns. For instance, if you know the loan principal, the term and interest rate, you can calculate the monthly payment amounts with the interest and principal broken out. You can also input different payment amounts or payment dates and calculate for simple interest, the Rule of 78, Canadian amortization, or use a 360-, 364- or 365-day year.
- ✓ You can determine the cost of a loan, the interest cost for a tax write-off, and work out the cash flow required to service the loan.
- ✓ You can also use this software to check on the calculations of lenders, vendors, etc., who are trying to sell you something on credit. Not only can you check the interest rate and the term, but you can also quickly determine the actual interest rate built into the “interest free loans” that are proliferating in the marketplace these days. Companies that promote 84 months of interest-free financing are not carrying your loan for nothing! Further, if taxes, preparation and licenses are all part of the cost of financing, this software enables you to calculate and compare the actual cost of purchasing the item over time.
- ✓ Whether you are a borrower or investor, these amortization calculations will show the value of time and its relation to returns. For example, employees who make the financial decisions should be aware that lower monthly costs over a longer term can be more expensive than higher monthly costs over a shorter term.
- ✓ As an owner-manager, you will be better prepared to negotiate repayment or investment schedules using fixed amounts with skipped payments or additional principal amounts.
- ✓ If your business needs to buy new capital assets, this software will enable you to determine cash flow requirements, calculate write-offs for tax purposes, and manage the timing of new debt.

As with other types of software, amortization packages can range significantly in cost and features. At the entry level, freely downloadable Excel templates can handle simple, common scenarios. At the high end of about \$150 per license plus an annual renewal fee, the software is capable of handling complex scenarios and generating customizable schedules – similar to what your bank may provide when you get a mortgage.

### Asset Management Software

Owner-managers buy and sell capital assets on a regular basis, but are often hard pressed to remember where they are, when they were purchased or what they cost. Full-featured asset management software will enable you to keep track of all your capital assets. Here are some of the benefits such software can have for the management of your capital assets.

- ✓ Costs are recorded at the purchase date. When an asset is discarded, the date of disposal and the disposal value are recorded to ensure the asset does not accidentally stay in the accounting records.
- ✓ The appropriate amortization (depreciation) rate can be applied to conform to your company’s accounting policy for the amortization of capital assets.
- ✓ Amortization expense can be calculated on a regular basis to create monthly journal entries that provide a more accurate determination of profit or loss.
- ✓ Monthly amortizing and recording allows you to view the book value of an asset at a moment’s notice and know whether sale at disposal will result in a gain or loss.

The manufacturer may offer insight into the useful life of an asset. After the rate and method of depreciation are set, the depreciation charges, which determine the future book value of each asset, can be established.

The use of the new softwares will result in better budgeting and improve long term planning.

### Follow Us on Social Media

**Logan Katz is on Social Media. Follow the links below to keep up to date on everything we do.**

**Be sure to share with your contacts.**

[Facebook](#)

[Twitter](#)

[LinkedIn](#)

---

### New Faces at Logan Katz

**We are pleased to welcome the following individuals to our dynamic team!**

**Administrative Team: Mandy Rouleau, Josephine Loglisci and Kerry Bernard.**

**Accounting Services: Matthew Johnson, CPA, CA, Natasha Furey and Heather Frame.**

**Firm Principal: Graham Wheatley, CGA**