



Asset finance

Sustainable funding for business growth



Close Brothers
Commercial Finance

Modern Merchant Banking



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A fast growing finance option

It's a common predicament for SMEs. You can see the potential for growth in your business, but there's not enough readily available working capital to pursue the opportunities. And yet, the best way to generate more working capital is through growth.

Asset finance offers an effective solution to this paradox. Over the past few years, it has become the fastest growing finance option for businesses of all sizes, across all sectors.

A flexible approach to funding, asset finance gives your business access to the equipment, vehicles, plant and technology it needs to perform, without compromising cash flow. It can be used for both new and second-hand assets, or as a mechanism for releasing value from those you already own.

Asset finance is a collective term for a range of funding solutions that include:

- Hire purchase
- Refinancing
- Finance lease
- Operating lease

In the following pages, we provide an overview of the features and benefits for each.



With Close Brothers' assistance we were able to invest in the necessary equipment to enable us to secure new contracts and further grow our business."



Why choose Close Brothers for asset finance?

Just as no two businesses are the same, neither are asset finance providers. With us, it's the combination of our people, products and principles that make the difference.

Our people

As you would expect, our people are experts in asset finance. But they also have extensive knowledge of your industry. That's because we recruit people from within the sectors in which our customers operate. This 'shop floor' experience means our asset finance managers really understand the challenges their customers face. You can rely on them to be a consistent and proactive point of contact, on hand throughout the life of the finance contract and beyond.

Our products

Our smart financial products are designed to promote business investment and growth. We don't provide standard packages, but consider all relevant aspects of your business and then create tailor-made, flexible repayment schedules. With minimal capital outlay, our asset finance enables you to invest in new equipment or refinance existing assets to make them work harder for you.

Our principles

We're here to help your business fulfil its potential. So, we base our lending decisions on the overall health and plans for the business – not just a credit rating. But we're careful lenders too, a decision that fails to take account of risk factors and wider market forces is not in anyone's interest.

With local teams throughout Ireland and the UK, we can respond quickly to your requests for information and lending decisions. In fact, we aim to give you a decision within days, sometimes hours.

Warning: You may have to pay charges if you repay early, in full or in part, a fixed-rate credit facility.



“The new machinery has allowed us to hit our commercial and environmental targets as the business is more effective and efficient.”

Applying our expertise

Our focus on asset finance for SMEs stems from our belief that they are the engine that drives the Irish economy. From innovation to job creation, it's the sector with the most potential to create growth and social mobility.

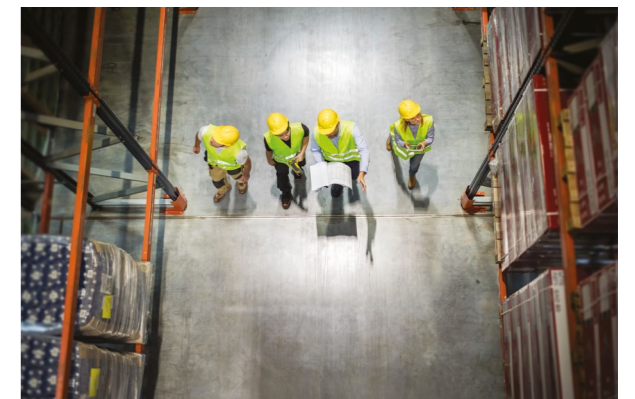
Funding ambition

Our asset finance managers' in-depth knowledge of their industry sector ensures they see the big picture. This means that if you're seeking asset finance to support new product development or diversification, they will be able to help you explore your vision within the context of the wider market.

Sector specialists

The individual customer is at the heart of what we do, but our lending decisions are underpinned by our sector expertise, which covers:

- Agriculture
- Construction
- Engineering
- Manufacturing
- Materials handling
- Packaging
- Print
- Transport and logistics
- Waste and recycling



The whole process has been very easy and uncomplicated. Close Brothers have been very flexible in their approach, and key for us, they were willing to believe in the potential of a young start-up company.”

