

# Unlocking the value within your business

Your guide to the power of asset finance 2011



## Understanding your business 2

We understand the pressures you face because we have experience in most sectors. Here's how we combine financial expertise with hands-on experience to keep you on track.

Benefiting your business	4
Helping you invest in your business	6
Capital allowances – helping you invest in your business	7
Key facts about asset finance	8
A financing option to suit you	10
Helping you make the right choice	12
Release your capital	14

## Understanding our expertise 16

From commercial vehicles to plant and machinery or IT equipment, we excel at tailoring flexible solutions to finance a wide range of assets that are essential to your business.

Commercial cars and vehicles	18
Business and technology	22
Plant and machinery	26
Protecting your assets	28
Your questions answered	30
A history of helping businesses to grow	32

Making your money work  
for your business

All information featured in this guide is for illustration only. All statements concerning taxation are based on our best understanding of current legislation. Levels and bases of taxation can change at any time. The contents of this guide do not constitute legal, tax, financial planning or any other advice. You should always discuss your choice of finance product with your accountant.

The market is rich with real business opportunities, but capturing them means looking beyond traditional sources of funding. That's why there has never been a better time to take a closer look at how the power and flexibility of asset finance can help your business build a sustainable future.

This guide is designed to give you straightforward information on how asset finance works, the different options it offers – and the benefits each option delivers. Among other financing solutions, it explains contract hire, contract purchases, operating leases, finance leases and hire purchase.

It also explains how we use our expertise to identify and tailor the most suitable options on your behalf. Our aim is to make it as simple as possible for you to unlock the value within your business.

For all Lombard facilities mentioned in this brochure, security may be required and product fees may apply.

# Understanding your business

How do you acquire business-critical assets without using up precious cash that you could invest more productively elsewhere? The answer could lie in using the flexibility and power of asset finance to release the value that is already locked up in your business.

We excel at using our expertise to develop intelligent financial solutions that can improve cashflow efficiency, exploit growth opportunities and can reduce residual risk without using up your precious cash resources.

We can also help you to spread your purchase costs while avoiding the impact of depreciation.

Assets such as technology equipment, vehicles, plant and machinery all lose value over time – so why buy them outright?

This is exactly the sort of question this guide sets out to answer. If you'd like to explore your options further, we've got asset finance experts that cover your area who are ready to offer you specialist guidance.

We understand the  
power of asset finance  
to your business

# Benefiting your business

Asset finance offers a range of benefits. It is ideal for maintaining, replacing or updating depreciating assets, and provides an attractive level of flexibility.

Whatever the size of your business, asset finance can offer compelling benefits when it comes to your borrowing needs. That's because when you need to keep tight control over your cashflow and working capital, asset finance offers advantages for sourcing new equipment.



"I contacted a number of finance providers to assess funding options but was most impressed by Lombard and the range of facilities that were presented to us in an effort to meet our business' specific needs."

Phil Wilson / Stirland Paterson

### **Minimises ownership risk**

We have the ability to take the risk on how much value remains in the asset at the end of the contract, and we can also take responsibility for the disposal and management costs associated with ownership on certain products.

### **Releases tied-up cash**

Sale and leaseback, sell your existing assets and lease them back, freeing up the value within your assets.

You can avoid having to draw on cash reserves that may be needed elsewhere in the business and that can be used to fund growth.

### **Opens up additional credit lines**

By acting as an extra facility that uses the financial value of your business' assets to complement cash resources and existing bank credit lines, such as overdraft facilities.

### **Delivers funds efficiently**

The security within the asset can result in prompt turnaround of credit applications.

### **Eliminates uncertainty**

Fixing the rental costs and payable interest for the duration of the contract helps your business plan for the future by eliminating uncertainty and costly surprises.

### **Cuts wasted spending**

The rentals reflect usage of an asset for a portion of its usable life – this is an important value added benefit where customers are expected to use it for part of the asset life, e.g. cars.

It allows your business to fund almost any tangible business assets, including specialist assets.

