

# ADVANCE YOUR PLANS WITH ASSET FINANCE

Forward thinking finance.



Lending is all we do,  
and we've been doing  
it for over 150 years.

Forward thinking finance.



## FOREWORD



Globalisation, the fourth industrial revolution and the evolution of transportation are just three of the forces transforming the landscape for British businesses.

Forward-looking companies recognise that the key is to adapt to this fast-changing world, embracing new markets, making use of emerging technologies and developing operations to simplify or, conversely, to diversify.

Asset finance is widely used by businesses to fund investment in the equipment they need to thrive and, at Lombard, we are experts in asset finance. Lending is all we do, and we've been doing it for over 150 years.

We provide asset finance for businesses of all sizes, from small family run businesses to large commercial enterprises. Our customers operate in all sorts of sectors, from transportation to renewable energy, technology, agriculture and manufacturing. In transportation alone in 2018, we provided funding of over £2.6bn to UK businesses.

We also know that for some businesses, their intangible assets can be a valuable commodity. Our pioneering Intellectual Property Funding solution enables companies to leverage the IP in their proprietary software to free up more working capital.

We're here to support you. Our extensive relationship manager network across the UK combines local knowledge with financial expertise and hands-on experience. You can rely on our proactive attitude to lending to produce the flexible finance your business needs, when you need it.

**Ian Isaac**  
Managing Director, Lombard



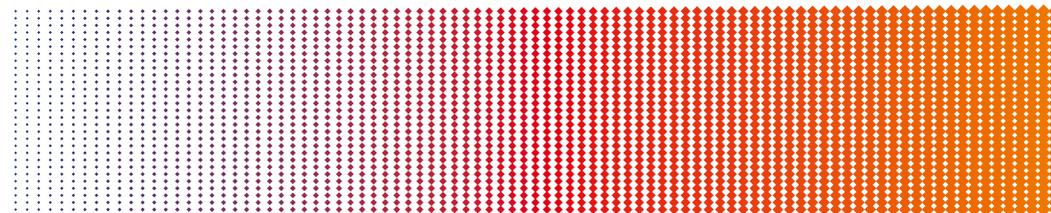


# ASSET FINANCE

Asset finance is widely used by businesses to fund investment in the equipment they need to thrive. It usually involves making a regular payment to use the asset over an agreed period, avoiding the full cost of buying outright.

- Ideal for maintaining, replacing or updating depreciating assets
- An accessible source, because the finance is usually secured against the asset
- Can complement other business funding, such as invoice finance
- Capital allowances can be claimed on certain assets

The most common types of asset finance are leasing and hire purchase. The assets themselves may be plant, machinery, technology, or vehicles.



## Lombard: A more proactive partner

At Lombard we know how asset finance can be used to help you meet your challenges and seize emerging opportunities. Our extensive relationship manager network across the UK combines financial expertise with broad sector and local knowledge to ensure that we understand the needs of your business. You can rely on our proactive approach to lending to provide the flexible finance that will help your business thrive as and when you need it. This combination of expertise and customer-focus is one of the reasons we have won the Business Moneyfacts Award for Best Leasing and Asset Finance Provider for ten years in a row.

Asset finance is all we do and we've been doing it for 150 years.

# ACCESS TO A WIDE RANGE OF ASSETS

We can arrange finance for many types of assets. As a general indication, if the asset is durable, identifiable, moveable and sellable you're likely to be able to use asset finance.

## For example:



Cars and vans



HGVs, buses, coaches and trailers



Plant, machinery and construction equipment



Green Energy



Agricultural equipment



Marine – commercial and private



Aviation – corporate and private



Technology hardware, software and intellectual property

**LVS - Finance subject to status.  
Guarantees and indemnities may be required.**

The asset finance market reported strong growth across many sectors in the final quarter of 2018 which contributed to a record level of new business in 2018 as a whole of almost £33 billion. This represented the eighth consecutive year of growth.

The temporary increase in the Annual Investment Allowance for plant and machinery from 1 January 2019 announced in the last Budget should support further growth.\*

\* Source: Finance and Leasing Association (FLA)  
<https://www.fla.org.uk/media/news/asset-finance-market-grows-by-7-in-december/>

# BENEFITS THAT REALLY ADD UP

This brave new world won't wait - and you don't have to either. By spreading the cost of investment over time, asset finance lets you invest in the equipment you need without tying up working capital or putting undue pressure on cash flow.

## Asset finance offers many benefits

### Flexible options

We prepare tailored finance packages that help businesses to acquire assets without over-stretching their working capital.

### Eliminate uncertainty

Budget can be fixed for the length of the asset finance contract, so you can budget accurately.

### Minimise the risks of ownership

With our leasing products, we purchase the asset then rent it to you over an agreed term, for an initial outlay plus a fixed monthly rental that's tailored to meet your cash flow needs. When the lease term is over, you don't own the asset - but you may be eligible for a portion of the resale value if certain conditions are met.

### Release cash tied up in existing assets

We can refinance equipment you have already purchased in order to release capital back to you.

### Open up additional credit lines

Asset finance complements the cash resources you already have, as well as other bank credit lines like overdrafts and loans.

