

The Business Guide to Asset Finance: Funding Options

Knowing which finance option is best for your business and the asset you are looking to fund can be a daunting task.

To help with the decision, we've put together this simple guide which summarises the main differences between finance options. We understand though that everyone's circumstances are different, so we would always recommend speaking to our experienced team for tailored advice.

	Hire Purchase	Finance Lease	Operating Lease	Contract Hire	Unsecured Business Loan	Outright Purchase	Additional Notes
Requires an initial deposit	✗	✗	✗	✗	✗	✓	
Your business will own the asset at the end of the agreement	✓	✓	✓	✗	✓	✓	Hire Purchase, Operating Lease and Finance Lease may require nominal fee to take ownership
Your business is responsible for servicing and maintenance (if necessary)	✓	✓	✓	✓	N/A	✓	It is often possible to add maintenance to your agreement
The lender is responsible for servicing and maintenance (if necessary)	✗	✗	✗	✓*	N/A	✗	*Servicing and maintenance can be included with Contract Hire
The asset will appear on your businesses asset register	✓	✓	✗	✗	✓	✓	
Optional balloon payment at the end which can reduce monthly costs	✓	✓	✓*	✗	✗	✗	*Balloon payment as standard with an Operating Lease
Can be used for most Hard Assets	✓	✓	✓	✓	✗	✓	
Can be used for most Soft Assets	✓	✓	✓	✗	✓	✓	
The agreement can be settled at any time	✓	✓	✓	✓	✓	N/A	
Interest rates are fixed	✓	✓	✓	✓	✓	N/A	
You can refinance an asset already bought for cash	✓	✓	✓	✓	✓	✗	