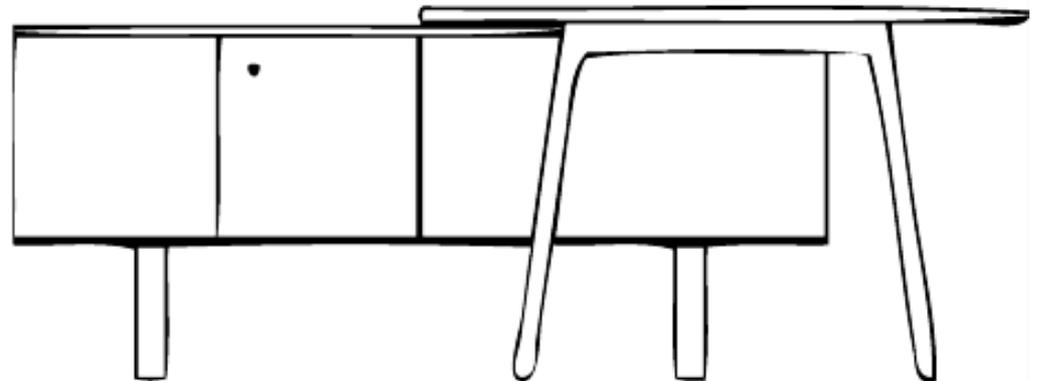


Sagal finance service

In conjunction with Plus Finance

MISSION [To provide high quality, innovative furniture solutions to our customers, creating beautiful and efficient working environments on budget and to timescales.]



Leasing and Finance options

The Sagal Group takes pride in accommodating as far as possible client requirements for financing of furniture where preferred. All of the packages we offer have been tailored specifically for Sagal Group use in the provision of furniture and fixings. We currently use funding agreements from over 30 financial institutions these include The Bank of Scotland, Co-op Bank and Morgan Stanley.

Typical agreements on furniture and fixings are over a period of up to 5 years and can be made available for either lease hire or lease purchase of goods.

Further information are available from The Sagal Group.

Plus Finance

Plus Finance uses lease RENTAL finance to get around the relative inefficiency of Capital Allowances.

Basically lease rental repayments are fully tax deductible thereby avoiding the whole Capital Allowance process. The lease funders will claim the allowances and you will simply deduct the lease repayments from taxable profits.

Plus Finance leases are typically written for period of between 3 and 5 years and can be used to finance the entire cost of a fit-out and/or furniture requirement. The leases are very similar to the lease rental agreements you would use for photocopiers etc. The process involved in arranging a lease is quite straightforward. However, the leases are unsecured and therefore covenant strength of the lessee is a fundamental issue. The funders are interested in the usual financial information - statutory and management accounts to help them reach their underwriting decision. The underwriting process usually takes up to a week depending on the financial status of the applicant and the size of the project.

Benefits of hire purchase

ACCOUNTING TREATMENT

The assets are shown as fixed assets on your balance sheet in the same way as if you purchased them outright. They are then depreciated in the usual way. The interest element of the payments is fully allowable against tax in the accounting period in which the payments are made i.e. if the Finance is over 5 years, you can offset 1/5th of the total interest each year.

OVERCOME BUDGET LIMITATIONS

Clients can make the most of their budget by spreading the cost over up to 5 years and acquire the solution that meets their needs fully, rather than that which the capital budget dictates. They can pay monthly, quarterly or annually to suit

EASE CASH FLOW AND INCLUDE EVERYTHING

Hire Purchase payments are fixed for the period allowing one easy monthly or quarterly payment for a total solution. The payments remain the same regardless of interest rate changes.

Benefits of hire purchase

PRESERVE BORROWING POWER

Many clients would rather not tie up crucial credit lines with their banks, preferring to leave lines open for future working capital. Using leasing allows them to achieve the project without compromising these lines of credit.

BUDGET EFFECTIVELY

Payments are fixed for the payment period therefore allowing your client to budget effectively

Benefits of lease rental

IT CAN BE CHEAPER THAN PAYING CASH!

If you pay for the furniture and refurbishment of your building from your cashflow, only a limited percentage is allowable for tax purposes. Because of the 'intangible' elements, the Revenue** only allows you to claim capital allowances against approximately 65% of the project. However, if you lease the works, the repayments are 100% allowable unlike any other form of finance such as a bank loan. This 100% allowance on payments makes leasing the most tax efficient method of refurbishing a building and can WORK OUT CHEAPER THAN PAYING CASH OR BORROWING FROM YOUR BANK.