### Access funds efficiently

The loan is secured against the asset, so we don't always need to look for additional security, so it should speed up the process.

### Cut wasted spending

If you'll only use an asset for part of its life, choose a product that will reflect that.

With asset finance, security is held on the assets themselves. As a result, the rates offered in the UK asset finance market tend to be much more competitive than other forms of finance.



# EXPLORE YOUR OPTIONS

Asset finance covers a range of funding options and it's our job to find out which works best for your business.

We look at your financial situation and develop a bespoke solution using one or a combination of the following options.

## Hire purchase

Hire purchase is a flexible way of financing an asset when you'd like to have the option of keeping the asset at the end of your contract. After you've completed the final payment, you can become the owner of the asset\*.

## Operating lease

These are particularly effective for assets you need for a specific contract or period of time. We base the rental payments on the value of the asset over the timescale that you need it. As a result, you can link the payments directly to the income your asset generates.

Your payments won't cover the full cost of the asset as we'll guarantee a residual value at the end of the term.

## Contract hire

A type of operating lease for cars and vans, supplied by Lombard Vehicle Solutions (LVS). It's a complete solution that covers sourcing, financing, managing and disposal.

## Lease

With a lease, you simply rent the asset from us and we calculate rental payments over an agreed term. Although you never own the asset yourself, you may be eligible for a share of the resale value at the end of the term.

## Refinance

This is a way for you to unlock the capital tied up in your existing assets and redeploy it elsewhere in the business. Refinance can be useful in a number of ways, including:

- Replenish cash resources for re-investment elsewhere
- Release land or buildings which have been used as security to fund other assets; we would use the refinanced asset itself for security
- Replace 3rd party investor funding

## Capital Import Finance

This is something we offer in conjunction with NatWest's team of International Trade Advisors to help manufacturers source, import and install specialist equipment from abroad. It's a one-stop funding package that reduces the challenges and risks of buying from overseas suppliers.

\* Option to purchase fee applicable.

“  
The business investment landscape is changing. We challenge ourselves to be forward thinking about the funding we provide to help UK businesses stay ahead of these changes.  
”

Ian Isaac, MD, Lombard

## TAKE ADVANTAGE OF AIA

The Annual Investment Allowance (AIA) allows your business to deduct the cost of certain assets from your profits before tax.

From 01 January 2019 for two years, the AIA allowance is set at £1,000,000 per year.

### How is it relevant?

Many types of asset count as qualifying expenditure. You can claim AIA if you have a hire purchase (HP) arrangement which will ultimately lead to you owning the asset. You don't have to have paid outright for the asset; you get the AIA allowance on the full cost of the assets up to the maximum of £1m and subject to any transitional adjustments as a result of the increase from £200,000, even though the rental payments are spread over the term of the HP agreement.

### Taxable profits



up to a maximum of

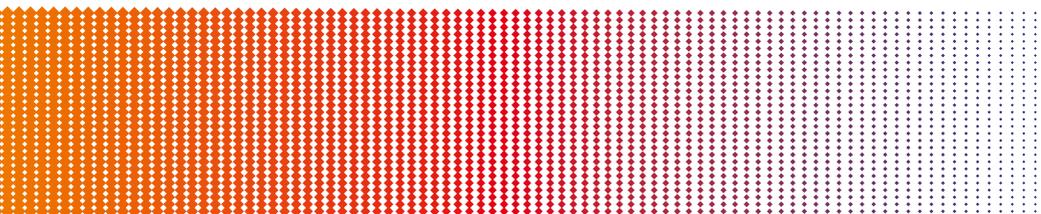
**£1,000,000**

\* Related to qualifying expenditure.

# UNLOCK THE VALUE OF YOUR PROPRIETARY SOFTWARE

If your business has developed its own software and owns the intellectual property, it's worth having a conversation about Intellectual Property Funding.

This unique idea is a game changer in the world of asset finance and a good example of what we mean by 'Forward thinking finance'.



