

Unlocking the potential in your business

How shifting to Sale and Leaseback could bring business benefits including releasing working capital and eliminating the risks of vehicle ownership.

As the prospect of storm clouds returns to the UK and global economies, one way that small businesses can take cover is to turn to Sale and Leaseback, in order to release tied up capital for other business uses whilst removing the risks of depreciation and running costs.



Across the globe, the UK has one of the most competitive and mature car leasing markets in the world – in fact more than half of UK fleets choose to manage and run their vehicles using contract hire, which is the most popular form of vehicle funding. Yet, take-up of contract hire is typically reduced among SMEs, with managers that often own and run their own business having traditionally preferred to own their assets, including business cars and vans.

In the current economic climate both interest rates and residual values can be difficult to predict. Even good news such as the month-on-month growth in vehicle registrations – which have now increased for 40 consecutive months – is casting a shadow over future used car values and it is no secret that interest rates are set to rise.

As such, it would be prudent for small businesses to explore options for to release tied up capital and reduce risk, in particular Sale and Leaseback, which can provide a way to move to contract hire smoothly and access the many financial and operational benefits.

Under this mechanism, the business sells its owned vehicles to the contract hire and leasing company at an agreed value then leases them back for an agreed period of time. The leasing company takes on the ownership as well as the risk surrounding vehicle disposals. Meanwhile fixed monthly repayments also shield you against future interest rate rises, and this can be further enhanced with a full maintenance package.

As well as eliminating the risks of vehicle ownership, Sale and Leaseback will also bring an immediate cash injection to your business. The fact is that even running a small number of vehicles can tie up a lot of cash. As an example, a security company running just 14 vehicles released £130,000 through a simple transaction with Lombard Vehicle Solutions (LVS). Not only did the business benefit from operational efficiencies but also the cash that was released was used to repay other loans.

There are also further economic benefits to using Sale and Leaseback, including improving your key business ratios such as ROCE and financial gearing.

Finally, Sale and Leaseback can bring the benefits of flexible contracts to meet its changing needs, as well as reduced vehicle administration and enhanced road risk management,

Transacting a Sale and Leaseback is probably easier than you think – at LVS we make the process simple to follow and you will be joining hundreds of other businesses who have released capital this way, remaining in day-to-day control of their vehicles with no disruption for their drivers.

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If you would like to find out more about what Lombard Vehicle Solutions could do for you, or would like to see our vehicle special offers, please click [here](#).

Security may be required. Product fees may apply.

