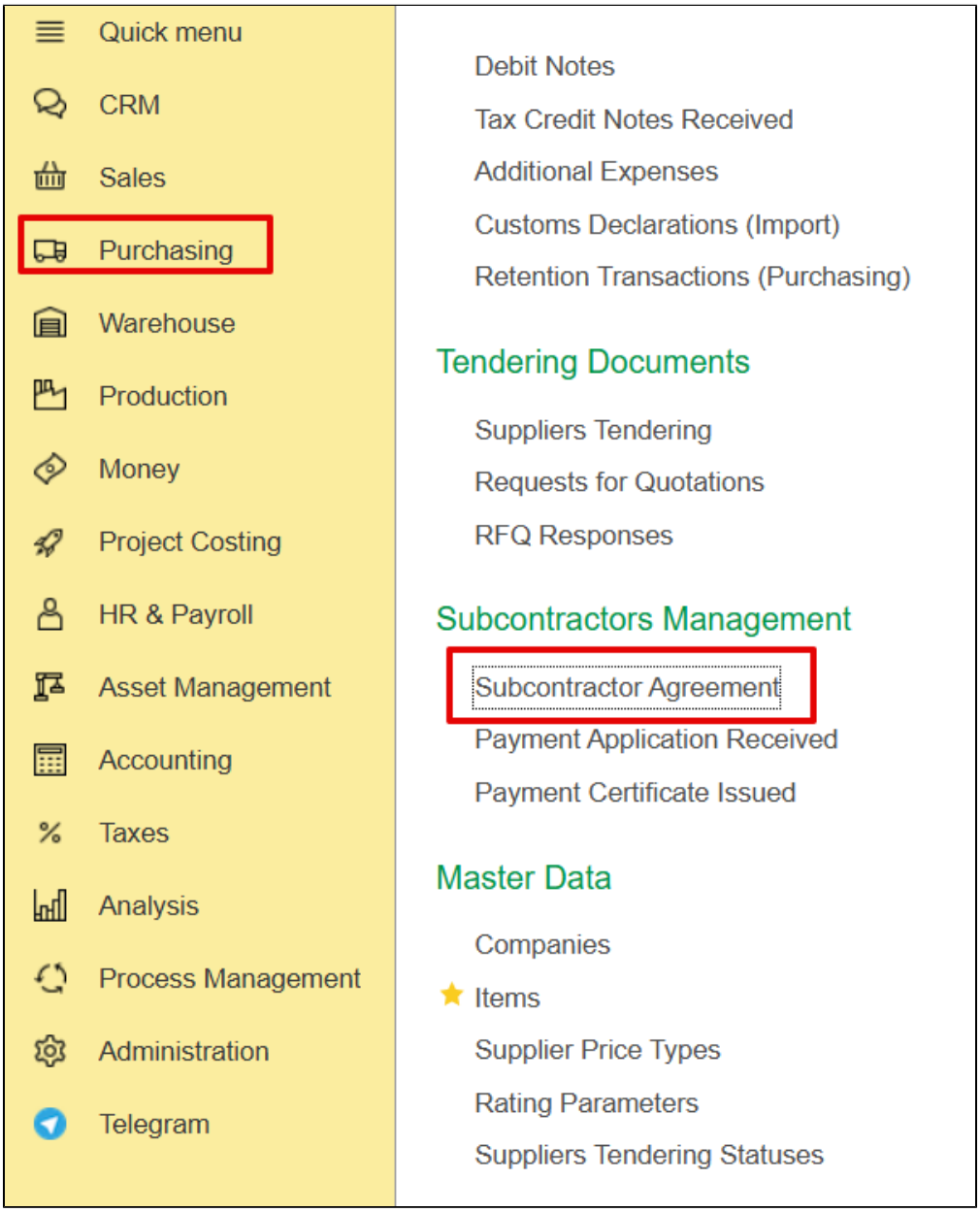
5.3.1.Subcontractor Agreement

The **Subcontractor Agreement** represents the formal document used to record and manage the portion of the project BOQ that is assigned to a subcontractor for execution.
It defines the scope of work, quantities, unit rates, and total value agreed upon with the subcontractor.
This document serves as a base reference for all future subcontractor-related processes, such as *Payment Applications, Payment Certificates,* and *Variation Orders,* to ensure consistent tracking of quantities, rates, and scope against the project budget.

