

ASSET FINANCE HELPS EMPLOYEES INVEST IN THEIR OWN FUTURE

Forward thinking finance.

THE STORY IN BRIEF:

- Tomlinson is an Employee Owned company which specialises in manufacturing dies for embossing and hot foil stamping
- The directors wanted to increase production capacity and reliability by acquiring a new etching machine and approached us to discuss using asset finance to spread the costs
- Having undertaken due diligence to gain an understanding of this Employee Owned business and its requirements we were happy to agree a hire purchase arrangement
- Tomlinson purchased the machine from German suppliers, we reimbursed the business and converted the funding into the HP loan
- Both sides are keen to build on this new working relationship and talks about using asset finance to invest in other new machinery are already underway



FACT FILE:

Sector: Manufacturing

Location: Leicester

Turnover: £2m – £5m

Purpose: Tomlinson Ltd was seeking asset finance to support their investment in a new etching machine.

Solution: They purchased the machine directly from suppliers in Germany, we then reimbursed them and converted the outlay into a Hire Purchase agreement, repayable over three years.

Get in touch, visit lombard.co.uk or
call 0800 502 402 or Text Relay 18001 0800 502 402

Lines are open 9am to 5pm Monday to Friday. Calls may be recorded.

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Finance is only available for business purposes.

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“
It’s very easy doing business
with Lombard.
”

Jim Littler, Finance Director, Tomlinson Limited

Putting their own stamp on it

From book covers to greeting cards and across a spectrum of premium goods, the use of embossing and hot foil stamping enhances products and packaging. A key step in the embossing process is making the die – whereby the required image is etched on to metal. This is where Tomlinson Limited come in; using the latest technology they create hot foil stamping and embossing dies for a wide range of customers. These customers are predominantly in the UK, although 35% of orders come from abroad.

The business was owned and run by the Tomlinson family until 2017 when, with the imminent retirement of Lynne Tomlinson-Hands, it became an Employee Owned company. Demand for Tomlinson’s services is strong and, with a vested interest in the success of the business, its employees are highly motivated. Keen to leverage this enthusiasm and the opportunities for growth, the directors wanted to increase capacity by investing in a new Stoma etching machine. “We had decent reserves of working capital but recognised that asset finance would give us more flexibility,” says Jim Littler, Finance Director, “We approached Lombard on the recommendation of our accountant.”

“We usually work with limited companies and obtain a director’s guarantee against a loan,” explains Lombard’s Gail Bibb, “but Tomlinson is an Employee Owned company with the shares held in a Trust so it’s a little different. Having worked with them to understand their circumstances and seen the strength of the business, we were happy to provide the finance.”

Asset finance can only be provided for an asset purchased from abroad once the asset is installed, so Tomlinson purchased and installed the Stoma machine and we reimbursed them. We then converted the cost into a three year hire purchase agreement. “We found it very easy to do business with Lombard and their fees and rates of interest were competitive,” comments Jim, “The hire purchase funding arrangement meant we could offset the cost of the machine against our Annual Investment Allowance (AIA).” The AIA allows a business to deduct the cost of qualifying assets – including machines and equipment – from taxable profits. Currently, the AIA threshold is £1million per tax year.

“The new etching machine has increased our capacity and enabled us to retire an older machine which was reaching the end of it’s useful life,” says Jim. “We see this investment as just the start of our relationship with Lombard and in fact, we’re already in discussion with Gail about upgrading our CNC (Computer Numerical Control) machines to increase our capabilities and create an even better product. There is great potential for growth and we believe working in partnership with Lombard will help us tap into it.”

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