



SG Equipment Finance Ltd.

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Service range

The UK subsidiary of SG Equipment Finance provides vendors and investors in capital equipment with a comprehensive choice of financial and additional services throughout the UK. This allows you to draw upon the expertise, service and security offered by a large global bank and one of the leading European asset-based and vendor financiers.

Our teams in the UK comprise professionals with a wealth of experience of close vendor partnerships. Using their in-depth market knowledge, they help manufacturers and distributors gain a competitive edge.

Selected markets and assets

- IT, office and medical equipment
- Industrial equipment, printing and machine tools
- Transportation, materials handling, construction equipment and aviation

Vendor partnership structures

- Vendor programmes (vendor-branded programmes, undisclosed vendor programmes, joint ventures)

- Sales financing (loose cooperation agreements, co-branding)

Financial products

- Leasing (finance leasing and operating leasing)
- Loans
- Hire purchase
- Receivables finance
- Structured finance

Additional services

- Asset management: full lease portfolio management service including an end-of-lease service (negotiation of lease extensions, inspection, recharges, asset collection and disposals)
- Marketing services
- Accounting, collection and reporting
- Provision of dedicated staff

Specifications

- Term finance up to 84 months and beyond
- Currencies: sterling, euros, US dollars

Leasing in the United Kingdom

Under civil law a lease is a contract between a lessor and a lessee for the hire of a specific asset. Accounting definitions are given in the Statement of Standard Accounting Practice 21 Revised (SSAP 21) and FRS5. Under these standards, a finance lease is a lease that transfers substantially all the risks and rewards of ownership to a lessee. All other leases are operating leases.

An **operating** lease is defined under SSAP21 as any lease that is not a finance lease. As such, operating leasing covers a broad range of leases under which a substantial proportion of the risks and rewards arising from the ownership of an asset remain with the lessor. One criterion often used to distinguish an operating lease is that the present value of the lease payments must be below 90% of the asset's purchase price. The lessee does not have a purchase option on the leased asset. An operating lease is not capitalised in the lessee's accounts.

A **finance lease** is a lease that transfers substantially all the risks and rewards of ownership of an asset to the lessee. It is common practice to say that the transfer occurs if at the inception of a lease the present value of the minimum lease payments amounts to at least 90% of the purchase price of the asset. Under a finance lease, the lessee does not have a purchase option on the leased asset. A finance lease is capitalised in the lessee's accounts.

A **hire purchase** agreement is a lease where the lessee (known in this case as the hirer) has a bargain option on the leased asset. The exercise price of the option may either be a specified amount or it may be included as part of a series of instalment payments. The leased asset is capitalised in the lessee's accounts and the full VAT amount on the asset cost is charged at the commencement date of the contract.

We support. You succeed.