

# CASH PURCHASE vs FINANCE AGREEMENT

A profitable cash rich business was looking to purchase a new piece of equipment.  
After meeting with the supplier they had sourced the best equipment to suit their needs.  
Now the business had to explore the most cost effective  
and tax efficient method of payment.

## THE FOLLOWING COMPARISON WAS CALCULATED

CASH PURCHASE	
Equipment price	£6,500.00
Interest lost from withdrawing money from bank deposit account @ 5%	
Year one	£325.00
Year two	£341.25
Year three	£358.31
<b>Total interest lost</b>	<b>£1,024.56</b>
Writing down allowance:	
Year 1 @ 25% = £1,625.00 x rate of tax @ 40% = £650.00	
Writing down allowance:	
Year 2 @ 25% = £1,218.75 x rate of tax @ 40% = £487.50	
Writing down allowance:	
Year 3 @ 25% = £914.06 x rate of tax @ 40% = £356.63	
<b>Total tax allowance</b>	<b>£1,494.13</b>
Total cost	£6,500.00
Minus tax allowances	£1,494.13
Plus lost interest	£1,024.56
<b>Total cost of paying cash</b>	<b>£6,030.43</b>

3 YEAR FINANCE LEASE	
£6,500.00 financed over 3yrs - (10% Deposit then 36 x £201.35)	
Equipment price	£6,500.00
Interest gained from money in bank deposit account @ 5%	
Year one	£325.00
Year two	£341.25
Year three	£358.31
<b>Total interest gained</b>	<b>£1,024.56</b>
Finance agreement = 100% tax deductible	
(Total repayments = £7,898.60)	
Minus tax allowances at 40% of £7,898.60 = £3,159.44	
<b>Total tax allowance</b>	<b>£3,159.44</b>
Total cost	£7,898.60
Minus tax allowances	£3,159.44
Minus interest gained on capital	£1,024.56
<b>Total cost paid on finance agreement</b>	<b>£3,714.60</b>

## WINNER - FINANCE AGREEMENT

Finance agreement saves you **£2,315.83**

The equipment costing £6,500.00 - Only cost a total of £3,714.60 on finance.

**Waterfall**  
Leasing & Finance

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tel: 01285 653339

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## THE FOLLOWING COMPARISON WAS CALCULATED

CASH PURCHASE		3 YEAR FINANCE LEASE £40,000.00 financed over 3yrs - (10% Deposit then 36 x £1,265.65)	
Equipment price	£40,000.00 + VAT	Equipment price	£40,000.00 + VAT
Interest lost from withdrawing money from bank deposit account @ 5%		Interest gained from money in bank deposit account @ 5%	
Year one	£2,000.00	Year one	£2,000.00
Year two	£2,100.00	Year two	£2,100.00
Year three	£2,205.00	Year three	£2,205.00
<b>Total interest lost</b>	<b>£6,305.00</b>	<b>Total interest gained</b>	<b>£6,305.00</b>
Writing down allowance: Year 1 @ 25% = £10,000 x rate of tax @ 40% = £4,000		Finance agreement = 100% tax deductible	
Writing down allowance: Year 2 @ 25% = £7,500 x rate of tax @ 40% = £3,000		(Total repayments = £49,563.40)	
Writing down allowance: Year 3 @ 25% = £5,625 x rate of tax @ 40% = £2,250		Minus tax allowances at 40% of £49,536.40 = £19,825.36	
<b>Total tax allowance</b>	<b>£9,250.00</b>	<b>Total tax allowance</b>	<b>£19,825.36</b>
Total cost	£40,000.00	Total cost	£49,563.40
Minus tax allowances	£9,250.00	Minus tax allowances	£19,825.36
Plus lost interest	£6,305.00	Minus interest gained on capital	£6,305.00
<b>Total cost of paying cash</b>	<b>£37,055.00</b>	<b>Total cost paid on finance agreement</b>	<b>£23,433.04</b>

