

Your Guide to: **FINANCE LEASE**

“A **Finance Lease** is a flexible way for businesses to access the equipment or vehicles they need without the upfront cost of buying them outright. You’ll make regular monthly payments to use the asset over an agreed term. While you won’t own the asset at the end of the lease, you may be able to extend the lease, upgrade to something new, or return the asset to the owner or their agent.”



MOORGATE

**Key Features available vary and are subject to the lenders own product offering and credit criteria.*

Finance Lease: **HOW DOES IT WORK?**

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4. End of Term Options

When the lease ends, you won't automatically own the asset. Instead, you can choose to extend the lease, upgrade to new equipment, or return the asset - depending on what suits your business best.

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3. Make Regular Payments

You'll then make regular payments over the agreed lease period, typically between 1 to 5 years, allowing you to budget with confidence.

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2. Agree Terms & Pay an Initial Rental

Once terms are agreed, you'll usually pay an initial rental amount - this acts as a deposit and is often equivalent to a few monthly payments.

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1. Choose a Finance Partner

Start by finding a finance provider that suits your needs. Working with an asset finance broker can make this easier, helping you secure the best deal for your business.

Finance Lease:

KEY FEATURES

TARGET CUSTOMER	TARGET SECTOR	TYPICAL TERM	AGREEMENT VALUE
Business Customers including Partnerships, Sole Traders, Unincorporated Entities	Widely used across a variety of sectors, particularly those that rely on high-value equipment, including but not limited to: Construction, Transport, Manufacturing, Medical, Agriculture and Consumer/Retail	Typically, 12 to 60 months however longer terms may be available	£5,000 - £10,000,000
TITLE	SECURITY	PAYMENT STRUCTURE	DEPOSIT
You have the right to use the asset during the agreed term, but it remains owned by the finance provider throughout the lease. At the end of the lease, Moorgate Finance can support you in acquiring ownership - either by acting as the lender's agent or guiding you through the process. A fee will apply	Asset Security and/or Personal/Corporate Guarantees may be required	Typically, equal payments payable monthly although quarterly and seasonal payments may be available	Flexible initial rental options, including 100% of the purchase price are available. In some cases, the initial rental may be larger, ultimately bringing down the cost of the regular payments to follow
FIXED VS. VARIABLE	ONE-OFF/SETTLEMENT PAYMENTS	REFINANCE OPTIONS	SALE & LEASEBACK
Most lenders offer Fixed and Variable rate options. Fixed Rates stay the same throughout the term, while Variable Rates can go up or down depending on market conditions	Options available with varying solutions. Some lenders may charge fees to make one-off payments or early settlements	You may be able to restructure an existing finance agreement or enter a new agreement	Only available once the asset is owned, lease it back to release cash

+ PRODUCT SUITABILITY

A Finance Lease is designed to suit a wide range of customers that want to rent an asset by making repayments over a defined period of time.

Note: Finance in general is not suitable for those who do not have sufficient income to meet the repayment obligations.

Finance Lease: **BENEFITS VS. RISKS**

BENEFITS	RISKS
<ul style="list-style-type: none">• Access to high-value assets without needing to purchase outright• Flexible options such as term, frequency and size of instalments• Lease payments are often fully deductible as operating expenses, offering tax benefits• Ability to upgrade assets or move to new equipment after the lease term• Lifetime support with access to an Account Manager and dedicated Finance Support team	<ul style="list-style-type: none">• More expensive than buying outright/upfront• Obligation of the Customer to maintain the asset and ensure it remains in good condition and insured• At all times the lender owns the asset, and it cannot be sold• Failure to meet payment obligations can result in asset repossession• The Customer is responsible for the suitability of the asset and must do their own due diligence to ensure that the asset and the supplier are appropriate to their needs• You are locked into the lease agreement for the full term, even if the asset no longer meets your needs or you no longer wish to use it• For variable rate agreements, interest rates can increase, leading to higher monthly repayments

Finance Lease: **ALTERNATIVE PRODUCTS**

Not sure if a Finance Lease is the right fit for your business?

There are plenty of other asset finance options to consider, including Equipment Finance, Hire Purchase and Business Car Finance. Each one comes with its own pros and cons, so the best choice will depend on your own unique business needs.

+ TRANSPARENCY

The Consumer Credit Act and other supporting legislation heavily dictate the content of this documentation. Whilst every effort has been made to provide clear explanations of the product, if you experience any difficulty with any of the terms used you can contact us on compliance@thembn.co.uk

As part of our services, we will provide a quotation identifying important information such as payment amount, term and total amount repayable.

Moorgate Finance does not assist in any co-manufacturing of lender products, the lender will review their pricing in line with a range of benchmarks including key market indicators, rates and other market intelligence.