

# ScanLease



All facets of transport operators' needs can be arranged through Scania from trading in existing vehicles, purchasing new vehicles, providing total maintenance packages and establishing finance.

ScanLease is dedicated to funding the entire vehicle and engine range available from Scania utilising highly competitive and flexible financing structures.

ScanLease financiers have an intimate understanding of the financing needs of a broad range of Scania customers.

## Operating Lease

An operating lease is a form of long-term, fixed-price rental where the lessee (operator) is responsible for maintaining the vehicle in good condition.

Under a Scanlease Operating Lease, the lessor (ScanLease) owns the equipment, predicts its value at the end of the hire period (a residual value which is not disclosed to the lessee) and charges a rental taking this value into account.

The operator makes regular payments as income is generated from the vehicle. Rentals are charged as a business expense to the profit and loss account.

For accounting purposes, a ScanLease Operating Lease is an "off-balance sheet" form of funding. The operator simply returns the vehicle to ScanLease at the end of the hire period and has no liability for any residual value (subject to return conditions).

- preserves working capital so that funds can be invested in other parts of the business;
- allows rentals to be paid out of operating income and offset against taxable profits;
- improves accounting ratios; and
- eliminates the customer's disposal problem or risk on resale value (conditions apply).

## Lease Purchase

Also known as hire purchase or asset purchase, a lease purchase means the operator hires the vehicle for an agreed period and achieves ownership on completion of the agreement.

With a ScanLease Lease Purchase, the operator is treated as the owner from day one for tax and accounting purposes and claims depreciation and interest as their deductions. This is a form of "on balance sheet" funding. Interest rates are fixed for the term.

Under a ScanLease Lease Purchase, payment periods usually range from two to seven years and a deposit is sometimes applied at the start of the agreement, either in the form of cash or trade-in proceeds on existing equipment.

- spreads the cost of buying as the vehicle's earnings pay for its acquisition;
- shows the vehicle as an asset on the balance sheet;
- allows the operator to claim depreciation allowances;
- enables the owner to obtain equity in the vehicle with each payment;
- guarantees ownership on completion of the finance term; and
- borrower claims the capital allowances (depreciation and IA).

## Finance Lease

The long-term hire of vehicles and equipment where the lessor (finance company) allows the lessee (operator) to use the vehicle for an agreed hire period at an agreed rental is known as a finance lease.

A ScanLease Finance Lease transfers substantially all the risks and rewards of ownership of the vehicle to the lessee. The future or residual value is agreed between the lessor and lessee upfront. The lessor receives rentals from the lessee to amortise the loan down to the residual value, the value which is guaranteed by the lessee. to be paid by the lessee to the lessor. Terms are negotiable, but operators usually pay monthly rentals in advance.

A ScanLease Finance Lease is accounted for "on balance sheet".

The lessee is responsible for insuring and maintaining the vehicle.

- provides known, budgetable rentals;
- preserves working capital so funds can be invested in other parts of the business;
- allows rentals to be tax deductible;
- allows the owner to benefit from careful



## Chattel/Good Mortgage

- borrower guarantees rental and future residual/balloon (if any);
- finance 100% of vehicle cost or a cash deposit/trade can be applied;
- borrower claims the capital allowances (depreciation and IA);
- on-balance sheet;
- ScanLease/Lender takes a fixed charge over the equipment and registers the charge with ASIC.



# ScanLease

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