

Operating Lease

Lowest pre-tax rental option

An Operating Lease from MAN Financial Services (MFS) provides a cost-effective solution for customers requiring use of a vehicle/asset for a specific project over a period which is shorter than the assets anticipated working life.

For example, a haulage company with a large contract with a major supermarket chain to move foodstuffs.

The key feature of an Operating Lease is: The operator has the benefit of a fleet of the most modern, up-to-date vehicles on the road, whilst making the minimum monthly repayments.



The haulier simply makes rental repayments based on the anticipated depreciation of the vehicle, leaving the remaining capital sum to be met by the proceeds achieved on the vehicle sale at time of disposal.

Any risks relating to this disposal are included in the operator's contractual obligations.

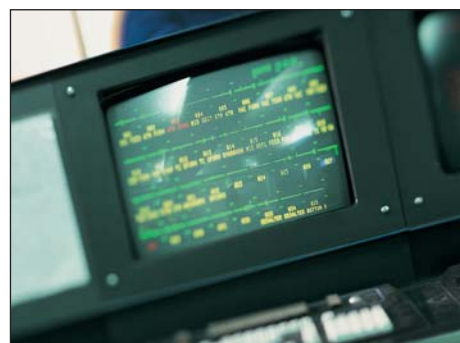
Such action keeps the company's rental payments as low as possible - a factor which can obviously help the company win the contract in the first instance - by enabling it to tender a competitive price.

An MFS Operating Lease can also be attractive to those companies wishing to account for their asset finance commitments on an 'off balance sheet' basis.

For example, companies which are subsidiaries of a major plc. Such companies measure their performance in terms of return on capital employed.

If funding for a particular asset was placed 'on your balance sheet', this would have an adverse effect on its capital ratios. However, by providing 'off balance sheet' funding through an Operating Lease, MAN Financial Services is able to help you remain within your target return on capital employed ratio.

A Operating Lease from MFS offers the lowest pre-tax rentals of any finance scheme.



Benefits of an Operating Lease

Features

Rentals are based on the estimated depreciation of the asset over the chosen term

Payment is spread over the term of the lease, which must be less than the equipments projected economic life

MAN Financial Services arrange for the disposal of the asset at the end of the term

Off balance sheet funding

Rentals are generally 100% tax deductible

An Operating Lease from MFS is simple and quick to arrange, with standardised documentation

Payments are usually equal for the entire term of the lease

Operators can calculate the cost for use of the asset over the period of the lease (provided corporation tax and capital allowances legislation does not change)

MFS Operating Lease - Key Points

- An operators gets the full economic use of the asset - as if he/she owned the vehicle
- Low cost pre-tax rentals
- Rentals for equipment (other than cars) are fully tax deductible
- Obsolescence is avoided through fixed period funding
- Extension options are available to operators
- Not repayable on demand (provided that conditions of the lease are being met)

Benefits

Rentals are the lowest pre-tax of any finance scheme

Equipment can be self-financing, and therefore a business's cash flow can be eased. An Operating Lease 'frees a firm's resources' for other business development purposes; it also enables businesses to remain competitive because they don't have to retain outdated equipment

You need have no fear about obsolescence or disposal problems

Simplifies accounting and may enhance performance ratios such as liquidity, gearing and return on capital employed

Tax efficient

Saving operators' valuable time

Budgeting is straightforward

Budgeting is once again straightforward



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