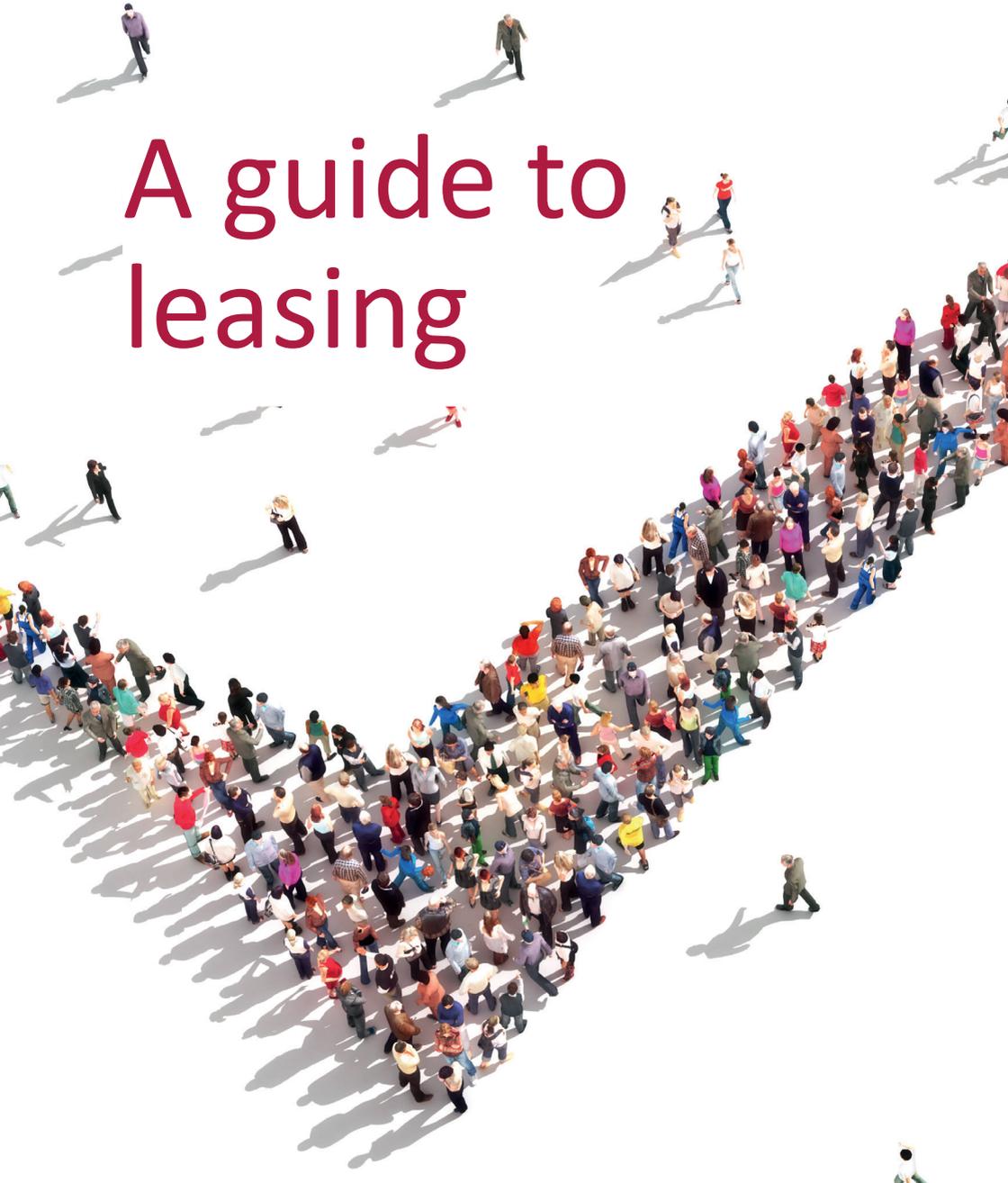


A guide to leasing





Introduction

Here at Premier Leasing we want to help you sell as much as possible. So we put together this guide to assist you when selling with finance.

The guide contains straight forward information and advice, to help you understand how our lease plans can help you increase sales, present your products to a wider audience and painlessly add a new element to your services.

It is divided into short , easy to read sections and we have avoided technical jargon as much as possible.

The sections covered will explain to you the benefits of offering a finance option as part of your sale, and also give an insight to how the lease process works.

Reading this guide only takes a few minutes, and will leave you primed and ready to improve your sales pitch, with a solid understanding of how leasing can work for your business, and for your customers.



***For more information or advice
please call our team on 01635
876624 or visit our website
www.premlease.co.uk***



Why Your Customers Lease

Businesses want to preserve as much cash as possible. That's a fact. It's also why businesses want to lease all sorts of equipment.

From lab instruments to office furniture, medical equipment to tele-communications, IT projects and commercial vehicles - you name it, your customers lease it. Businesses lease equipment to preserve cash flow. A lease is paid for during the equipment's useful working life, rather than in advance.

This means that it can start generating income from day one, paying for itself over the term of the lease.

