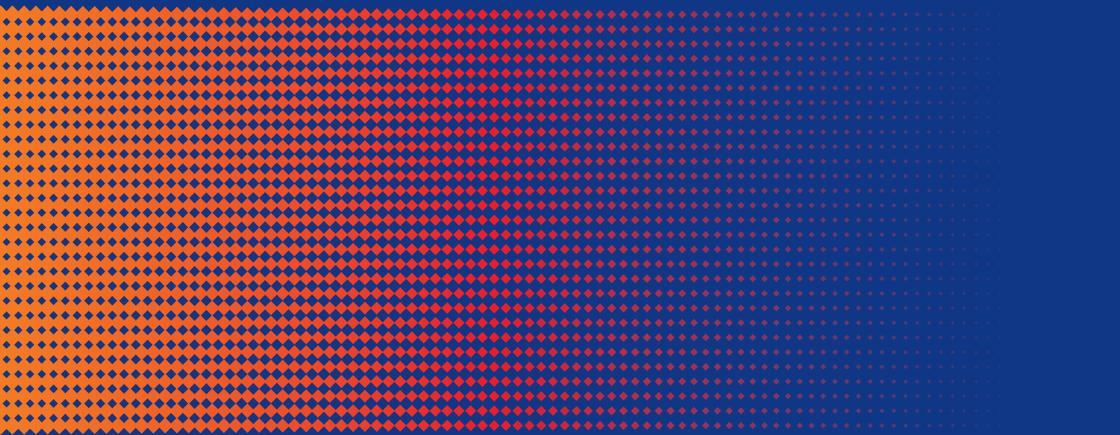


# HELPING YOUR BUSINESS GROW



We're here to help you get the equipment, machinery and vehicles you need to run and grow your business. Using asset finance you can buy or lease what you need when you need it, so you can put your investment to work straight away while spreading the cost over time.



Forward thinking finance.

# FOREWORD



Weather. Workforce. Brexit. These are just some of the major challenges confronting the UK's agricultural sector. Farmers are always at the mercy of forces beyond their control and the coming years bring an even greater uncertainty than the vagaries of the weather.

But for those that embrace this fast-changing world, there are plenty of opportunities for growth.

Investing in new machinery, equipment or vehicles is a big commitment for any agricultural business, where tight margins and unpredictable external events can make investment decisions very hard. But rather than asking whether you can afford to invest, perhaps the question should be can you afford not to? New assets such as milking parlours, production equipment, slurry stores and renewable energy systems can transform the way you work, improving efficiencies and, ultimately, your bottom line.

Our dedicated agricultural specialists are here to support you. We have a long history of helping farm businesses capitalise on opportunities for growth by using asset finance and we'll be happy to share our experience with you.

**Ian Isaac**  
Managing Director



# THE CATALYST FOR GROWTH

This brave new world won't wait - and you don't have to either. By spreading the cost of investment over time, asset finance lets you invest in the equipment you need without tying up working capital or putting undue pressure on cash flow.

## Asset finance offers many benefits

### Flexible options

We prepare tailored finance packages that help businesses to acquire assets without over-stretching their working capital.

### Eliminate uncertainty

Budget is fixed for the length of the asset finance contract, so you can budget accurately.

### Minimise the risks of ownership

With our leasing products, we purchase the asset then rent it to you over an agreed term, for an initial outlay plus a fixed monthly rental that's tailored to meet your cash flow needs. When the lease term is over, you don't own the asset - but you may be eligible for a portion of the resale value if certain conditions are met.

### Release cash tied up in existing assets

We can refinance equipment you have already purchased in order to release capital back to you.

### Open up additional credit lines

Asset finance complements the cash resources you already have, as well as other bank credit lines like overdrafts and loans.

### Access funds efficiently

The loan is secured against the asset, so we don't always need to look for additional security, so it should speed up the process.

### Cut wasted spending

If you'll only use an asset for part of its life, choose a product that will reflect that.

