

**FINANCIAL SERVICES
DEPARTMENTAL GUIDE TO LEASING / RENTING EQUIPMENT**

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➤ **Should I Lease or Rent equipment?**

There are two main questions to ask yourself:

- (1) Will the University of Manitoba own the equipment at the end of the lease term?
- (2) Is the equipment valued at over \$5,000.00 per unit?

If the answer to both of the questions noted above is yes, then you would lease the equipment. If the answer is no to either question, then the equipment will be set up as a rental or operational lease. See below for details.

➤ **Are there different kinds of equipment leases?**

There are two kinds of leases.

1. **Capital Equipment Leases** – These leases are set up for equipment that will be owned by the University of Manitoba at the end of the contract term and is considered capital equipment per University policy. This equipment will be assigned property #s at the beginning of the lease term and will be treated as University-owned equipment. Capital expenditure account code **726301** should be used for these transactions.

2. **Operational Leases/Rentals**

- Operational leases will be set up for any equipment that the University of Manitoba will not own at the end of the lease contract. This equipment will not be assigned property #s.
- Where only one piece of equipment is to be purchased and where the equipment is valued at under \$5,000.00. These low-dollar leases are usually very cost prohibitive, however, if the Department/Unit still feels the need to proceed in this manner, then an Operational lease would apply. These items would not be capitalized.
- Rental agreements will be used when equipment is not being purchased, but used only for the short term, i.e. a forklift to be used for a one year period and paid monthly.

If one or more of the above conditions apply then the orders will be processed as an operational lease/rental and Equipment Rental expenditure account **740203** should be used. If computers and related hardware is rented, then account **740204** should be used.

➤ **Can an individual or Department enter into a lease/rental agreement?**

Absolutely Not. All requests to lease/rent equipment of any kind are to be processed through Purchasing Services. This will ensure that the best term rates and conditions will be attained and that the proper policies are followed. ***The company or Leasing agent must always be pre-approved by the University of Manitoba. This is done through Purchasing Services.***

➤ **How do I dispose of equipment purchased through a lease?**

Any equipment purchased through a lease agreement, either capital or operational, may be disposed of following the University of Manitoba's disposal policy, **providing that the lease contract has ended and there are no payments outstanding.** The procedures for disposal are the same as for any other equipment owned by the University of Manitoba. For equipment such as computers in a lab, where all units will be replaced at the same time, it is recommended that a garage sale be held to facilitate ease of disposal of the used models. As with all computer

system disposals, files and software licensed to the U of M must be removed from the units prior to disposal. Only files necessary to operate the computer may be left on.

If you have any questions or concerns regarding any of the information noted in these procedures, please contact:

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