### **Speeds up credit decisions**

We operate a standardised credit procedure based exclusively on the assets being funded and therefore our customers find our credit decision process efficient.

# Helping you invest in your business

Your business is growing and you've identified the first step towards realising your ambitions. It could be a complete overhaul of your technology infrastructure, a few extra vans, a company car, or new plant and machinery.

You could research a range of IT suppliers, source some dealerships, or find out which suppliers can match your needs. But all this takes up precious time and cashflow – luxuries that many businesses don't have.

Wouldn't it be better to find a trusted business partner who understands how your industry works? A financial expert who can source the funding your business needs – when you need it. Highly experienced and always approachable, Lombard's relationship managers are on hand to give you the specialised guidance you're looking for.

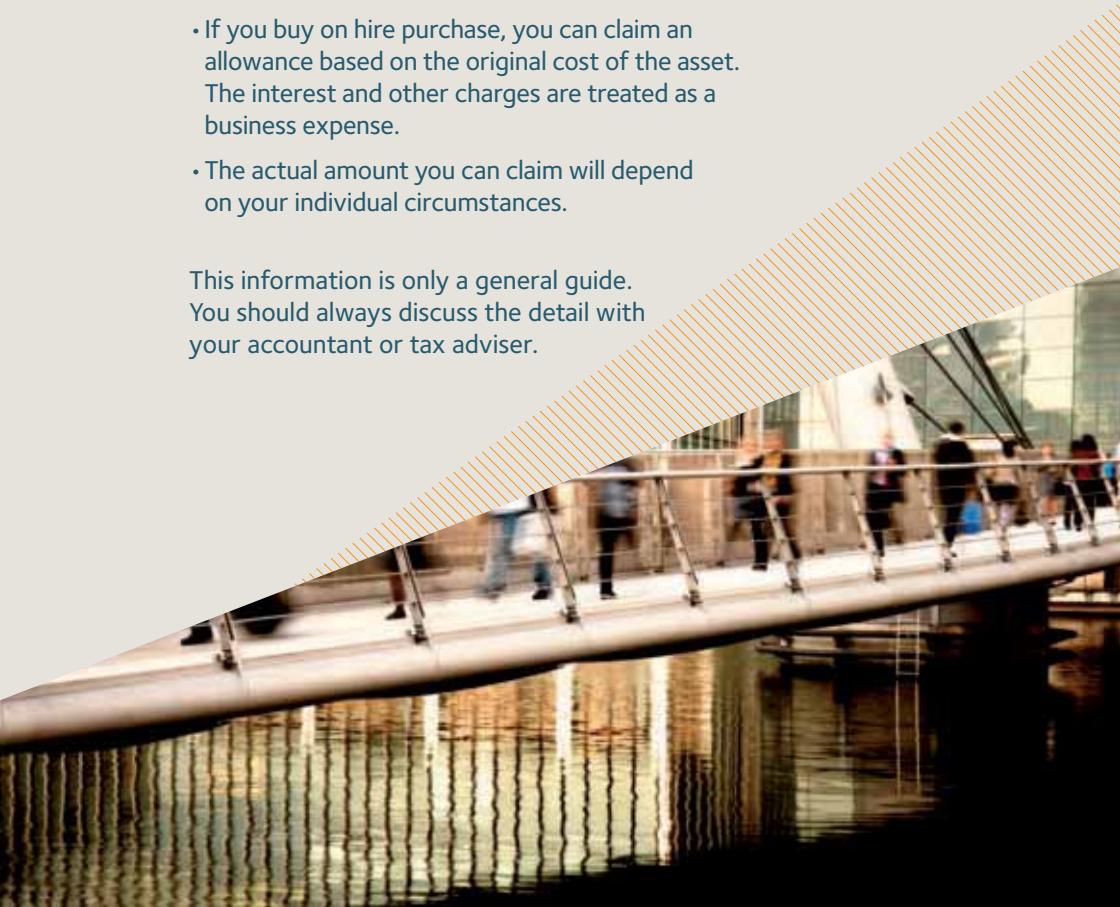
Providing support,  
expertise and local  
knowledge

## Capitalising on capital allowances

As a business, you can deduct a proportion of the cost of certain purchases and investments from your taxable profits, and reduce your tax bill by claiming capital allowances.

