

# Leasing and Hire Purchase

## Hire Purchase

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Also known as lease purchase. It allows you to spread the full cost of an asset over a defined period. At the end of that period provided you stick to the terms of the agreement you will own the asset. Capital allowances may be available as a deduction against your tax bill. If your business is registered for VAT you can also claim back the VAT on the asset up front. Also any interest that you pay can be offset against profits.

## Leasing

Although a finance lease will look and feel the same as a hire purchase, you will not end up owning the asset at the end of the contract. Ownership remains with the finance company at all times. At the end of the period you are usually offered a new term at a nominal fee.

Leasing can be arranged from terms as short as 6 months up to 5 years and more. Most asset types can be leased from plant and machinery and vehicles, to IT equipment, including computers, servers, printers, telecoms and even some software.

## Important Criteria

Most Hire Purchase and Leasing companies will want to make certain that they are taking as little risk as possible with their funds. They will, therefore, want to make certain that the company requesting finance is well funded, profitable and with a positive balance sheet. At least one of the directors must own a property in the UK and they will want to be able to see that the company can afford the monthly payments. Personal guarantees from the directors are usually required.

It is possible to obtain leasing and HP for start-up organisations but personal guarantees will always be asked for and the sums available will be reduced.

Some companies will also provide funds for clients with CCJs, losses and negative balance sheets, but the rates of interest will be considerably higher.

## Why use Pegasus Funding Resources?

Pegasus Funding Resources has over 25 major leasing providers on our panel, these include tier 1, tier 2 and tier 3 asset funders, so whatever your needs and circumstances we can find the most suitable source of leasing for you.

We can arrange leasing for start-ups and growth companies as well as sale and lease back of existing equipment to help ease cash flow difficulties.

[www.pegasusfunding.co.uk](http://www.pegasusfunding.co.uk)

Office Locations: Shepperton, Hampton, Trowbridge, Preston and Hope Valley.



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