



# Contract Hire

## Contract Hire

This is a good choice if you want to remove assets from the balance sheet, eliminate financial loss when disposing of vehicles and enjoy the convenience of a full maintenance service. It also allows you to reclaim 100% of the VAT on servicing, and 50% of the VAT on the financial rental cost.

## How does it work?

Once you've agreed on the contract term, annual mileage, maintenance options and monthly rental, we use our fleet purchasing power to acquire your chosen vehicle for you and deliver it to your specified location. At the end of the contract, provided the contracted mileage has not been exceeded and the vehicle is undamaged, we'll collect it and you will have no further involvement.

## What else can be included?

- Routine servicing, mechanical repairs, batteries, exhausts and tyres
- Replacement vehicle in the event of an accident or breakdown
- Full membership of a motoring emergency programme, including Home Start, Road Side Assistance, Relay, Relay Plus and European Cover
- Individual or fleet insurance cover
- Full range of competitive insurance products

## The benefits

- Costs paid from income not capital (no capital tied up in a depreciating asset)
- Fixed monthly cost allows accurate budgeting/cash flow forecasts
- Leasing company can reclaim all VAT on vehicle purchase price to give you much lower monthly payments
- Minimal initial expenditure, typically three months in advance
- Rentals allowable against taxable profits
- For new cars and VAT qualifying cars, assuming some personal use, current legislation allows reclaim of 50% of VAT on your monthly rental against your VAT liability. The other 50% can be offset against taxable profits
- For pool cars and commercial vehicles, current legislation allows reclaim of 100% VAT and 100% offset against taxable profits
- Costs are off your balance sheet, improving gearing ratios and return on assets

## Disadvantages

- Contract Hire is a fixed contract which runs over a specific period. It can therefore carry a penalty if terminated early

For further information call now on  
**0845 344 1435** or visit  
**[www.fbcontracts.co.uk](http://www.fbcontracts.co.uk)**