- You can claim for cars, vans and plant and machinery along with many other expenses such as technology, buildings and research and development.
- If you lease, your leasing company will claim the capital allowances and pass them on to you as reductions in the rental rate. You can claim the rentals as a business expense.
- If you buy on hire purchase, you can claim an allowance based on the original cost of the asset. The interest and other charges are treated as a business expense.
- The actual amount you can claim will depend on your individual circumstances.

This information is only a general guide. You should always discuss the detail with your accountant or tax adviser.



# Key facts about asset finance

Lombard understands the power of asset finance. But don't just take our word for it. Here's what the Finance and Leasing Association (FLA) says about capital investment and asset finance in the UK:

Asset finance is the provision of finance to the business and public sectors, for buying or renting equipment through hire purchase and leasing. It is important because:

- It funds investment in real business assets, including plant and machinery, office technology, and commercial vehicles.
- It offers longer agreements than many bank loans.
- It gives businesses certainty because asset finance agreements cannot be cancelled by the lenders.

- It suits businesses with limited capital and those which need to manage their cashflow.
- It is easy to access because it is secured – largely or entirely – on the asset being financed, rather than on other personal or business assets.
- It gives businesses the flexibility to change their leased equipment at the end of the rental period.

Source: "Key Facts 2010", Finance and Leasing Association (FLA), the major UK industry body for the asset finance industry.

**FLA members funded  
25% (£20 billion) of all  
fixed capital investment.  
They provided finance to  
around 750,000 SMEs.**

# A financing option to suit you

The correct financial expertise is crucial to the success of your business. The days when your financial future was determined by your local bank manager are long gone. Instead, there are a host of financing options available – and that means you're free to select the best solution for your business.



“From a shortlist of asset finance providers, we chose Lombard as it really understood our business needs. It was able to offer a tailored funding proposal that gave us the ability to fix our costs over the lease term and meant that we would be unaffected by any changes in interest rates.”

Roger Robotham / Corporate Development  
Director Dairy Crest

## Here are some of the financing options you might want to discuss with us and a brief description of how they work:

### Finance lease

Finance leasing allows you to rent an asset rather than buy it. Normally, rentals are calculated over an agreed term. At the end of the term, Lombard will have recovered the cost of purchasing the asset on your behalf.

While you never own the asset yourself, we usually allow you to benefit from most of the sale proceeds at the end of the term. You can choose to offset the rentals against your profits while Lombard retains the right to any capital allowances.

### Hire purchase (lease purchase)

With hire purchase, sometimes known as lease purchase, you take ultimate ownership of the asset by paying regular instalments. You can structure your payments to fit your cashflow needs. For example, you can reduce your regular payments by paying a final lump sum, sometimes known as a balloon payment. This payment reflects the assumed value of the asset at the end of the agreement. Your business can claim the available capital allowances.

### Operating leases

An operating lease is particularly effective for high-value, specialised equipment or for assets you need to support a specific contract. Rentals are based on the value of the asset over the period you require it. As a result, you can link rentals directly to the revenue your asset generates.

Unlike a finance lease, rentals will not recover the full cost of the asset. But Lombard protects you from any shortfall risk by guaranteeing a residual value at the end of the term. You can generally deduct the full cost of the lease rentals from profits and the asset won't appear on your balance sheet. (Classification as off-balance sheet funding is subject to auditor's approval.)

### Contract hire

Usually associated with vehicles, contract hire is a form of operating lease and offers a complete solution to the sourcing, finance, management and final disposal of your asset. You can even arrange for maintenance to be included within your agreement. Contract hire can save your business time and the regular payment makes budgeting easy.

