More about leasing

IN A recent issue of the Greenkeeper, we published a short article about equipment on lease. The following article gives more information about Ransomes leasing scheme.

THE whole range of Ransomes Professional grass machinery is available under their scheme, although there is a minimum limit of £500. Leasing offers certain financial advantages over buying outright. In the current circumstances of high inflation leasing means that new machinery can be obtained before prices rise, and it means that equipment can be acquired without borrowing money at today's high interest rates.

Interest rates are fixed for the entire leasing period when the agreement is signed, so the lease itself will not be affected by inflation. Leasing allows more accurate budget planning, and frees capital for concentration in other areas.

Leasing rentals are fully tax deductible and the tax relief gained on the lease payments can be claimed as a business charge against profits. This can lead to a smaller tax liability than the usual "capital allowance".

How does the plan work? Ransomes Leasing Company pays the capital sum to the dealer who supplies the machine. The lease is split into a primary period of three years, during which a fixed quarterly payment is made, and a secondary period of four years with a much reduced annual payment.

The differences in outlay between leasing and purchasing can be illustrated [Turn to Page 29]

Spray away with Dorman

The ‘Ely’ sprayer has a 10 gallon tank feeding a 7ft spray boom. Although normally supplied with a 2-stroke engine a 4-stroke power unit is also available. The ‘Ely’ can also be fitted with a hand lance making this compact machine even more versatile.

This 44 gallon trailer sprayer unit with its 18ft spray boom is perfect for the large park or golf course. Many useful accessories are available including a trolley sprayboom for working on fine turf up to 120ft away from the tractor.

Many other models available to meet any requirements.
by the figures for the Tournament Trip-plex, at the price ruling in January, 1975.

The purchase price of the basic system vehicle plus greens units and collectors, Verticut units and dump cart would be £3,366 plus V.A.T. The lease would be worked out on the basis of £102 rental per thousand pounds per quarter. The 12 quarterly payments over the three year primary period of the lease would each be £343.33, plus V.A.T.

This is equivalent to 15 per cent total interest over the three years, which makes leasing a financially much more attractive proposition than borrowing money for outright purchases at current interest rates.

At any time after the end of the primary period the Company would be willing to appoint the lessee as its agent to sell the machine should it no longer be required in consideration of a nominal payment of 5 per cent of the proceeds to Ransomes Leasing Co.

Alternatively, the machine could be kept for a secondary leasing period of four years, at a nominal annual rental of one per cent of the original purchase price—£33 a year in the case of this machine. Where the amount is less than £3,000 the rentals for a lease are slightly higher—£103 per quarter for each £1,000, which represents 16 per cent total interest over the three-year primary period.

As an example, a golf club wishing to purchase three 20" Auto Certes greens mowers would have the option of paying a cash price of £804 or twelve quarterly payments of £82.81 during the primary period, followed by an annual rental of £8 during the secondary period, all prices excluding V.A.T. The facility for disposal after the end of the primary period is unchanged.

In terms of operating costs, there is no difference between leasing and purchase, in that the lessee is responsible for the upkeep and maintenance of the machinery in just the same way as if they owned it. Hiring is another alternative means of access to the equipment needed for the job. Ransomes itself does not hire out machinery, but a number of well-known distributors do.

Hiring has the advantage of reduced maintenance requirement, in that the hiring company maintains the machinery. It also has advantages as a short term solution to a machinery problem—as a temporary stop-gap where a machine is out of use for some reason.

Hiring is also useful for isolated jobs. For instance a golf club may have areas of bracken or rough grass which require clearing only once or twice a year. It would not be economical to buy or lease a flail mower to use only occasionally, and hiring provides a solution.

However, hiring is comparatively expensive when it comes to medium or long term machinery requirement, and where outright purchase is not the answer, Ransomes leasing scheme provides the ideal solution.

There is no problem in getting a lease. Any Ransomes distributor will assist in filling in the proposal form. The acceptance of this proposal by the leasing company serves as the basis for the leasing agreement, cutting paperwork to a minimum.

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