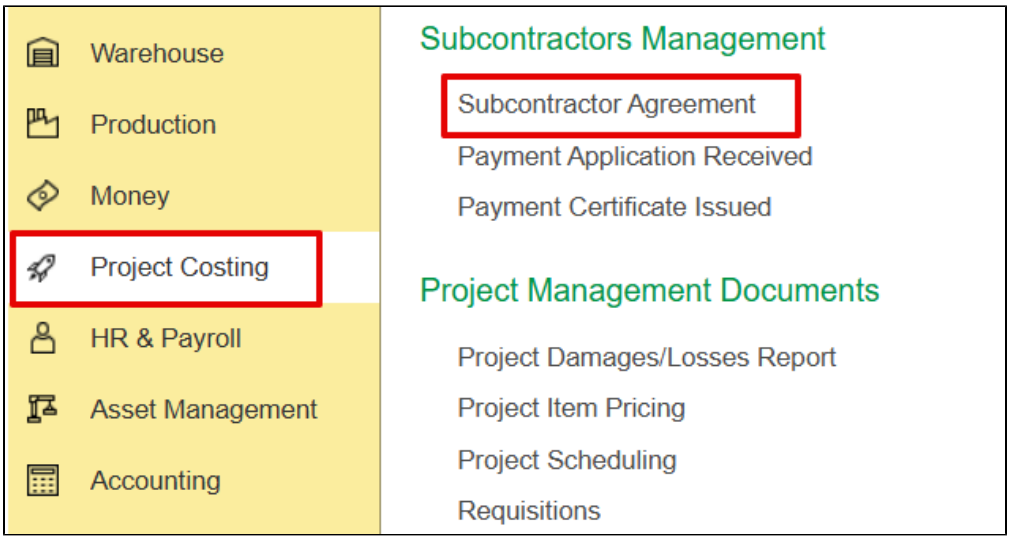
How to Create

The Subcontractor Agreement can be created through several paths, depending on the business flow:

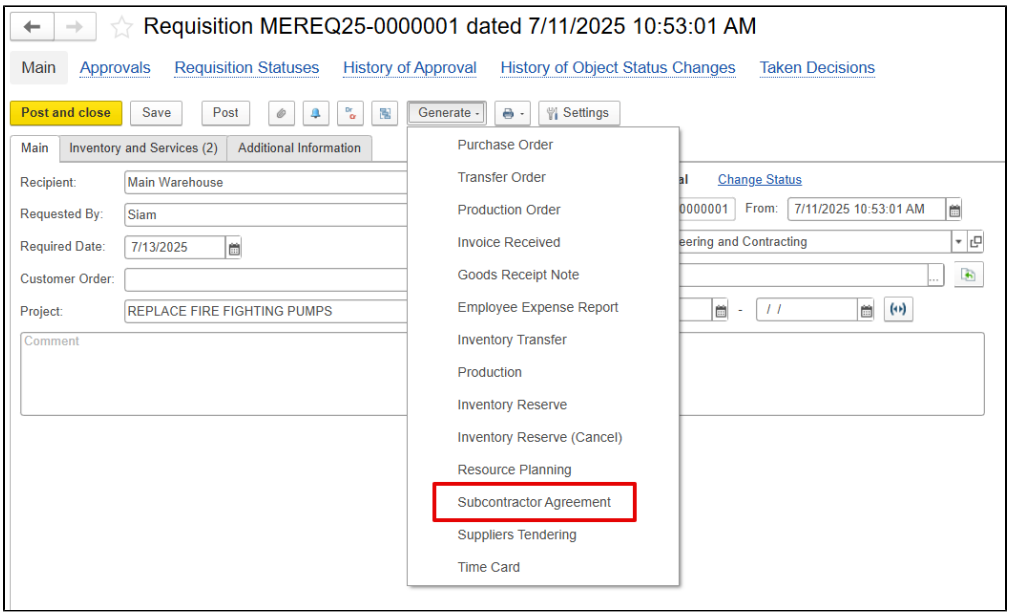
- From **Purchasing Subcontractor Management Subcontractor Agreement**



- From **Project Costing Subcontractors ManagementManagement Agreement**



- **Based on a Requisition**, converting internal material or service requirements into a subcontracting scope.

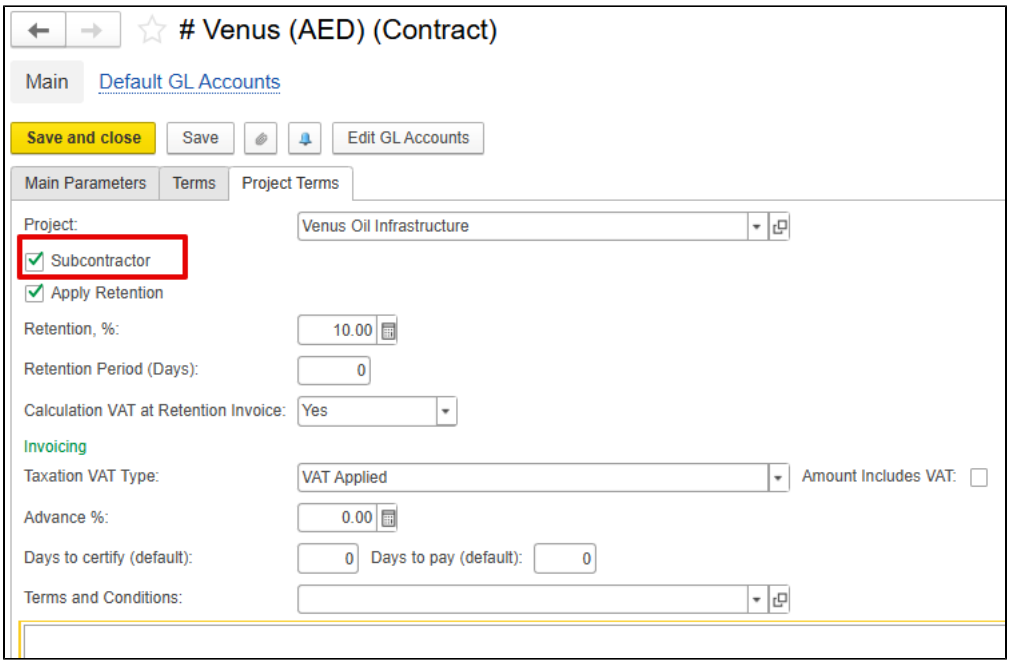


- **As a result of Supplier Tendering**, a selected supplier from the tender comparison is finalized as a subcontractor.