### Aviation and marine mortgages

We base all our aviation lending on an aviation mortgage facility, with security taken over the aircraft itself. Similarly, we base all our marine lending on a marine mortgage facility, with security taken over the yacht itself. We are able to structure these facilities according to your specific needs.

# Helping you to make the right choice



The asset finance solution you choose will depend on your circumstances. On this page, we've listed some of the questions that will help you to arrive at the best answer. Opposite, we've listed some of your financing options. Meanwhile, our financing specialists are here to guide you on issues such as:

- Your overall attitude to tying up large amounts of capital in fixed assets, versus the flexibility of leasing them
- How your choice impacts on your cashflow and working capital
- Tax benefits of asset financing
- Impact on your VAT status

\* Classification as off-balance sheet funding is subject to auditor's approval

\*\* Special rules apply to company cars

\*\*\* Planned rental product only

† Separate rules apply to cars

Lombard Technology Services products may result in a mix of the statutory operating and finance lease features.

Will we own the asset?

Are rentals tax deductible?

Does this route preserve capital?

Is the asset off-balance sheet?\*

Can I have a fixed term agreement?

Can the term be extended?

Can I have a fixed or variable rate?

Can we claim capital allowances?

Will the future rental payment be linked to the future of the asset?

Can VAT on payments be reclaimed?\*\*\*

Can vat on the cost of the asset be reclaimed?†

Will the agreement be made 'on demand'?

Will additional security be required?



	Finance Lease	Hire/Lease Purchase <sup>†</sup>	Operating Lease	Aviation & Marine Mortgage	Contract Hire	Contract Purchase <sup>†</sup>
	No	Yes	Possible***	Yes	No	Possible
	Yes	Interest only	Yes	Possible***	Yes	Interest only
	Yes	Yes	Yes	Yes	Yes	Yes
	No	No	Yes	No	Yes	No
	Yes	Yes	Yes	Possible	Yes	Yes
	Yes	No	Yes	Possible	Possible	Possible
	Yes	Yes	Possible	Possible	No	No
	No	Yes	No	Possible***	No	Yes
	No	No	Yes	No	Yes	Yes
	Yes	No	Yes	No	Yes	No
	No	Yes	No	Possible***	No	Yes
	No	No	No	No	No	No
	Possible	Possible	Possible	Possible	Possible	Possible

# Release your capital

For most businesses, buying assets outright ties up capital and raises the risk of unpredictable resale values. On the other hand, selling your asset to Lombard and leasing it back enables your business to budget more effectively with fixed monthly payments while eliminating your exposure to unpredictable residual values.

Of course, paying cash is always an option. But many of the businesses we speak to feel it makes more sense to preserve working capital by financing an asset over the course of its useful life, rather than paying for it upfront.

Cash purchases bring other disadvantages. They use up valuable cash resources and you end up with an asset that is likely to depreciate over time. What's more, you will need to maintain the asset while you use it – and dispose of it when the time comes to replace it. However, with some asset finance products, you can include the cost of maintenance in your monthly payments and let us take care of disposal.

## **Sale and leaseback: measurable benefits**

It's not always easy to measure the true cost of buying, financing, maintaining and disposing of assets. But our sale and leaseback specialists can help you to arrive at the true figures.

When you choose sale and leaseback you become eligible for our support with related services such as relief vehicles during repairs, accident management, roadside assistance and fuel cards for fleets. For your technology assets, our options cover supply, critical hardware, fix/replace maintenance and asset disposal.



“Financing everything with one company is not only neat and tidy, but by grouping the assets you can obtain a better deal. Asset finance was key to this venture, as it provided us with rapid funding and freed up working capital for investment in operational areas of the business”

Richard Dolman / Director  
AR Demolition

**Sale and leaseback also offers tax benefits: the lease payments can be set against taxable income. In addition, this option:**

- Re-injects vital capital into your business
- Strengthens your balance sheet
- Opens up new lines of credit for business growth and expansion
- Offers you the option of taking out an additional maintenance package covering all servicing and repairs.

