

Advantages of Leasing Equipment

Leasing contributes £22.4 billion to the business and private sectors* and is used by all types of businesses, from start-ups to multi-national companies. Here are some advantages.

Conserve Cash Reserves

- Rather than tying up cash in depreciating assets, leasing allows you to retain resources for other purposes including:
 - New business opportunities & customer development
 - Unexpected expenses
 - Marketing
 - Expansion
 - New staff

Budget Outgoings

- Payments are fixed for the duration of the term so you can forecast your cash flow accordingly.
- You choose the agreement duration depending on what suits your cash flow.
- Finance is secure for the term and cannot be recalled early like a bank overdraft.

Maintain Lines of Credit for Other Use

- Our leasing partners are independent and can access a greater range of funders for your credit needs.
- Your current banking facilities will not become over-stretched or reduced.

Tax Advantages

- Assets remain off the balance sheet, this is the preferred method of financing for most UK businesses, keeping your debt-equity low.
- One major advantage of leasing is that 100% of the rental cost can be offset against your Corporation Tax. This often means that leasing will work out more cost effective than paying cash, with the added benefits above.

For example:

£10,000 + VAT Cash Price

Cash - Payment in full due on demand or on credit terms
Lease - One payment in advance followed by 35 payments of £330.00 + VAT
Weekly equivalent £76.15
Corporation Tax Relief £2376.00
Net cost of financing = **£9504.00**

Other types of financing are available, including Hire Purchase and Commercial Loans.

* Source Finance and Leasing Association