Main Tab

Company - The subcontractor responsible for executing the assigned work.

Contract - The contract associated with the subcontracted work. It must be marked as a *Subcontractor* under the project terms. VAT and Retention settings defined in the contract will be automatically used in the Subcontractor Agreement document.



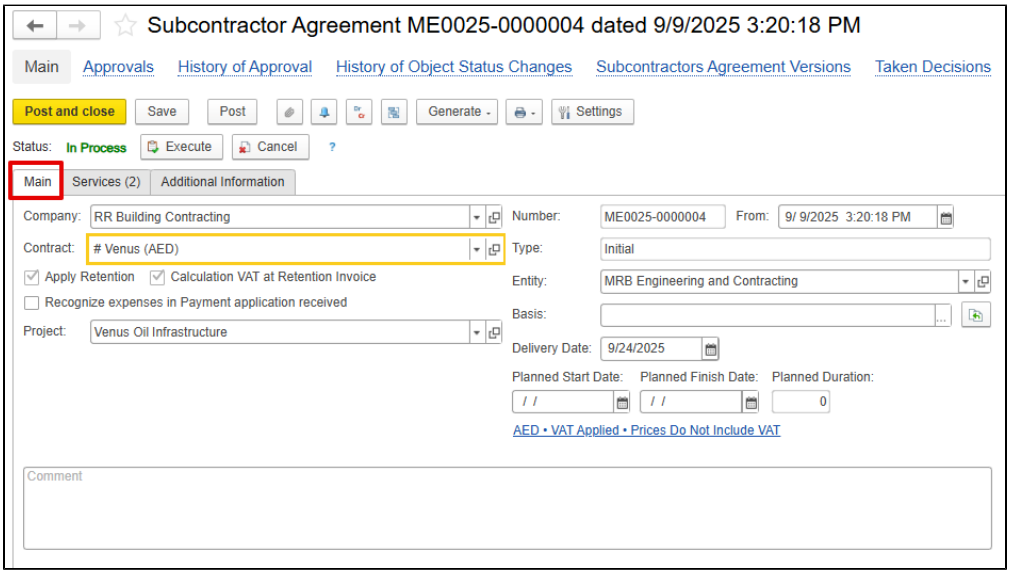
- **Type** - Defines document version

    a. *Initial:* Original agreement.
    b. *Revision:* Updated version of the agreement before execution.
    c. *Variation:* Additional scope or changes to the approved agreement.

- **Project** - Links subcontracted work to a specific project.
- **Apply Retention** - Enables retention for the document, based on the retention settings defined in the related contract.
- **Calculation of VAT at Retention Invoice** - Applies VAT on the retention amount, following the VAT configuration specified in the contract.
- **Recognize expenses in the Payment Application Received-** When enabled, the system records a transaction for expenses at the time of posting of Payment Application Received, **Dr Expense, and Cr Unbilled Purchase**. Later, upon receiving the invoice, the **Unbilled Purchase** is cleared to **Payables**.

  But, if this option is not enabled, expenses will be recognized by default at the time of **Invoice Received**.

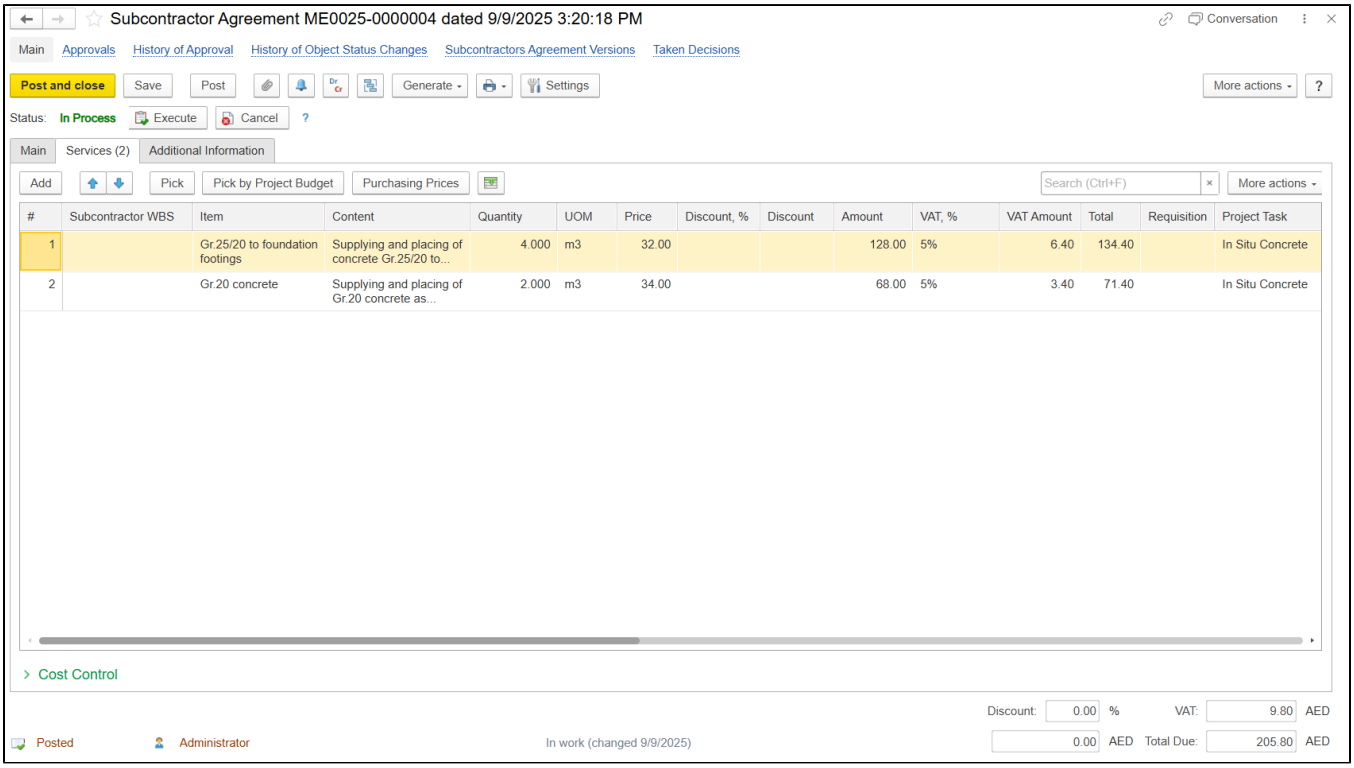
- **Basis -** document from the Subcontractor Agreement has been initiated.
- **Delivery / Planned Start / Finish Dates**- Define execution timeline.
- **Comments-** to add Internal remarks or notes.



