

[What is contract hire and how does it work](#)

It may be that your business does not want the burden of owning your company vehicles. Particularly as this means you have to factor in additional costs such as tyres and maintenance, coupled with depreciation and possible financial loss on future disposal. If this is all too familiar to you, then perhaps you should consider Contract Hire as an alternative? At TVAF we work in conjunction with our Leasing partner THW Sales & Leasing to provide a cost effective alternative to ownership.

What is contract hire?

With a Contract Hire facility, the vehicle continues to be owned by the leasing company and is hired to you for a set period of time and at a fixed monthly payment. This method of finance can be useful for companies with a growing vehicle fleet or for those wanting to improve cash flow by implementing a fixed cost motoring policy.

The monthly rental charged is calculated based upon a number of factors. This includes the contract period, your anticipated mileage over the contract term and the estimated resale value at the end of the agreement. It also takes into account the service and maintenance costs (including tyres), together with any additional services required such as a relief vehicle. Under the Contract Hire agreement the funder retains ownership of the vehicle at all times and hence continues to absorb the subsequent risks, such as unforeseen running costs and uncertain resale values.

Rentals paid on vehicles under £12,000 are fully deductible against corporation tax. However, for higher priced vehicles only a proportion of the payments can be offset. Where a vehicle has an element of private use then 50% of the VAT on rentals is recoverable, whereas the service and maintenance elements of the rental are fully recoverable. Vehicles which are the subject of a Contract Hire Agreement are not recorded as assets on the balance sheet, thus improving company gearing ratios.

What types of vehicle can TVAF supply?

All major manufacturers, to include Alfa Romeo, Audi, BMW, Citroen, Ford, Landrover, Lexus, Mazda, Mercedes Benz, Porsche, Renault, Toyota, Volkswagen and Volvo.

Hire Purchase

A traditional method of acquiring assets and still the most popular with most UK businesses. The asset is capitalised in the balance sheet with the client taking the risks and rewards of ownership. Enables the asset cost to be spread over a period of time, thus preserving working capital. Title in the asset rests with the lender until the loan is repaid.

Thames Valley Asset Finance was established by Andy Wise, a local businessman with 17 years experience working in the UK financial services sector.

During that period Andy spent time working for a leading High Street bank and latterly for the UK's largest asset finance company.

Thames Valley Asset Finance was subsequently set up to provide clients with a first class and highly personal level of customer service. This coupled with unrivalled access to a range of finance products across the UK asset finance and business banking sector ensures we have the ability to deliver consistently and to a high standard.

TVAF has access to a comprehensive range of financial products. For further information visit our website.

Thames Valley Asset Finance is able to organise lending facilities for numerous types of assets to include cars, commercial vehicles, construction equipment, plant, machinery, IT equipment and software. In addition TVAF's consumer division can provide personal finance for cars, motorbikes, marine and aviation.

About the Author

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