

This is how the Equinox Welding Supply Management System computes demurrage.

With one possible exception, demurrage is calculated by first computing the number of cylinder days that the customer has accumulated, then giving credit for free days earned for cylinders shipped to him during the month. The one exception is 30-day demurrage, which has the option (in the Location Master File) of being based on CYLINDERS rather than on CYLINDER DAYS, and is computed by subtracting cylinders RETURNED from the BEGINNING BALANCE and multiplying the difference by a rate per cylinder.

To compute cylinder days one simply multiplies the number of cylinders in the customer's possession times the number of days he had that balance of cylinders. For example:

Assume a starting balance of 5 cylinders.

On the 5th you shipped 3 and returned 1 cylinders (new bal=7).

Thus, they had 5 cys for 5 days 1st – 5th. Cyl bal = 5X5 = 25 Cyl days

On the 13th you shipped 1 and returned 2 cylinders (new bal=6).

They had 7 cys for 8 days 6th – 13th. Cyl bal = 7X8 = 56 Cyl days.

On the 20th you shipped 3 cylinders and 0 returned (new bal=9).

They had 6 cys for 7 days. 14th – 20th. Cyl bal. = 6X7 = 42 Cyl days

At month end:

They had 9 cys for 10 days. 21st – 30th Cyl bal = 9X10 = 90 Cyl days.

Total = 213 Cylinder days.

The Method you chose for this customer determines free days.

Example: Assuming that you are giving 10 free days (method "1").

Multiply Total cylinders shipped (7) by free days (10) = 70 free Cyl days.

Total cyl days	=	213
Total Free days	=	70
Total days to be charged	=	143