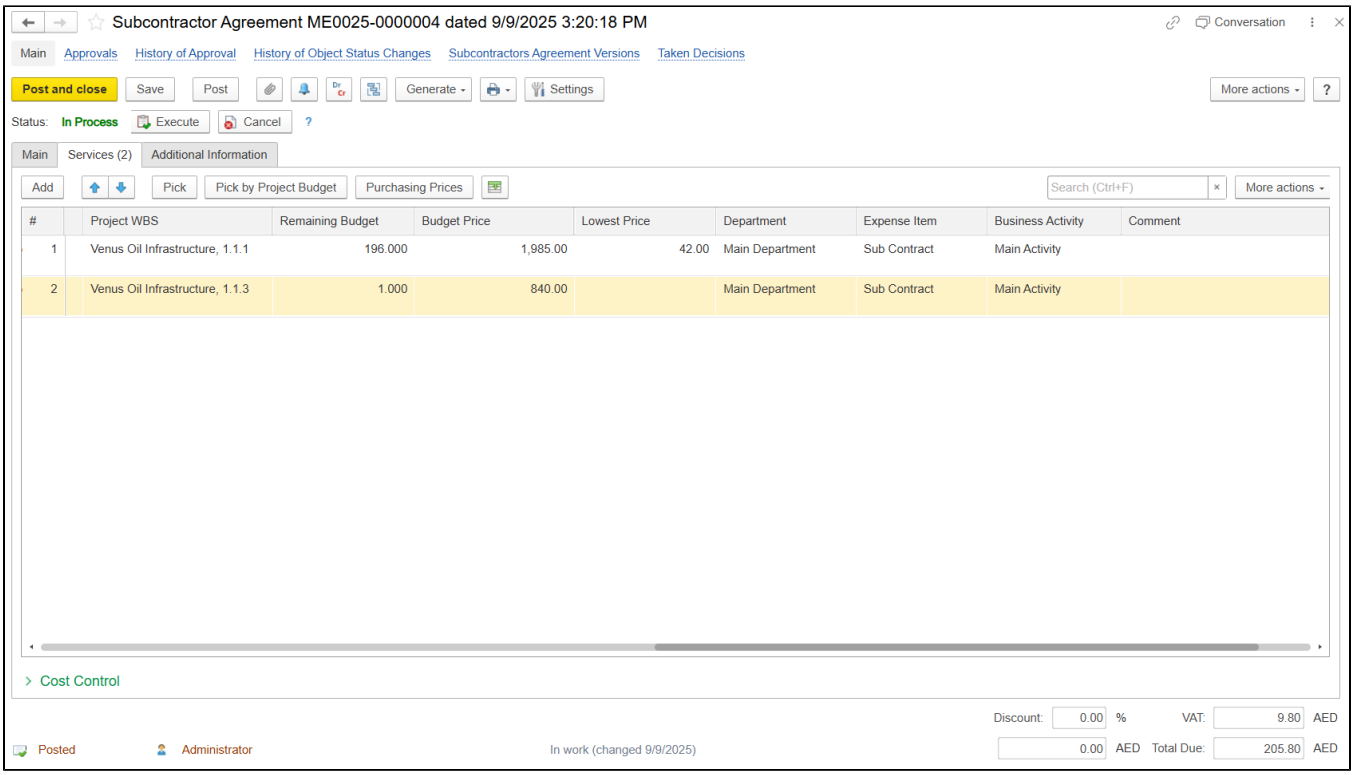
Inventory and Services Tab

This tab defines detailed work items agreed with the subcontractor.

- **Subcontractor WBS**-Optional code to identify work as defined by the subcontractor. It can be typed manually by the user.
- **Item**- BOQ line service item.
- **Content -** Detailed description of work.
- **Quantity / UOM / Price** - Define the amount of work, its measurement unit, and the agreed rate used to calculate the contract value.
- **Discount / VAT / Total** - Represents the pricing breakdown, including any discounts, applicable VAT, and the final payable amount.
- **Project Task** - Defines a specific activity or work item to be performed within the project scope.