# TAKE ADVANTAGE OF AIA

The Annual Investment Allowance (AIA) allows your business to deduct the cost of certain assets from your profits before tax.

From 01 January 2019 for two years, the AIA allowance is set at £1,000,000 per year.

## How is it relevant?

Many types of asset count as qualifying expenditure. You can claim AIA if you have a hire purchase (HP) arrangement which will ultimately lead to you owning the asset. You don't have to have paid outright for the asset; you get the AIA allowance on the full cost of the assets up to the maximum of £1m and subject to any transitional adjustments as a result of the increase from £200,000, even though the rental payments are spread over the term of the HP agreement.

## Taxable profits



up to a maximum of

**£1,000,000**

\* Related to qualifying expenditure.





# EXPLORE YOUR OPTIONS

Asset finance covers a range of funding options and it's our job to find out which works best for your business.

We look at your financial situation and develop a bespoke solution using one or a combination of the following options.

## Hire purchase

Hire purchase is a flexible way of financing an asset when you'd like to have the option of keeping the asset at the end of your contract. After you've completed the final payment, you can become the owner of the asset\*.

## Contract hire

A type of operating lease for cars and vans, supplied by Lombard Vehicle Solutions (LVS). It's a complete solution that covers sourcing, financing, managing and disposal.

## Lease

With a lease, you simply rent the asset from us and we calculate rental payments over an agreed term. Although you never own the asset yourself, you may be eligible for a share of the resale value at the end of the term.

## Refinance

This is a way for you to unlock the capital tied up in your existing assets and redeploy it elsewhere in the business. Refinance can be useful in a number of ways, including:

- Replenish cash resources for re-investment elsewhere
- Release land or buildings which have been used as security to fund other assets; we would use the refinanced asset itself for security
- Replace 3rd party investor funding

## Capital Import Finance

This is something we offer in conjunction with NatWest's team of International Trade Advisors to help manufacturers source, import and install specialist equipment from abroad. It's a one-stop funding package that reduces the challenges and risks of buying from overseas suppliers.

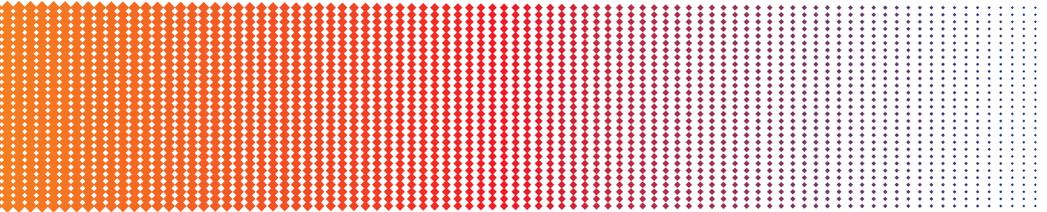
\* Option to purchase fee applicable.

# WHAT DO YOU NEED?

We can fund almost any kind of asset, from relatively small items such as potato boxes right up to complex installations like multiple robotic milking systems.

The asset finance we offer doesn't only apply to new equipment, it's available for used agricultural plant, machinery and vehicles too.

Whatever you need, our specialists are here to help you get it.



**We can fund a wide range of assets in the agricultural sector:**



Arable



Forestry



Dairy



Poultry



Farm Vehicles



Green Energy



Horticulture



Fisheries



Aquaculture

A photograph of tall grasses in silhouette against a vibrant sunset sky. The sun is low on the horizon, creating a warm, golden glow that transitions into a deep blue at the top. The grasses are dark and detailed, with some blades in sharp focus while others are blurred in the background.

Asset finance is available  
for used equipment,  
not just new.

# GEAR UP FOR GREEN ENERGY

Increasingly, agricultural businesses are investing in green technologies to reduce both their energy bills and their carbon footprint. In many cases these investments also generate extra revenue through government incentive schemes such as the Renewable Heat Incentive (RHI).

Opportunities are expanding all the time. From the use of wind turbines and solar photovoltaics (PV) for power generation for example, to the installation of Combined Heat & Power (CHP) biomass plants to dry cattle bedding, and ground source heat pumps to warm poultry sheds.