**Leasing: flexible options**

Leasing can be a good option if you only need an asset for part of its working life and it has an established second-hand market. For example, cars and construction equipment.

Leasing is also becoming increasingly popular for business technology assets – such as computers and telecoms equipment – that need regular updating.

As your leasing company, we purchase the asset on your behalf and rent it back to you for use in your business.

Under our leasing agreement, you pay rental over an agreed period of time. Although you never own the asset, you have full use of it during the rental period. You can also reclaim the VAT on lease and contract hire rentals.

Special rules apply to company cars, where the amount you can reclaim is generally 50%.

# Understanding our expertise

Our ability to develop the right solutions for our customers is rooted in a combination of our proven financial know-how and first-hand industry experience. We apply our creativity and energy to funding virtually any type of asset over a wide range of sectors.

Whatever sector or industry you're in, our specialists speak your language. With first-hand experience of most industries, they have a clear understanding of your specific funding, equipment and cashflow requirements.

Straightforward and supportive, inventive and inspiring, they excel at tailoring relevant, intelligent and timely financial solutions designed to keep your business moving ahead.

Above all, accessing our expertise couldn't be simpler. Not only do we offer you telephone and online support, but our network of regional offices makes it easy for you to meet our experts face-to-face or on site.

Among other asset classes, we apply our expertise to Agriculture, Aviation, Buses and Coaches, Cars and Vans, Haulage, Marine, Plant and Machinery and Technology.

Whatever sector or industry  
you're in, our specialists  
speak your language

# Commercial cars and vehicles

We can tailor an asset management solution that covers every step involved in running a vehicle – from sourcing and management to servicing and disposal – leaving you to concentrate on growing your business.

Our asset finance solutions are highly flexible. With contract hire, for example, we take responsibility for the management of your vehicles as well as their maintenance if you choose to take a maintenance package.

With a contract hire agreement, you make fixed payments. Unlike hire purchase however, you hand the car back at the end of the term. This means that leasing usually involves lower deposits and lower monthly payments than loans or hire purchase. You also avoid resale worries: we calculate the vehicle's residual value at the start of the agreement and reduce your payments accordingly.

We calculate your rentals according to your expected mileage and you may have to pay additional charges if you exceed your estimated mileage. You must also return the car in good condition. We may make additional charges if the car shows any damage beyond normal wear and tear.

Whether it's cars,  
coaches, buses or vans,  
now you can secure  
the right finance and  
the right vehicle



## Compelling advantages

For cars and vehicles, our asset finance expertise offers:

- Flexibility – with our extensive range of purchase and leasing options
- Affordability – leasing can involve lower deposits and lower monthly payments compared to other finance solutions
- Freedom from resale worries – we can calculate the vehicle's residual value and reduce your payments accordingly
- Peace of mind – with contract hire, we can take responsibility for the management and maintenance of your vehicles
- Economies of scale – our purchasing power for vehicles, service and maintenance can make charges lower than negotiating a package yourself.

### **Assessing alternatives**

If you do buy a vehicle outright, remember that your expenses do not end there. Depreciation is a real problem: many vehicles can lose up to 70% of their value within three years. You will also need to consider additional charges such as servicing, maintenance and the cost of breakdown or damage. And if you sell, the cash price or trade-in value will depend on market conditions at the time and cannot be guaranteed.

A bank loan might seem to be your first option, but you should consider your longer term borrowing requirements. Is borrowing for the car likely to restrict your ability to borrow for other purposes while your vehicle loan is outstanding? Borrowing for assets on an overdraft rarely makes sense.

## Understanding our expertise



“We’ve really benefited from a two-way relationship with Lombard. The team is always helping me look for ways to enhance our fleet efficiency and we have tightened up areas such as mileage management which has reduced costs.”

Nigel Ilsley / British Military Fitness

## Contract hire: flexible and simple

### Enhancing your profile

Our contract hire solutions can give you access to the most advanced and efficient vehicles on the road. We can also let you know when the latest models are scheduled for release so you don’t have to spend time researching the market.