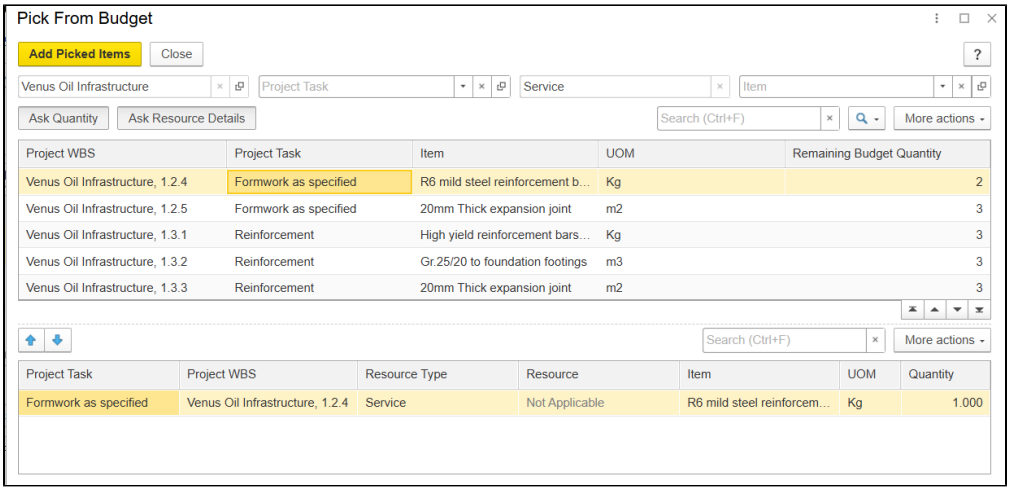


- **Project WBS** - Represents the hierarchical Work Breakdown Structure element that groups and identifies where the task belongs within the overall project.
- **Remaining Budget** - Unused budget quantity for the selected item by project WBS before this agreement.
- **Budget Price** - Planned cost price specified in the project budget for the selected item.
- **Lowest Price** - It is the lowest price from the Invoice received documents for the whole period by item in the database.
- **Department** - Internal department responsible for the subcontract.
- **Expense Item** - Cost category under which the subcontract expense is recorded (e.g., Sub Contract).
- **Business Activity** - Operational or cost center activity linked to the work (e.g., Main Activity).
- **Comment** - Field for additional notes or clarifications about the line item.



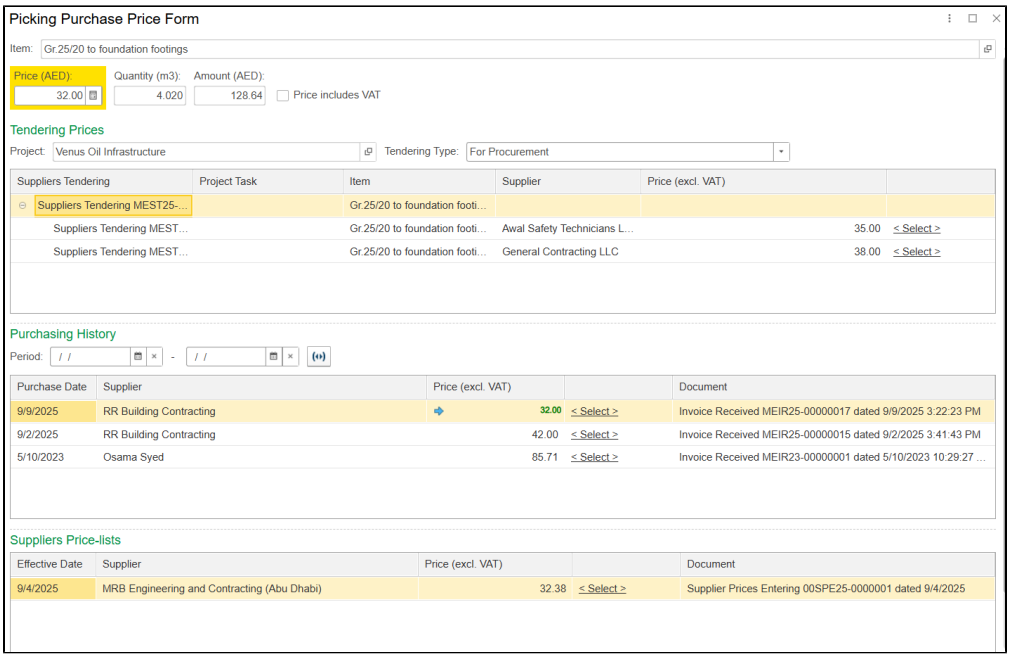
Functions

- **Pick by Project Budget**-Assigns a budgeted item to a specific project task or service, ensuring that only approved quantities and resources are used.



