

Lease Purchasing Scheme

Making it happen

Financing

Many companies now see the advantages of not spending scarce cash resources to fund the capital purchase of IT & High-Tec systems.

Businesses varying in size from start-ups to huge multinationals are deriving significant benefits from leasing their equipment.

To assist our customers seeking finance, **Epsilon** has partnered with a leading specialist funder in the IT / High-Tech arena.

Making it happen

Leasing allows you to acquire the systems you need when you need them, yet pay for them when you receive the benefits, allowing you to keep pace with technology, conserve your working capital and enhance your cashflow.

Epsilon Finance Solutions offers the best success rate for securing funding, documentation is simple and minimal and the in-built upgrade path allows extra equipment to be added on at anytime without penalty.

Total Solution Funding

In addition to the actual tangible equipment we are able to arrange finance for software, implementation services, cabling, training and support costs:

- Funding is 100% allowable against taxable profits.
- The monthly payments are fixed for the term to protect against the effects of inflation.
- Fixed payments also give predictable budgeting and a guarantee that adverse movements in UK interest rates will not affect you.
- The cost of leasing can more often than not be covered by the efficiencies to be had through implementing a new IT infrastructure.
- Packages are highly flexible including end of term options that allow you to replace the equipment "old for new" or to continue using the existing equipment indefinitely.

Finance is subject to status, a facility fee may be payable.

Leasing through Epsilon provides the following benefits;

Easy to Upgrade or Add-on

You can exchange or add on predetermined percentages of the original project cost without financial penalty.

Assists Cashflow

You can spread your payments over the expected lifetime of the equipment and avoid committing valuable cash to depreciating assets.

Tax Efficiency

Monthly lease payments are treated as a revenue expense and are therefore 100% allowable against taxable profits.

Protect Your Credit Lines

This will be a source of funding completely independent of your normal credit lines leaving them intact for traditional uses such as day to day working capital.

No Security Required

Usually no security is required; the equipment itself is all the security that is needed.

Competitive Rates

Epsilon is not reliant on any single source for funding and can therefore access the market to obtain the best rates possible.

COMPARISON: RENTAL v HIRE PURCHASE v CASH PURCHASE

RENTAL	HIRE PURCHASE	CASH PURCHASE
Payments are 100% allowable against taxable profits making this the most efficient form of financing available.	Only the interest element of the finance is fully allowable against taxable profits. Users claim capital allowances on the equipment on a reducing balance basis. (1 st year 40%, 2 nd year onwards 25%).	Users claim capital allowances (depreciation) on the equipment on a reducing balance basis.
The total VAT is spread across the term of the agreement without penalty.	The total VAT has to be met in full by the customer at the outset of the agreement.	The total VAT has to be met in full by the customer at the time of purchase.
Upgrade Path – At any time throughout the agreement additional equipment can be added without penalty.	No upgrade path. If additional equipment is required then the old agreement will have to be settled Early termination fee will be charged.	Upgrade Path – Not applicable.
Epsilon can arrange for ownership of the equipment to be passed to the customer at the end of the agreement. Typically this is subject to a “one off” fee equivalent to 1.5% of the original capital cost of the equipment.	Upon receipt of an option fee the finance company will pass title of the equipment to the customer at the end of the agreement. Typically this amounts to £100.	User owns the equipment.
Off balance sheet funding.	Depreciating asset on balance sheet.	Depreciating asset on balance sheet and corresponding reduction in cash reserves.

Lease – Purchase Illustration

Client: **Established Business > 5 years**
Facility: Technology Lease Rental Scheme
Term: 3 years

Capital Cost: £9,950.00

Frequency: Monthly Payments
Payments: **£370.15**
Total Payable: £13,325.58
Less Tax Relief: £3,331.40
Net Cost: **£9,994.18**

Conditions

- Subject to underwriting / credit bureau approval.
- Payments by direct debit.
- All figures subject to Vat.
- Tax relief assumes annual corporation tax rate of 25% per annum.

Benefits of Technology Lease Scheme

- The monthly rental payments are treated as an operating expense and are 100% allowable against taxable profits making this one of the most efficient forms of funding available.
- The payments will be fixed for the entire term to protect against adverse movements in UK interest rates and against the effects of inflation.
- Our inbuilt upgrade path allows additional equipment to be added at anytime without penalty, this is a highly flexible product ideal in an IT environment where equipment is subject to obsolescence.
- At the end of the agreement you have the option to either renew the contract and replace the existing equipment for new or pay a “one off” fee equivalent to one months payment to have ownership of the equipment indefinitely.