

# Hire Purchase Factsheet

Powering Your Progress

## Acquire business-critical equipment

Hire Purchase is an established finance option that allows your business to acquire equipment while spreading the cost over a set repayment period. It offers a clear route to ownership, enabling you to use the asset immediately while making regular payments.

### How Hire Purchase Works

Choose the asset you need for your business, such as cutting-edge equipment, state-of-the-art machinery, the latest vehicles, or game-changing technology and make fixed monthly payments, covering the cost of the asset and interest charges. Once you have made all the repayments and paid the nominal 'option to purchase' fee, you will own the asset.

### Features and Benefits of Hire Purchase

#### Gain Complete Ownership:

- Gain full ownership of the asset after completing all repayments.
- Exercise the option to purchase the asset for a nominal fee, typically around £50 + VAT.

#### Improve Your Cash Flow Management:

- Preserve your cash flow by spreading the cost of the asset over the repayment period.
- Allocate funds to other areas of your business instead of making a significant upfront payment.

#### Preserve Your Credit Lines:

- Keep your existing credit lines intact as Hire Purchase is a separate agreement.
- Maintain the ability to access additional funding when needed for other business requirements.

#### Simplify Your Budgeting:

- Enjoy straightforward and predictable budgeting with fixed monthly payments.
- Plan ahead confidently, knowing the exact amount to allocate for the asset without any unexpected surprises.

## Key Considerations of Hire Purchase

When considering Hire Purchase, it is essential to carefully evaluate your business's financial capabilities to ensure consistent monthly payments. Additionally, assess whether owning the asset outright aligns with your long-term goals. Finally, thoroughly examine the total cost of the agreement including interest charges, fees and taxes to make an informed decision. If you plan to sell or return the assets before the term ends, you must settle the finance agreement completely. Failure to make payments can lead to repossession of the asset and liability for the remaining debt, as well as negatively impact your business's credit rating.

## Hire Purchase Table

Product Characteristic	Hire Purchase
Leaves working capital intact	✓
Customers can claim Capital Allowances	✓
Rentals are tailored to cash flow	✓
Rentals are normally tax deductible	Interest only
Choice of fixed / structured rentals	✓
Ultimate ownership of asset	✓
Fixed term agreement	✓
VAT paid with deposit	✓
VAT paid on each payment	✗

## Which businesses can use Hire Purchase?

Hire Purchase is available for Limited Companies and PLCs, Sole Traders, Partnerships, and LLPs based in the UK. Other eligible bodies include registered charities, local authority bodies, clubs, associations and societies.

## Power Further Success with Propel's Hire Purchase Solution

Purchase essential assets for your business while maintaining your cash flow.  
Contact Propel at **01633 415 222** or email [contact@propelfinance.co.uk](mailto:contact@propelfinance.co.uk)  
to learn more about our Hire Purchase option.

*"We have worked with Propel several times to purchase new equipment. They were very thorough and met with us to make sure they fully understood our business model and our requirement for the asset. They kept in close contact with us throughout and I would have no hesitation in recommending Propel to other companies due to their efficiency and professionalism."*



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