- **Purchasing Prices**-Pull prices from historical purchase data for reference.

    a. **Item Details** - Displays item name, unit price, quantity, total cost, and VAT option
    b. **Tendering Prices** - Lists current supplier offers from tender documents with supplier name, item description, price (excl. VAT), and selection dropdown
    c. **Purchasing History** - Shows previous purchases with supplier, date, invoice reference, and selection dropdown for comparison
    d. **Suppliers Price-lists** - Presents supplier catalog prices with effective dates, reference documents, and selection options



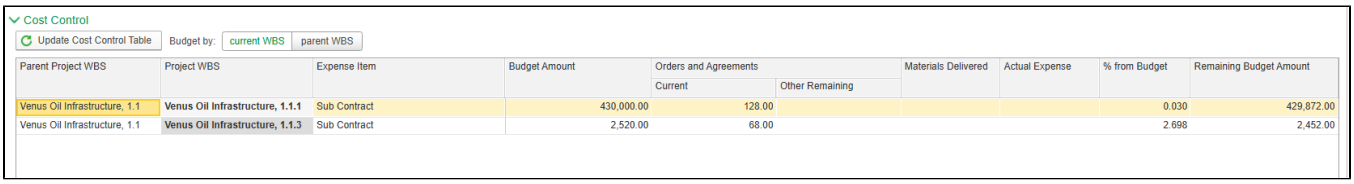
Cost Control Tab

The **Cost Control** tab provides a real-time link between the **Subcontractor Agreement (SA)** and the project's cost tracking. It allows users to review and analyze budget utilization based on the data from the linked SA document lines.

This section displays amounts **as of the current document date, summarized by Project, Project WBS, and Expense Item.** It represents costs that have already been recognized or are in the process of being committed.

Update Cost Control Table - Refreshes the data to reflect the most current budget and order values.

- **Project / Project WBS / Expense Item** - Identifies the project, its work breakdown structure element, and the corresponding cost category.
- **Budget Amount** - The approved budgeted amount for the specific WBS and expense item.
- **Orders and Agreements** - Total value of commitments, including active and planned agreements.
    1. **Current** - Value of current Subcontractor Agreement.
    2. **Other Remaining** - Value of pending Subcontractor Agreement and POs already issued and expected to be executed /delivered.
- **Materials Delivered** - The value of goods received for selected project analytics and Expense Item.
- **Actual Expense** - The cost already recognized or posted in the system.
- **% of Budget** - Portion of the budget that has already been utilized. Calculation is considering all previous columns.
- **Remaining Budget Amount** - The amount of the budget still available after accounting for expenses and commitments.

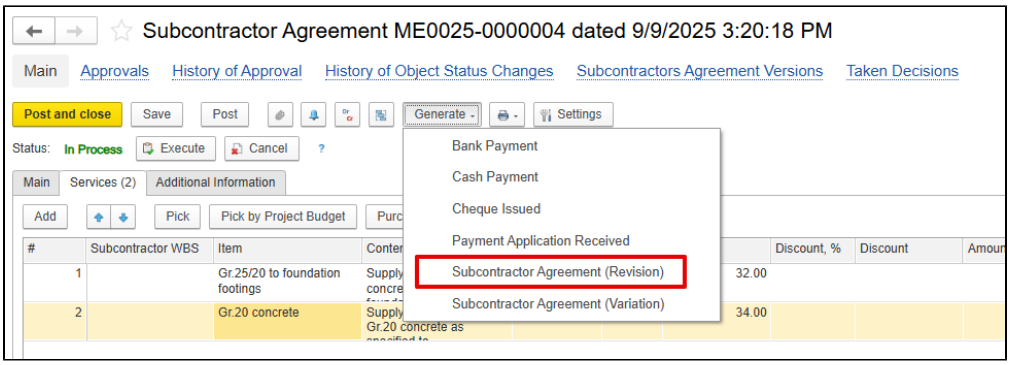


Revision

A **Subcontractor Revision** allows modifying a Subcontractor Agreement before any related documents, such as Payment Applications, are processed. At the time of revision, the initial data is copied, and all original parameters are retained.

Revisions enable updates to quantities, rates, or descriptions while maintaining a version history for tracking changes. The system ensures that no request exceeds the limits of the original linked requisition, and multiple versions provide a clear summary of all adjustments.

This can be created using the Generate option; make the necessary changes or amendments in the revision document, and then post.

