



Benefits of an Operating Lease



Technology Leasing specialise in tailoring flexible and tax-effective operating lease (rental) solutions to satisfy business needs.

An operating lease from Technology Leasing can provide many significant benefits to your business:

Improves cash flow: An operating lease allows your working capital to be invested in other areas of your business (rather than being tied up in high-value assets which depreciate in value).

Stretches your budget further: You are not limited to what you can afford to pay upfront, with the cost of leasing being spread over the useful life of the equipment.

100% financing: 100% of the equipment's cost is financed (ie there is no equity required) regardless of budget restrictions.

100% tax deductible: Repayments are 100% tax deductible provided the equipment is used solely for business purposes.

No residual value risk at end of term: At the end of the term we are responsible for the residual risk (disposal value) of the equipment – thereby you are not funding the equipment's full value or burdened with trying to sell out-of-date equipment that normally is worth very little.

End of term options: At end of the term you can choose to continue leasing, renew the lease for a further period, offer to buy the equipment at fair market value or return the equipment with no additional costs (the choice is yours!).

Package an entire solution: Bundling of ancillary costs (such as peripherals, installation, software and maintenance) together with the equipment may also be included in lease agreements, affording greater convenience and often at reduced costs (rather than separately acquiring the same services with separate payments).

Minimises equipment obsolescence: Equipment financed via an operating lease can be upgraded at any time during the period – ensuring you are not burdened with obsolete equipment and allowing you to utilise the latest in technology developments to grow your business.

WHAT IS AN OPERATING LEASE?

Simply, rather than you paying for business equipment with a large cash outlay upfront, Technology Leasing offer the alternative of a small monthly or quarterly amount over an agreed term allowing you to pay for your equipment usage as-you-go.

HOW DOES IT WORK?

You select the equipment you require from your preferred supplier and then contact us, Technology Leasing, where we tailor and approve a finance solution to meet your requirements. Your supplier delivers and installs your equipment and we pay the supplier directly for 100% of the full amount. You then make fixed monthly or quarterly payments to us.

Preserves lines of credit: An operating lease generally maintains your lines of credit with other institutions (allowing you to manage unexpected or other financing requirements).

Choice of term and flexibility: You can choose terms (up to 5 years dependent upon the equipment) to meet your needs – the longer the term the lower the monthly repayment ... it's your choice.

Accurate budgeting: As lease payments are fixed over the term, more accurate budgeting is provided (with no nasty surprises). Fixed repayments are also a hedge against inflation and interest rate rises.

Strengthens your financial position: As items via an operating lease are not generally included as an asset on the balance sheet, key financial ratios are improved (eg debt to equity, return on assets) – strengthening your position with shareholders and potential other financiers. We're able to finance a broad range of equipment from as little as \$500 up to multi-million dollar requirements ... from specialist industries, government and corporate enterprises to small businesses and consumers – which is unique in our sector.

COMPARING FORMS OF BUSINESS FINANCE

Below is a summary only of various financing options to assist in evaluating the most appropriate form of finance for your business needs.

Criteria	Operating Lease	Finance Lease	Chattel Mortgage	Commercial Hire Purchase
Purpose/Suitability	For high depreciating equipment with up to 5 years life span (IT, computing, machinery, office & business equipment, AV, security, gaming machines, etc)	Best suited for financing items with longer effective usage (motor vehicles, large commercial and earthmoving equipment, trucks, etc)	Mainly for small to medium businesses who wish to retain the equipment at end of term and adopt the accounting 'cash basis' practice	For businesses where owning the asset is critical (such as high value/luxury vehicles or equipment with long performance life and low depreciation)
Who owns the equipment	Finance provider (although business can make an offer to purchase at end of term)	Finance provider (although at end of term the business is legally obliged to either purchase the equipment or make good any shortfall the financier realises on disposal of the equipment)	Business (but finance provider has mortgage over goods until final payment)	Business (with ownership finalised with final balloon payment)
Impact on cashflow	Manageable & predictable (fixed over life of term)	Manageable & predictable (fixed over life of term)	Manageable & predictable (fixed over life of term)	Manageable & predictable (fixed over life of term)
Term	Up to 5 years (determined by business)	Up to 5 years (determined by business)	Up to 5 years (determined by business)	Up to 5 years (determined by business)
Flexibility (ability to vary agreement mid term)	Yes (at any time can vary agreement ie with equipment upgrades and/or add-ons)	No (to upgrade must pay out existing agreement and then take out a new one)	No (to upgrade must pay out existing agreement and then take out a new one)	No (to upgrade must pay out existing agreement and then take out a new one)
Balloon or residual (ie payment at end of term based on agreed % of future value of equipment)	Nil	Varies by agreement (higher the residual payment the lower the monthly payment)	Varies by agreement (higher the residual payment the lower the monthly payment)	Varies by agreement (higher the residual payment the lower the monthly payment)
Residual risk (ie sale price at end of term is less than initially agreed future value)	Nil (risk lies with finance provider)	Yes (the obligation and risk lies with business)	Yes (the obligation and risk lies with business)	Yes (the obligation and risk lies with business)
Software, services & intangible costs	Up to 100% of intangible costs	Up to 100% of intangible costs	Up to 100% of intangible costs	Up to 100% of intangible costs
Accounting	Normally 'off' balance sheet (treated as operating expense and improves financial ratios)	Appears as both an asset and liability 'on' balance sheet as capital expenditure	Appears as both an asset and liability 'on' balance sheet as capital expenditure	Appears as both an asset and liability 'on' balance sheet as capital expenditure
End of term options	Various (continue leasing, offer to buy equipment, return equipment at no additional cost or new equipment lease)	Limited (pay residual & keep equipment or return equipment with obligation to make good any shortfall or refinance)	Nil (business takes ownership of equipment)	Nil (business takes ownership of equipment)
Who is responsible for equipment disposal	Finance provider	Business	Business	Business
Who bears the risk of obsolescence	Finance provider	Business	Business	Business
Tax Treatment	Repayments are 100% tax deductible (provided equipment used solely for business purposes)	Interest plus depreciation are 100% tax deductible (provided equipment used solely for business purposes)	Interest plus depreciation are 100% tax deductible (provided equipment used solely for business purposes)	Interest plus depreciation are 100% tax deductible (provided equipment used solely for business purposes)

It is recommended independent advice is gained from your accounting and/or taxation professional.



freecall **1300 137 146**
www.techlease.com.au

enquiries@techlease.com.au
Unit 16, 390 Eastern Valley Way, Roseville NSW 2069



Quality
Endorsed
Company
ISO 9001 Lic. 15000
SAI Global