Hire purchase for flexibility

Spread the cost over time

Hire purchase enables you to acquire an asset while paying for it in instalments over an agreed timescale – the term. At the end of the term, you have the option to purchase the asset outright.

Hire purchase lets you spread the cost of your investment over the life of the asset, making it easier to budget. Hire purchase is particularly suitable for acquiring vehicles, machinery, construction and commercial equipment with a resell value.

See the benefits

More time to repay

Spread the cost over the life of the asset

Seasonality

We can structure repayments to take account of seasonal fluctuations in your cash flow

Keep control

You are the owner of the asset for tax purposes and can normally claim capital allowances

Tax efficient

You can potentially offset your hire purchase interest and charges against pre-tax profits; and reclaim VAT on the capital cost (there are special rules for cars)



Close Brothers have a fantastic understanding of our industry and products, they've become much more than just a finance provider to us. The suggestions we have received from their team have benefitted our business greatly and helped us to develop our operations."

Refinancing for fast release of funds

When you need a cash injection

Refinancing is a quick way to access the value of assets on your existing balance sheet and redeploy that value elsewhere within your business – for example, to fund a deposit on new equipment or unlock some working capital to ease cash flow.

Sale and HP back is a form of refinance that can be used against most types of equipment, making it suitable for companies of all sizes, including sole traders. It works by us purchasing the asset and financing it back to you. Repayments are calculated in line with the income stream that will be generated by the asset and at the end of the refinance term, you own the asset.

This option applies whether you already own the asset or are using it under a finance deal with another provider.

See the benefits

Efficiency

Uninterrupted use of the asset

Spread the cost further

We can take over the finance agreement you have with another provider and extend the term

Choice

Give your business a cash injection or use the money to buy other assets that may not be accessible through hire purchase or leasing agreements



The money released from our existing assets has enabled us to purchase the stock and machinery we required to expand. We've even been able to win a new contract in Australia – our first overseas job.”

Finance lease for greater freedom

User benefits without the ties of ownership

Our finance lease arrangements let you use the equipment you need without having to buy it outright.

You pay us rent for the full use of it. The rental period (the primary lease term) is flexible and can be tailored to your usage needs and cash flow. During this period, you will pay us the full cost of the asset, including interest. Then, when you reach the end of the primary lease term you can choose to:

- continue to use the asset by entering a secondary rental period
- sell the asset and keep a portion of the income from the sale
- return it to us

See the benefits

Low initial outlay

Quick access to the asset you need without a heavy upfront investment

Flexibility

Rental payments and lease periods can be designed to match your cash flow

Cash back

Receive most of the income from selling the asset if you choose to do so at the end of the lease

Tax efficient

Rentals can usually be offset against pre-tax profits

Reduce costs

Potentially reclaim VAT on rentals



The package and the turnaround time on the funding ensured we were able to meet the demands of all of our customers without any disruption.”

Operating lease for added agility

Keep your options open

Similar to a finance lease, an operating lease allows you to rent the asset from us while you need it. The key difference between the two is that an operating lease is only for part of the asset's useful life. This means you pay a reduced rental because the cost is based on the difference between the asset's original purchase price and its residual value at the end of the agreement.

You get full use of the asset for as long as you need it, without the burden of responsibility of disposing of it or recouping its residual value.

See the benefits

Low initial outlay

Quick access to the asset you need without a heavy upfront investment

Freedom

Full use of the asset without having to buy it outright

Flexibility

Option to re-rent, purchase or return the asset at the end of the term

Pay less

Rental cost is reduced as it is based on a percentage of the original capital cost

Off balance sheet funding

Reduce costs

Potentially reclaim VAT on rentals



The best thing about working with Close Brothers is their flexibility. There's not an endless amount of hoops to jump through, they make things happen. I can't praise them enough."



Who are Close Brothers?

Close Brothers is a leading UK merchant banking group providing lending, deposit taking, wealth management services and securities trading.

We employ approximately 4,000 people, principally in the United Kingdom and Ireland. Close Brothers Group plc is listed on the London Stock Exchange.

How can we help
your business?

To find out more visit closecommercialfinance.ie