## A logical solution

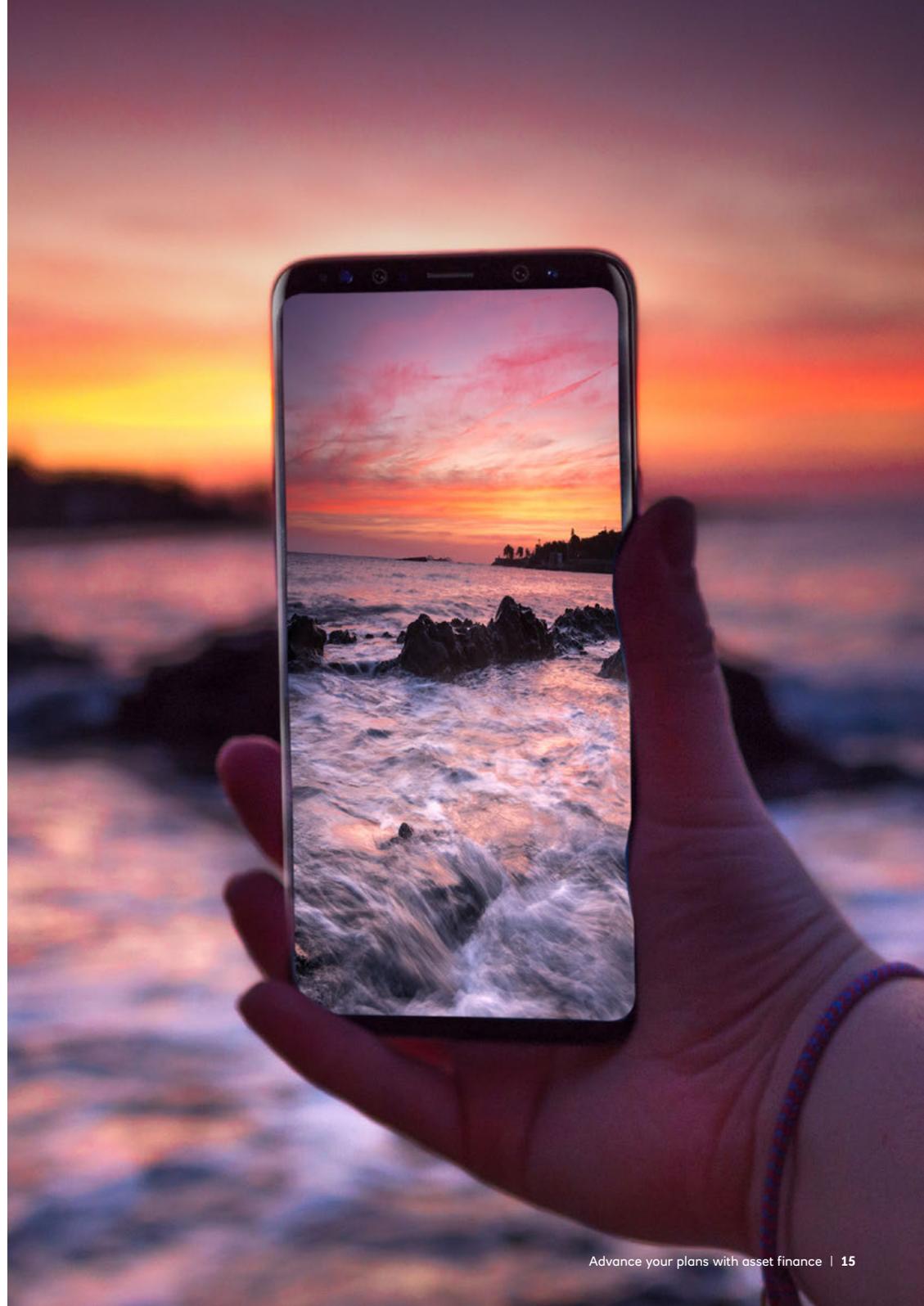
A company's intangible assets – including knowledge-based assets such as business critical software and the intellectual property (IP) associated with it – are increasingly recognised as having significant value. Our Intellectual Property Funding is an innovative asset finance solution designed to unlock the hidden value of your software IP.

We take title to the software from you and then license it back to you for an agreed term. You get to continue using the software while simultaneously leveraging its value to unlock the capital you've already invested in it.

This innovative approach provides a fresh injection of working capital that you can invest elsewhere in your business.

“  
Currently the UK private sector has £135 billion invested in knowledge-based assets compared to only £50 billion in tangible assets like machinery and transport equipment.  
”

**Stephen Blackman**  
RBS Principal Economist



# LET'S GET STARTED

To find out more about how asset finance could help your business meet the demands of a changing world:

Call us on **0800 502 402** (Lines open Mon Fri, 9am 5pm)

Text relay **18001 0800 502 402**

Visit us at [lombard.co.uk](http://lombard.co.uk)



## Forward thinking finance.

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.

### **Asset Finance**

You should seek independent advice to determine if this product is suitable for you. Security may be required. Product fees may apply. Over 18s only. Subject to status, business use only. Eligibility criteria applies to Asset Finance. Any property or asset used as security may be repossessed or forfeited if you do not keep up repayments on any debt secured on it.

### **Contract Hire**

You should seek independent advice to determine if this product is suitable for you. Security, in the form of guarantees or indemnities, may be required. Product fees may apply. Finance subject to status and is only available for business purposes. Lombard Vehicle Solutions (LVS) is provided by ALD Automotive Ltd (ADL), trading as Lombard Vehicle Solutions, Oakwood Drive, Emersons Green, Bristol BS16 7LB. LVS is a product solution provided for Lombard by ALD and there is a financial connection between Lombard and ADL as a result. The arrangement ensures that Lombard customers as well as those of National Westminster Bank Plc and The Royal Bank of Scotland plc have access to a wider range of products to meet their vehicle asset finance needs. Customers whose agreements are regulated by the Financial Conduct Authority should be aware that Lombard is acting as a credit broker and not a lender, and that Lombard will receive a payment from ALD should you wish to proceed with an agreement. You can ask Lombard or ALD for more information about this.

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Registered Office: 280 Bishopsgate, London, EC2M 4RB.

