

Leasing: your questions answered

I haven't used leasing before

Don't worry, 8 out of 10 accounting firms, Government bodies and 85% of the Times Top 100 companies all use leasing; you will be joining good company.

What size of transaction can be financed?

The minimum lease value is £1,000 (ex. VAT) but we finance transactions right through to £multi-million projects – The benefits remain consistent regardless of project size.

How long can I lease assets over?

You can lease assets over a term to suit your needs, subject to the asset in question. For instance technology assets are typically financed over 3-5 years although plant and machinery, for example, could be significantly longer. Alternatively leases could be as short as one year, for example software licenses. We can advise you as to the most appropriate term for your specific needs.

What can be leased?

A huge range of assets qualify for leasing and at Bluestone Leasing we finance everything from IT equipment through to fit out and furniture. It comes as a surprise to many that even software can be leased whilst our projects team are experts in wrapping up all project costs to secure full funding for office moves, shop fits and refurbishments.

How are the rentals treated for VAT?

Rentals attract VAT in the normal way except for Lease Purchase agreements where the VAT is paid in full upfront.

Will I have to pay by Direct Debit?

Like most industries you will benefit from the lowest payments if you pay by DD, but it may also be possible to request an invoice only arrangement.

Will I have to put down a deposit?

No, you only make your first payment when you take delivery.

Will I own the equipment at the end of the term?

A standard Bluestone Leasing rental agreement is totally flexible at the end of the initial term. Like many organisations, if you do not wish to return the goods at that point, you can choose to retain the equipment for as long as you want or permanently for a one off charge. However, for you to have gained the best tax advantages during the term you will not legally own the asset.

What happens if the goods become obsolete or need to be upgraded?

One of the main reasons for leasing is to match the rental term to the period of the products productive life. You can at any point in the rental period upgrade the equipment and your payments will alter accordingly. The upgrade path is another benefit of leasing, unlike using cash.

Can I lease the use of software or other non-tangible items?

Absolutely – software is ideally suited to leasing and allows you to pay for licenses etc over time.

What happens if I don't keep up the payments?

Like any agreement, you are agreeing to make the payments as set out in the document. If you fail to make these payments then steps will be taken to remove the leased goods and enforce the terms of the agreement. A benefit of leasing, unlike most bank facilities, is that there is no link to the broader financial performance of your organisation – As long as the rentals are paid, the facility cannot be withdrawn.

Will signing a lease reduce my ability to gain credit elsewhere?

No, signing a lease through Bluestone Leasing will leave all your present lines of credit in place, if anything it may help you gain more credit in the future.