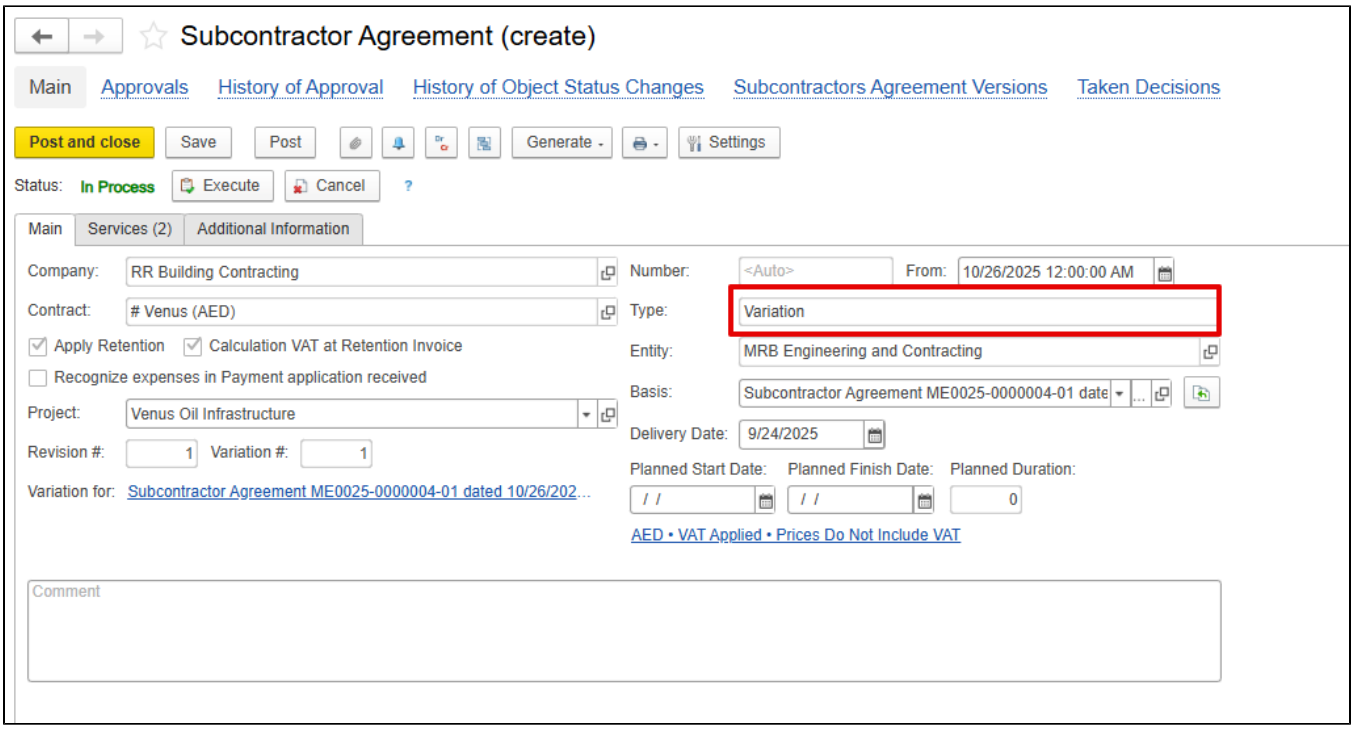


The type will be "Revision," and the basis will be the initial Subcontractor Agreement.

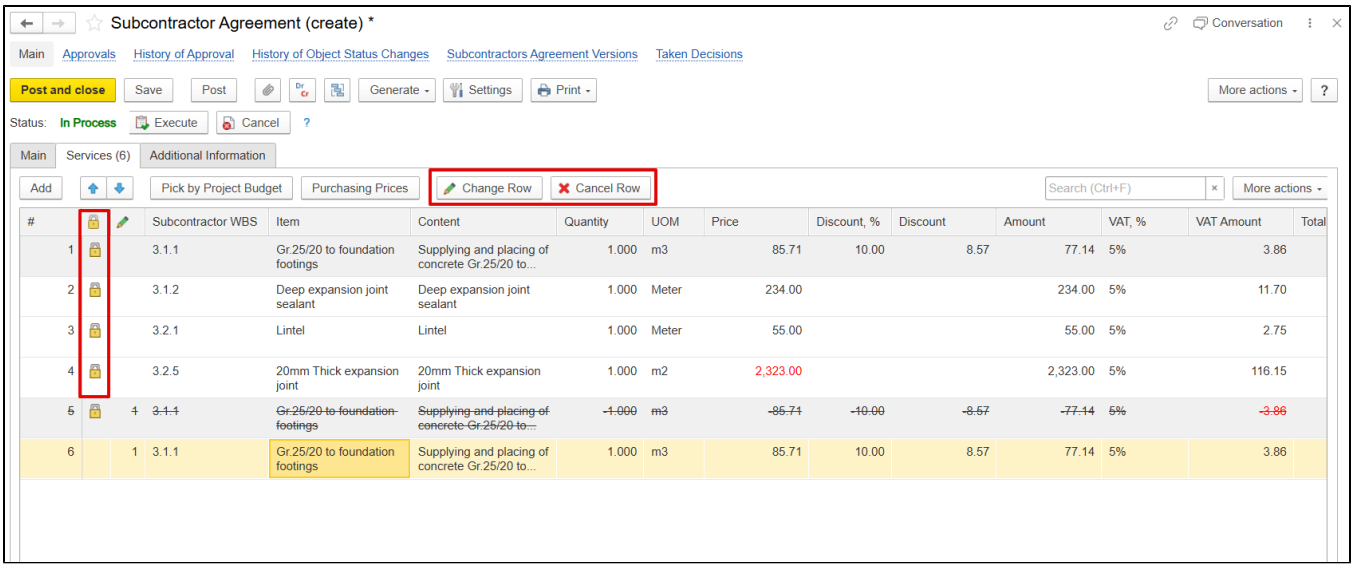
Variation

Variations are used to record additional or modified work under the subcontract after the initial agreement has been established. It can be created **only based on the latest version** of the active agreement, which can be identified via the subcontractor agreement version link listed under the Subcontractor Agreements document

The type will be Variation, and the basis will be the latest Subcontractors agreement.