### Minimising your exposure

With contract hire, you know exactly what payments you’ll be making and when, so you can ensure they fit around the demands of your business.

And you don’t have to worry about what your vehicle will be worth when you’ve finished using it. We can predict what a vehicle will be worth and accurately pinpoint its resale value. This means we only pass on the minimum depreciation cost to you in your monthly payments.

### Maximising VAT-efficiency

If you purchase the vehicle with cash or a loan, you cannot claim the VAT back unless the vehicle is used solely for business purposes. However, if you lease, you can normally reclaim 50% of the VAT paid on rentals. If your vehicle is used entirely for business purposes you can reclaim 100% of the VAT on the rentals. For vans, you can reclaim 100% of the VAT.

## The company car makes a comeback

Once again, more and more businesses are choosing contract hire over car allowances for employees. There are several reasons behind this trend.

For a start, managing a fleet of vehicles takes up considerable time and resources. With contract hire, on the other hand, we can take responsibility for all day-to-day management, simplifying your administration significantly.

In addition, the cost of your vehicles is off-balance sheet, which means they don't show up as a liability in your accounts. Because this has far less impact on your gearing, it makes your business look more financially attractive.



# Business and technology

Whether it is computers, telecoms or electronic point of sale (EPO) equipment, effective technology is essential to the smooth running of your business. But sourcing, maintaining and replacing expensive IT equipment can be time-consuming and costly.

Perhaps you're looking to invest in new technology. Perhaps you want to overhaul your entire technology infrastructure. Whatever your business needs, our asset finance specialists can help you to find the most efficient way of channelling your IT budget.

Take the risk out of sourcing, purchasing, managing and disposing of your IT – and get all the rewards



“We chose to work with Lombard as the flexibilities of its offering made the whole process easier, with just one source of finance to deal with to fund all the various technology equipment. Its monthly leasing payments reflected the future value of the asset, and it became a cost-effective proposition.”

John Davies / Partner and Chief  
Moore Blatch Resolve

### **Comprehensive support**

Whatever your technology requirements, we can tailor a flexible asset finance solution to match. We cover all categories of technology hardware and software. We can also finance associated costs such as installation while our interim finance facilities are ideal for implementation projects. At the end of your primary lease, you can choose to extend or replace individual assets or return them to us for compliant disposal.

We can act as a vendor-authorised technology reseller, which gives you valuable market expertise and purchasing options. Our dedicated and professional account managers can also access preferential bid and volume pricing on your behalf.

As your one-stop asset finance specialist, we act as a single point of contact for all your technology needs including supply, configuration, delivery and installation, finance, asset management services and compliant asset disposal.

## Understanding our expertise

### Alternatives solutions

If you choose to purchase your business technology outright, you pay the full price upfront. Which means you're more likely to delay any technology upgrades. The same applies if you use a loan or hire purchase. Maintaining ageing technology makes demands on your time and when it comes to asset disposal, you need to ensure you comply with the Waste Electrical and Electronic Equipment (WEEE) Directive.

### Leasing: sound business sense

In addition to any potential tax benefits, technology leasing helps with budgeting, spreading the cost of your investment with fixed rentals during its useful life. Residual value based leasing uses the estimated future value of the asset within the rentals and can even mean that the cost of a primary lease could be lower than a cash purchase with disposal costs. A flexible lease supports regular upgrades, helping your business stay ahead. And because we own your technology assets, we're responsible for their compliant disposal.

### Manufacturer finance: good, bad, ugly?

Taking out a finance package from your technology manufacturer might seem like a viable option. But you need to weigh up the true cost of any finance agreement and a vendor tie-in. A number of questions arise. For example, can you acquire the right equipment for your business from just one manufacturer? and could your needs be better served by dealing with a vendor who is able to supply a range of equipment from a variety of manufacturers?