## WINNER - FINANCE AGREEMENT

Finance agreement saves you **£13,621.96**

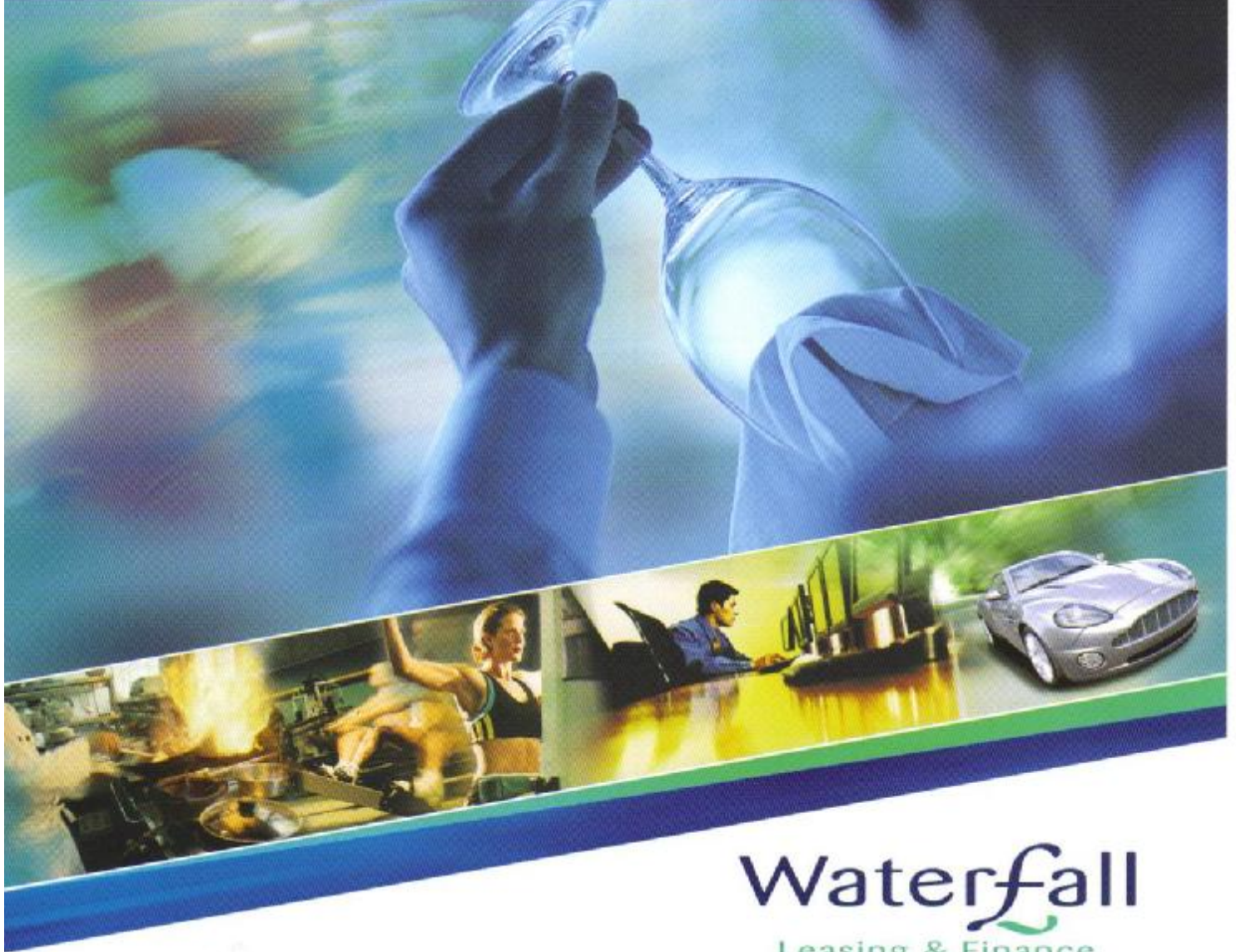
The equipment costing £40,000.00 - Only cost a total of **£23,433.04** on finance.

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# It's the service that counts



## Waterfall Leasing & Finance

### Our philosophy

We deliver outstanding finance packages, quickly, efficiently and competitively to every customer. All business is valuable to us and that is why you can be sure of the highest level of customer care.

Any type of asset can be financed and we can also help any type of business, young or old. With our proven experience we will deliver arguably the best leasing service in the UK.

We work closely with both the customer and the equipment supplier to ensure that the whole process runs smoothly.

### Nationwide Dealer Schemes

Waterfall offer specialist, nationwide dealer schemes helping suppliers and their sales teams to increase sales by offering finance and leasing at the point of sale.

Contact us now for our rapid, helpful and friendly service  
tel: 01285 653339 • [www.waterfall-leasing.co.uk](http://www.waterfall-leasing.co.uk)

"The team at Waterfall are outstanding. We find it a pleasure to deal with people who really know what they are doing and demonstrate such enthusiasm and commitment to meeting our requirements. Nothing seems too much trouble. Our business needed to finance a large amount of equipment quickly, and we found that Waterfall very easily delivered all that we wanted in terms of finance facilities. We would unreservedly recommend them as the best leasing company that we have dealt with."

*John McIntosh - Restaurateur*

"Many of our customers require leasing to save having to pay out large amounts of cash for the equipment we supply. Leasing is very important to us and it's vital that the leasing company we work with understands our business and our customers. Waterfall are absolutely brilliant. We get very high levels of credit approval and fantastic service levels from really nice people. For the last 3 years we have doubled both turnover and profits each year and really feel that we couldn't have done it without the team at Waterfall. Sincere thanks to you all."

*Will Brennan - Information Technology supplier*