



**MES**  
SYSTEMS

# Lease Purchasing

## WHY CHOOSE THE LEASE OPTION ?

**“Buy what appreciates, rent what depreciates”**

John Paul Getty

Security equipment will help to reduce any costs to your business associated with break-ins, theft and damage. It may even help to reduce your insurance premium. So it will certainly save you money in this respect, but it's not the type of asset that will earn you any money.

## Wouldn't it be better to invest your cash in something that will show a return ?

Of course it would, but isn't leasing simply a costly alternative for those who can't budget for the full cash price ?

Quite simply, no. Leasing is used by the whole spectrum of businesses, from the sole trader to the largest blue chip corporations. There are a number of benefits to leasing, and as such, a variety of reasons as to why companies choose to lease their equipment.

## So what are the benefits ?

Rentals are 100% allowable against corporation tax.

All rentals payable under a lease contract are 100% tax deductible. The equipment is owned by the finance company and so the rentals that you pay are classed as a business expense. How much will your tax bill be reduced by if you go for the lease option ?

## Conserves your capital and improves cashflow

Should you choose to pay as you enjoy the use of the equipment rather than purchase it outright, the impact on your cashflow is vastly reduced. This will leave you with more money available for perhaps more mission critical expenditure or investment.

## Alternative credit lines

In the same way as cashflow is enhanced, the lease option leaves your other lines of credit intact and free for use when you might need them more.

## Ease of budgeting

All rentals will be fixed for the term of the lease, so you know exactly where you are at all times, making budgeting simple. The lease term will reflect the useful working life of the equipment, so you will pay for the equipment as you benefit from its use. After all, if it's not going to earn you any money, why plough your hard earned cash into it ?

## Gives you the ability to keep pace with technology

As improvements are made in equipment technology, it is possible to upgrade your equipment during the lease. Would you feel unrestricted in updating your equipment when you needed to if it still owed you a reasonable amount of money on your books ?

## Provides greater freedom of choice

Very often, capital budgets can dictate when and what you purchase. Leasing provides an affordable rental stream which means that you can have the equipment that you need, when you need it, and at a cost that you can justify.

**If you invest your cash into a depreciating asset, you lose the ability to use it to make money elsewhere. Twin this with the tax advantages of leasing and you have a flexible, cost effective method of acquiring your security equipment.**

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