You're free to select  
the best solution for  
your business

# The WEEE Directive makes it increasingly difficult to dispose of obsolete technology.

## **What does this mean to you?**

It means your business is responsible for ensuring that all electrical and electronic equipment it purchases is disposed of correctly, whether it is reused or recycled.

## **What happens if you get it wrong?**

If you don't comply with the WEEE Directive, the penalties are severe.

## **How can Lombard help?**

Our leasing solutions cover remarketing and disposal of technology, ensuring that it is WEEE compliant and hassle free.



# Plant and machinery

If you're running a manufacturing business, it's essential to have the right plant and machinery backed by quality service. But whether you are investing in an excavator or a complete production line, the costs can be considerable.

Of course, you can hire assets to meet your short-term needs. But when it comes to maintaining or growing the size of your business which may help you to stay ahead of the competition, investing in buying new assets is one of the options to explore.

As your trusted asset finance provider, we can work with you from ordering your equipment right through to commissioning and beyond. Above all, our asset finance solutions deliver flexibility. Paying upfront for plant and machinery can drain your resources. So long-term, it could make more sense to pay in instalments, easing your cashflow and preserving working capital.

## **Dealing direct**

Manufacturers often provide finance packages, but they are not asset finance specialists. Using an asset finance expert like Lombard can make a real difference.



“With a yearly budget it was important to acquire the funding at a good rate whilst still retaining our cash flow. The machinery supplier had a finance provider but I felt they lacked the personal approach and expertise.”

Martyn Neve / Managing Director  
Even Forest

### **Operating leases: minimising risks**

With an operating lease agreement, we take a risk on the value of the asset at the end of the agreed term. We take this residual value into account when calculating your rentals. When your lease ends, Lombard can either sell the asset on, or re-lease it. An operating lease can be particularly useful when you need high-value assets for a fixed term to, for example, support a particular contract.

### **Importing: pros and cons**

Sourcing capital goods and equipment from abroad presents its own challenges.

For example, suppliers often demand staged payments, which can affect your cashflow. There also is the risk of non-delivery, or receiving defective goods and there is the added risk of exchange rate fluctuations that could affect the price.

We are able to offer a truly integrated, end-to-end solution that meets these challenges by combining an initial trade finance facility with a term leasing or hire purchase agreement.

This involves us guaranteeing payment to the exporter in return for certain key documentation that confirms the despatch and condition of the equipment. With this reassurance, the supplier doesn't need funds in advance. When your asset arrives in the UK and once it's commissioned, we can put in place a flexible financing arrangement that spreads your costs over the asset's useful life.

# Protecting your assets

If your business is investing in assets, whether they are vehicles, computer equipment or plant and machinery, it makes sense to have the right insurance in place to protect them.

As your company expands, you, your business assets and your key personnel will become more important than ever. And if any unexpected events happen, such as accidental damage to machinery or it breaking down, you need to ensure that you are still able to trade and able to meet any repayments.

Your key assets – your vehicles, your equipment and your people

**Lombard's suite of policies is known as Total Protect, because we believe we've thought of everything to help shield your key assets – your vehicles, your equipment and your people.**



### **GAP Protection and Return to Invoice (RTI) cover**

If you have a vehicle on finance and it's written off due to fire, theft or accident, what happens if the insurance does not cover the outstanding finance? Simple. You have to make up the difference and then find the capital for a replacement vehicle.

That's why we offer Guaranteed Asset Protection (GAP). Lombard GAP protection fills the 'gap' between your insurance payout and the finance outstanding.

Return to Invoice (RTI) cover provides additional protection – covering you up to the current list price of the vehicle if it was new, or the original purchase price for used vehicles.



### **KeyAsset Protection**

If you have general machinery or equipment it could be vital that in the event of fire, theft, operator error and accidental damage that you are covered.

That's why we offer a KeyAsset policy which may cover you for these eventualities.



### **KeyMan Protection**

It's difficult to contemplate, but how would your business cope with the sudden death or long-term disability of a valued employee? Preparation is the best form of protection – and that's why our KeyMan policies include life, personal accident, accident and sickness, and critical illness cover.