Another great advantage for both your customers and yourselves is that leasing programmes lend themselves to hassle free upgrades.

Customers who pay cash are stuck with equipment which can become outdated. With our lease programme customers are able to upgrade a product by terminating their existing lease or rescheduling remaining rentals into the new agreement, often resulting in little or no increase to their monthly payment.

Leasing is a great way for your customer to account for, budget and pay for equipment. As an expense, lease rentals are tax deductible, meaning the actual cost can be offset in full against taxable profits.

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How Leasing Can Work For You

Offering a finance option as part 'l of your sales service can unlock opportunities which would otherwise remain closed. This is because you can focus your customer on a small monthly payment, rather than a large lump sum. You need never lose a sale again due to a lack of customer cash.

Similarly, selling with finance makes it much easier to up sell and increase sales with add-ons, as the customer will have fewer compromises on what they can afford.

Our leasing plans are flexible and this enables you to easily upgrade equipment as and when required. The customer doesn't have to wait until the end of the term to get new equipment. The remaining balance of any existing lease will be discounted and this cost can then be absorbed into the new agreement.

The net result of this is that the rental either remains the same or if the term is extended can actually decrease.

Lots of your competitors offer a lease option. If you don't, you may well be missing out on sales opportunities. Our lease plans add value to your offer, making it a more complete and cost effective package for your customer.

Our documentation is very simple. We use less paperwork than the banks. This saves time for both you and your customers.



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Who Qualifies For Leasing?

Leasing is a facility that can only be offered to businesses.

In essence, a lease is a non-cancellable finance contract that can run from one to a maximum period of seven years. Obviously we need assurances that the customer will be in a position to make the payments for the contracted period and as such we have to conduct appropriate credit searches.

The first question to ask a customer is whether they are a limited or non-limited entity.

If they are a limited entity who have traded for at least 3 years and have a healthy set of accounts and no adverse information is registered, there will generally be no problem in arranging a lease contract.

New start companies can also qualify for credit , but we do require some additional information such as up to date bank statements and directors guarantees.

Underwriting for non-limited companies is the same as for the limited companies. However, as the information is not registered at companies house, we normally require to see a set of accounts. The proprietor or partners also need to confirm that they are homeowners.

What Information Do We Need?

Limited Companies

- The full legal entity of the business
- Company registration number
- Trading sector
- Directors details

Non-Limited Companies

- Proprietor or partners' full names, private addresses and D.O.B.
- Full trading address
- Trading sector
- For amounts over £10,000 a full set of accounts.

New Start Businesses (Trading less than 3 years)

- Information as above
- 3 months bank statements
- If a limited company Directors guarantees will be required.
- Proof of home ownership

*We understand that it can be awkward to ask your customers for this very personal information. If you are uncomfortable doing so, **we are happy to contact them to explain exactly what we need.***

What Happens Next?

Once we are in receipt of your clients details and particulars of the equipment you are supplying, we will then start the underwriting process. In the majority of cases we will advise you of our decision within a day.

Occasionally we may require additional information and we will let you know as soon as possible if this is necessary. We pride ourselves on keeping you informed on how the application is proceeding.

Once we have confirmed our acceptance we can then forward the paperwork by email or post for the client to sign. The contract shows the period of the lease and the rental amount over the specified period. No capital cost of the equipment is shown on the agreement.

A direct debit is attached and payments will be made automatically every month or quarter by the clients bank.

Once you have delivered the equipment we will require an invoice and the client needs to confirm that they have taken delivery of the goods by signing and returning our acceptance certificate. This can be emailed or faxed to us.

Payment will then be made to you directly by BACS. The process is very simple, but should your customer have any questions we are more than happy to discuss any queries they may have.

So it really is as easy as that. You get paid immediately and the client spreads the cost of the equipment over an agreed term maximising cash flow in a highly tax efficient manner.

Some Key Terms

Lease Profile

This describes the length of the lease and whether it will be paid monthly or quarterly.

Lease Rental

This is the preferred method of financing for most business customers. A lease is simply a rental payment made over an agreed term, generally between 1 and 7 years. No deposit is required and rentals are 100% tax deductible.

Lease Purchase

Unlike a leasing agreement, lease purchase enables the client to own the equipment which will appear as a fixed asset on the balance sheet.

This facility is only available to limited companies unless the total amount financed including interest and VAT exceeds £25,000, in which case the facility is also available to non limited companies.

Documentation Fee

There is a one off documentation fee which is taken with the first rental. This is a standard industry requirement to cover administration and set up costs.

Minimum & Fixed Term

There are two types of leasing contract. Fixed and minimum term. A fixed term agreement ends when the final payment is made. With a minimum term agreement the customer is required to give 3 months notice to end the agreement. If notice is not given the lease extends into a secondary term. Minimum term agreements are favoured by a majority of leasing companies, however at Premier we only use fixed term contracts, so the client has no hidden surprises or additional costs at the end of the agreement.

End of Lease

At the end of the lease agreement, we can arrange for title to be transferred to either yourselves or directly to the client for a predetermined sum.



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