

Benefits of Finance



ADVANTAGES

- Finances total cost of equipment
- Another way of borrowing money
- Spreads the cost
- Safeguards against future rises in interest rates
- Straightforward and easy to use
- Leasing is tax efficient

BENEFITS

- Doesn't have to use valuable cash
- Leaves existing borrowing lines intact
- Pays for the equipment out of future income
- Budgeting can be precise
- Asset finance cannot be withdrawn like an overdraft facility
- A better return on investment

Options Available

Tax based leasing

The lessee agrees to hire the equipment for a minimum period and at the end of the agreed term has the option to continue renting the equipment until it is no longer of use. VAT is added to each rental.

Hire purchase

The borrower agrees to pay a deposit together with the VAT on the purchase price along with a set number of payments for a fixed period. VAT is NOT added to the repayments. At the end of the term the borrower pays an agreed fee to buy title.

Lease with option to purchase

The lessee agrees to hire the equipment for a fixed period and at the end of the term is given the option to buy title for an agreed sum. VAT is added to each rental.

Commercial loan

In certain circumstances it is appropriate to finance the purchase of software using a commercial loan. The lender advances the sum of money to the borrower and the borrower chooses how to spend it. At the end of the repayment period the borrower will have discharged their debt assuming that they have made all payments on time.

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