You can nominate anyone that you consider to be vital to the future of your business – a skilled operator, senior partner or managing director, for example.

# Your questions answered

## What is asset finance suitable for?

Asset finance is suitable for businesses in virtually any sector that requires financing for the acquisition of plant and machinery, vehicles or business equipment. You can use it for equipment that ranges from several thousand pounds to several million, depending on your business needs. Assets that are typically funded in this way are of a tangible nature with a readily available resale market.

## Why not just use cash?

If your business has the money available, then it could be worth considering this option. Your business will own the asset outright and you will also be able to claim the capital allowances. But paying cash upfront will exhaust working capital that could be better invested elsewhere, such as paying your suppliers or expanding your business.

## Why don't I just borrow the money from my bank?

Loans have their place when acquiring assets but you should consider your overall borrowing requirements. A loan from the bank to finance your assets is likely to reduce your ability to raise funds for other purposes while the loan is outstanding.

## Is it true that asset finance offers the protection of a fixed term contract?

Yes. A bank may call in an overdraft at any time, but with Lombard you are protected by the security of a fixed term contract. This cannot be withdrawn over the length of the contract – an advantage over using a bank overdraft.

## **Does my business need a history of trading profitably to qualify?**

Yes, Lombard will look at the credit history and growth prospects of your business, to be satisfied that the repayments can be met. Repossessing the asset is seen as the last resort. Lombard is a specialist in asset finance, and we have established disposal routes if we need to enforce the security.

## **How long does it take to get an agreement in place?**

Each decision is based on an individual business' situation, but for transactions under £150,000 it can take as little as 24 hours to get an initial decision. As each individual technology asset specification is reviewed in order to estimate the value of the item at the end of the agreement and reduce the rentals where possible, these transactions usually take significantly longer.

Whether done face-to-face, on the telephone or online, there is often a short period after the initial decision while the formalities are put in place. Most sellers of assets will be familiar with this process and used to providing this information.

## **Do I ever need to give additional security?**

Security is mainly taken on the asset concerned, although it is not unusual for personal guarantees to be required if you are borrowing a large proportion of the asset's cost and your balance sheet is developing/growing.

## **What is a balloon payment?**

This is a final lump sum payment, often reflecting the estimated value of the asset at the end of the agreement. Technology asset finance does not include a final balloon payment at the end of lease as the estimated future value is reflected in the rentals. By opting for such a payment, the monthly instalments can be reduced, but you will pay more interest overall as the capital sum is not reducing at the rate it would be if the repayments were geared to cover the loan in full.

# A history of funding business futures

Lombard is part of The Royal Bank of Scotland Group. As specialists in asset finance, we are committed to giving small and medium-sized businesses the ability to source, acquire and manage the assets that help them achieve their aims.

In fact, every day we lend to businesses like yours and because we're business people too, we believe in going the extra mile. Whatever asset you need, whatever sector you're in, we'll do everything we can to give your business the tools it needs to succeed.

You can find us locally through our network of business centres across the UK and our headquarters in Redhill, Surrey.

## **Lombard North Central PLC**

Head and registered office:

3 Princess Way, Redhill, Surrey RH1 1NP

Registered in England No. 337004

Lombard North Central PLC is an appointed representative of  
The Royal Bank of Scotland plc, which is authorised and regulated  
by the Financial Services Authority.

Technology finance offered by Lombard Technology Services Limited.

Registered in England No. 2039637

Registered office: 3 Princess Way, Redhill, Surrey RH1 1NP

Contract hire facilities offered by Lombard Vehicle Management Limited.

Registered in England and Wales No. 02597082

Registered office: 3 Princess Way, Redhill, Surrey RH1 1NP

## Contact us

No matter where you are, you're never far away from a Lombard expert.

For more information and support, simply call your nearest Lombard Business Centre or visit us online. Calls may be recorded.

Call 0800 502 402

Typetalk 18001 0800 502 402

[lombard.co.uk](http://lombard.co.uk)

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