

ADVANTAGES OF A RENTAL VS CASH

RENTAL	CASH
MAY ESCALATE INSTALMENTS TO SUITE CLIENT	CAPITAL OUTLAY UPFRONT REDUCES WORKING CAPITAL
V.A.T. PAYABLE MONTHLY	V.A.T. PAYABLE UPFRONT
INTEREST CALCULATED ON CASH PRICE BEFORE V.A.T.	INTEREST LOST OVER PERIOD AS CASH PAID UPFRONT THAT COULD HAVE ENJOYED AN INTEREST RETURN OF ITS OWN.
100% TAX DEDUCTIBLE MONTHLY	DEDUCTIBLE BY DEPRECIATION VIA BALANCE SHEETS ANNUALLY.
OPERATING EXPENSE IN THE INCOME STATEMENT.	APPEARS IN THE FINANCIALS AS AN ASSET.
NO CAPEX APPROVAL REQUIRED	CAPEX APPROVAL REQUIRED FOR PURCHASE OF EQUIPMENT.
NOT GOVERNED BY BUDGETS	GOVERNED BY THE COMPANY BUDGET
NO DEPOSIT IS NECESSARY	CAPITAL OUTLAY UPFRONT
IMPROVES 'EQUITY RATIO' 'CURRENT RATIO' AND 'RETURN ON ASSETS RATIO' ON FINANCIAL RATIO ANALYSIS.	HAS TO BE CAPITALISED
SOFTWARE, INSTALLATION AND CONTROL CARDS CAN BE INCLUDED INTO A RENTAL.	N/A
OPTION TO UPGRADE EQUIPMENT IS AVAILABLE FREE OF ADDITIONAL V.A.T. ON ORIGINAL EQUIPMENT AND IF THE SAME SUPPLIER IS USED FOR NEW EQUIPMENT, A PREFERENTIAL DISCOUNTED FIGURE IS GIVEN – EFFECTIVELY THIS IS A SUBSTANTIALLY HIGHER "TRADE-IN" AMOUNT.	VERY LITTLE/NO VALUE IS ATTACHED TO TRADE-IN/2 ND HAND EQUIPMENT AFTER A PERIOD OF +/- 3 YEARS AND THEREFORE CAPITAL WOULD EFFECTIVELY BE LOST WHEN NEW EQUIPMENT IS PURCHASED. NO RETURN ON CAPITAL WOULD BE RECOGNISED.