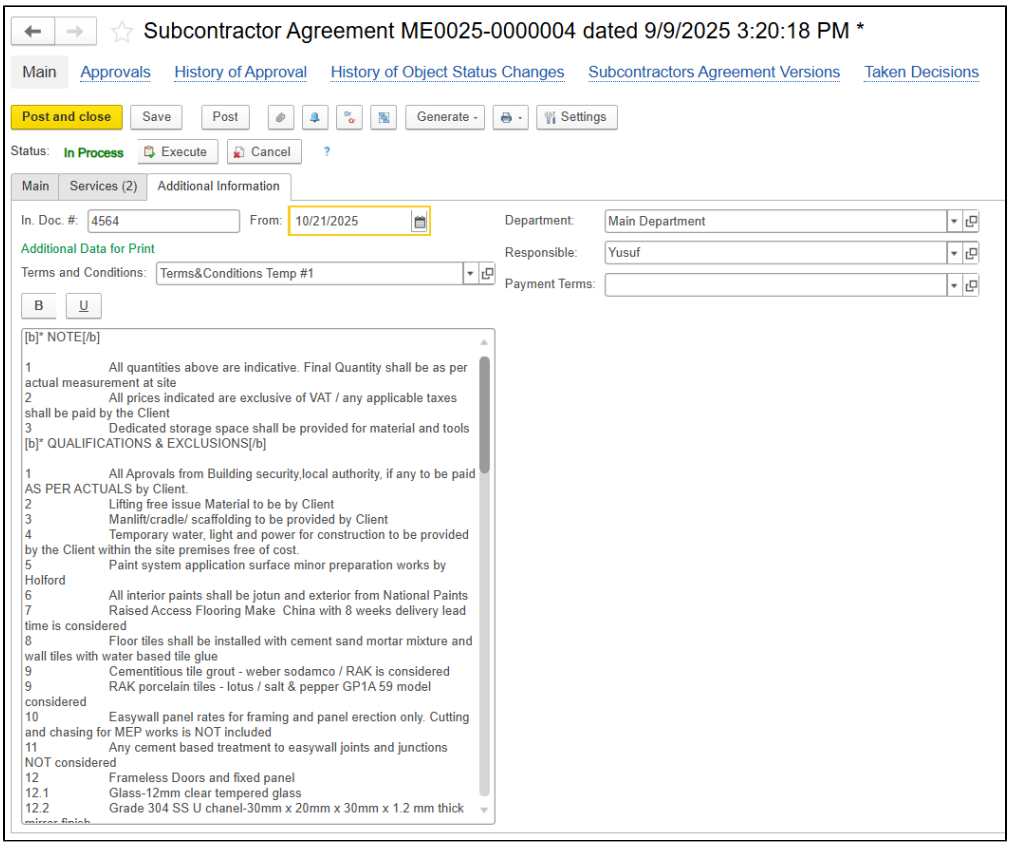
The original Subcontractor Agreement lines **cannot be modified**. The system enforces a **line-locking mechanism**, which prevents direct amendments. To make changes to an existing line, the row must be **canceled** using the **Change Row** or **Cancel Row** option. Once canceled, the original row is removed, and a **new line** can be created to reflect the updated information. This process ensures that the original agreement lines remain intact while allowing additional or adjusted work to be recorded separately.



Additional Information Tab

Contains supplementary details for internal or reporting purposes, such as:

- **In Doc.# and Date** - Internal reference numbers
- Subcontractor Contact Terms and Conditions
- Other attributes for reporting or classification



Print Form

A dedicated **Subcontractor Agreement Print Form** is available to formalize the contract.
The print form includes:

- Agreement header information (Company, Subcontractor, Project, Dates)
- Detailed list of agreed work items, quantities, unit rates, and totals
- Retention and VAT terms
- Signature and approval section

Document Print

Print Copies: 1 Edit Save... Send...

SUBCONTRACTOR AGREEMENT

 # ME0025-0000004
September 9, 2025

Client:	Contractor:
MRB Engineering and Contracting LLC **TRN:** 100001023120301 **Address:** Office 2202, Smart Heights Tower, PO Box:1233333, Dubai, UAE **Tel.:** +971 (4) 0000000 **E-mail:** MBR@gmail.com	**RR Building Contracting** **TRN:** rty876456789 **Address:** **Tel.:** **E-mail:**

Bank Details:

Emirates NBD **IBAN:** AE0013243567897654322345678 **Account No:** 1324356789765432234567 8	**SWIFT:** AAABBBCC **Beneficiary:** MRB Engineering and Contracting LLC

Agreement Details:

# Venus (AED) **Start date:** **End date:** **Duration (days):** **Currency:** AED	**Value :** 205.80 **Advance Balance:** 0.00 **Retention %:** 10 **Payment terms:**

#	Description	WBS	UOM	Qty	Price	Amount (Excl VAT)	VAT, %	VAT Amount	Amount (Incl VAT)
1	Supplying and placing of concrete Gr.25/20 to foundation footings		m3	4.00	32.00	128.00	5	6.40	134.40
2	Supplying and placing of Gr.20 concrete as specified to foundation footings		m3	2.00	34.00	68.00	5	3.40	71.40
Grand total:						**196.00**		**9.80**	**205.80**

Total amount as per this Subcontractor Agreement:	**Total (Excl VAT) (AED):**	**196.00**
Two hundred five and 80/100 AED ONLY	**Total VAT (AED):**	**9.80**
	Total (Incl VAT) (AED):	**205.80**

Terms and Conditions:
*** NOTE**

1 All quantities above are indicative. Final Quantity shall be as per actual measurement at site

2 All prices indicated are exclusive of VAT / any applicable taxes shall be paid by the Client

3 Dedicated storage space shall be provided for material and tools
*** QUALIFICATIONS & EXCLUSIONS**

1 All Aprovals from Building security,local authority, if any to be paid AS PER ACTUALS by Client.
2 Lifting free issue Material to be by Client