



## Leasing vs. Owning

### Fleet Management



To find out more,  
speak to a Custom  
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## Which is right for your fleet?

Leasing is the answer for the vast majority of fleets with 25 or more vehicles, primarily because of the capital conservation benefits it offers. With no down payment required, less capital is needed up-front to acquire vehicles, freeing up capital to invest in business growth. This arrangement is especially beneficial for companies that require a high internal rate of return.

### Making the decision: Financial aspects

For the vast majority of companies, cash flow implications are the biggest considerations behind a decision to either lease or own assets.

In the leasing scenario, a company incurs lease payments every month until the vehicle is either sold, paid off or returned. Under an Operating Lease, the gain or loss on sale is borne by the lessor, whilst with a Finance Lease it is borne by the lessee.

### Leasing Vs Ownership

Custom Fleet offers six fleet leasing options to ensure your specific business needs are met. Of these six, Operating and Finance leases are the most popular. See how these compare to ownership in the table overleaf.

### Leasing with Custom Fleet:

Custom Fleet offers leasing solutions for passenger, light and heavy commercial vehicles, and will work with you to provide a tailored leasing solution unique to your business' needs.

- **No initial capital outlay**, so you have more capital to drive business growth.
- **Optional lease terms** of up to 60 months for passenger vehicles and up to 120 months for commercial vehicles.
- **Tailored kilometre management** allows you to set your lease kilometre limit based on the expected usage. We can also provide options if you expect this to vary through the lease.
- **Reduced administration costs** with one monthly invoice from one supplier for all vehicle related expenses.
- **Ease of budgeting** with ability to fix costs throughout the lease to smooth your cash flow and provide budget surety.
- **Comprehensive reporting** to help maximise fleet effectiveness and manage fleet expenditure.

	Operating Lease	Finance Lease	Ownership
Capital	Frees up capital for use in other revenue generating investments – good for organisations with a <b>high</b> internal rate of return	Frees up capital for use in other revenue generating investments – good for organisations with a <b>low</b> internal rate of return	Capital is tied to the asset for its useful life – good for organisations with a <b>low</b> internal rate of return
GOS/LOS	Gain or loss on sale of asset is with the lessor – good for organisations with a <b>low</b> risk appetite	Gain or loss on sale of asset is with the lessee – good for organisations with a <b>high</b> risk appetite	Gain or loss on sale of asset is with the lessee – good for organisations with a <b>high</b> risk appetite
Cash Flow	Consistent consolidated monthly payments smoothing cash flow	Consistent consolidated monthly payments smoothing cash flow	Has the potential for inconsistent cash flow. i.e. while there are no additional charges if you run over expected usage or damage the vehicle, this will still affect the sale price at the end of the vehicle's life
Additional Services	Potential to incorporate additional services, such as maintenance or telematics, simplifying invoicing and supplier management structures	Potential to incorporate additional services, such as maintenance or telematics, simplifying invoicing and supplier management structures	Any additional services would need to be sourced and managed independently
Balance Sheet	Off balance sheet – some organisations prefer assets to be off-balance sheet for accounting purposes*	Off balance sheet – some organisations prefer assets to be off-balance sheet for accounting purposes*	On balance sheet

\*This may change with the proposed IASB changes to on and off balance sheet asset treatment.



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