OVERCOME BUDGET LIMITATIONS

Make the most of your budget by spreading the cost over 2, 3, 4 or 5 years and acquire the solution that meets your needs fully, rather than that which your budget dictates. You can pay monthly, quarterly or annually, from your Revenue Budget, to suit you.

EASE CASHFLOW AND BUDGET TO INCLUDE EVERYTHING

Lease payments are fixed for the period allowing you to budget for one easy monthly or quarterly payment for your total office solution.

PRESERVE BORROWING POWER

Other lines of credit from your bank remain intact for other credit needs. In addition to which, leasing is far more cost effective than bank borrowing as loan payments do not attract 100% allowances.

**See notes on Capital Allowances below

**See notes on Capital Allowances below

Benefits of lease rental

BE COMPLETELY FLEXIBLE

You can add to your existing lease at any point during the term. You can either extend the term and keep the payments the same, or simply increase the payments and keep the end date the same.

At the end of the lease period you have two choices

- a) Continue to rent the installation for the same monthly amount
- b) Negotiate ownership of the installation via a third party' (usually Plus Finance) for a small charge.

Benefits of lease rental

NOTES REGARDING CAPITAL ALLOWANCES

Tax relief on commercial property expenditure is given in the form of capital allowances. Whether the expenditure relates to the capital costs of a new refurbishment, fit-out or property acquisition, capital allowances will be available on the plant & machinery element

The downside is that the definition of 'plant' in the context of a fit-out is extremely complicated. Items that qualify as 'plant' are actually defined by exclusion- that is to say it excludes expenditure on the provision of buildings, structures and land. Included in the expression 'buildings' are walls, floors, and mains services. Needless to say there are therefore a number of elements of a fit-out that do not qualify for Capital Allowances (including most partitions, doors, frames and skirting and lighting) as they are deemed to be part of the 'building'. Deloitte and Touche have carried out a review of completed projects financed by Plus Finance and calculated that on average 65% of a typical project (excluding furniture) would qualify for capital allowances.

Current Capital Allowance Tax Treatment- from April 2010

In March 2010, further changes were made to the tax relief available for capital expenditure. The changes add to earlier announcements and make it increasingly difficult to remember which rules apply to which period. Below is a summary of the main allowances that are effective at this moment in time. Remember to talk to your accountant for full details of the allowances available, and your eligibility for them, before acting on any of the information provided here.

Annual Investment Allowance - The 'AIA' was introduced in April 2008 and is available to all businesses. From April 2010 the allowance provides 100% relief on the first £100,000* of expenditure on qualifying plant and machinery. This doesn't include cars, but does include integral features.

*subject to restriction for groups/businesses under common control

Benefits of lease rental

Standard writing down allowances - from April 2010 we return to .20% per annum {reducing balance basis) allowance on expenditure incurred on general qualifying plant and machinery above the £100,000 AIA threshold.

Integral Features - Since April 2008, tax relief for expenditure on 'integral features' (e.g. lifts, hot & cold water systems, air conditioning and electrical and lighting systems) is available at a rate of just 10% per annum. Integral features are, however, eligible for the 100% AIA. To maximise the benefit of the AIA, expenditure on integral features should be offset against the AIA in priority to expenditure incurred on other plant and machinery, for which a 20% writing down allowance is available.

Energy-efficient assets - your business can claim 100% tax relief for expenditure incurred on new energy efficient assets or environmentally beneficial technologies. A full list of qualifying assets can be found at www.eca.gov.uk

Benefits of lease rental

Planning ANY new business purchases - Furniture ?

Don't forget that you have an alternative to using your capital budget when purchasing. Working with our finance specialist at Plus Finance we can assist you to make the best choices for your company.

LEASE RENTAL -IT CAN BE CHEAPER THAN PAYING CASH!

If you pay for applicable purchases from your cashflow, only a Unlimited percentage is allowable for tax purposes.

Because of the 'intangible' elements, the Inland Revenue only allows you to claim capital allowances against approximately 60% of the project. However, if you use a Lease Rental package, the repayments are 100% allowable unlike any other form of finance such as a bank loan. This 100% allowance on payments makes lease rental the most tax efficient method of refurbishing *a building and can WORK OUT CHEAPER THAN PAYING CASH!*

Seating,

Reception,

Meetings,

Storage,

Workstations,

& more

MISSION [To provide high quality, innovative furniture solutions to our customers, creating beautiful and efficient working environments on budget and on times.]

www.sagalgroup.co.uk/about-us

sagal 

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