Asset finance gives your business a way to tap into this potential by spreading the cost of the installation over time.



Green energy is an expanding and evolving sector and we're here to help your business harness its potential. We start by helping you identify which are the most appropriate energy efficient assets and renewable technologies for your needs.

## There are plenty of options to choose from:

### Biomass boilers

Biomass boilers generate heat by burning different kinds of feedstocks, which may include wood chips or pellets from sustainable sources. Installing a biomass boiler could cut both annual fuel bills and carbon emissions.

### Solar photovoltaics (PV)

Roof-mounted or stand-alone solar PVs capture the sun's energy using photovoltaic cells which convert the sunlight into electricity. The cells even generate electricity on a cloudy day.

### On-shore wind turbines

A wind turbine harnesses the power of the wind to generate electricity. The wind turns two or three propeller-like blades around a rotor. This rotor is connected to the main shaft, which spins a generator to create electricity.

### Anaerobic digesters

Anaerobic digestion uses the methane-rich gas released by decomposing plant and animal materials to generate renewable heat and power. The material that's left at the end of the process – known as digestate – can often be used as fertilizer.

### Combined heat and power (CHP)

CHP plants can be very energy efficient because they capture and utilise the heat that comes from the plant's engine during electricity generation.

This means a single fuel source provides both the heat and the electricity for your site. As an energy generation process, CHP is fuel neutral.

### Ground source heat pumps

A ground source heat pump circulates a mixture of water and antifreeze around pipework buried in the ground. Heat from the ground is absorbed into the fluid and then passes through a heat exchanger into the heat pump. Ground source heat pumps are suitable for heating and hot water systems.

### Air source heat pumps

Air source heat pumps absorb heat from outside air and use it for radiators, underfloor heating systems, warm air convectors and hot water. This approach is particularly appropriate for commercial buildings as it is a low maintenance technology.

### Light-emitting diodes (LED) lighting

LED lights are up to 80% more energy efficient than fluorescent or incandescent bulbs. They also last up to six times longer, which helps reduce maintenance costs. In addition to creating long-term savings, some LED installations qualify for the Annual Investment Allowance (AIA) which allows eligible expenditure to be offset against profits chargeable to tax. From January 2019 for two years, the AIA limit is £1m per annual accounting period.



# ADDING VALUE THROUGH AI

Investment in Artificial Intelligence is growing among UK agricultural businesses, particularly in the arable and dairy sectors. Smart technology can help increase profits and productivity, reduce waste, improve sustainability and contribute towards happy and healthy animals.

Asset finance can help you secure the state of the art assets you need to reduce labour-intensive processes and improve productivity. The robotic and AI-inspired plant and equipment we typically fund include milking machines, calf feeders, automated irrigation systems, automated fruit picking machines, and floor scrapers but that's just the starting point. Our specialist technology asset finance can even help you access IT hardware and software to capitalise on the insight that data analytics offer forward-thinking agricultural businesses.

Up to 5% of arable farms and 6% of dairy farms in Great Britain already have invested in robotic or automated technologies, while 11% of arable and 13% of dairy enterprises are looking to do so during the next five years.\*

\*Source: National Farm Research Unit, August 2018



# WHY CHOOSE US?

Our appetite for lending is second to none; it's all we do, and we've been doing it for over 150 years.

Our customers come from businesses of all sorts and sizes, from the traditional family-run farm to big commercial enterprises and we're committed to helping businesses thrive in all parts of the sector. This means using our expertise to help you devise a growth strategy for your farm, as well as finding ways to fund it.

We have relationship managers across the UK who are independently accredited by the Chartered Institute of Banking and endorsed by the NFU . They specialise in asset finance for farming, so you'll get to work with someone who knows your sector and local market.

They will use their knowledge and connections with manufacturers and suppliers to help you source the things you need. They will also collaborate with colleagues at Royal Bank of Scotland and NatWest to put together the best funding option for your business. Most importantly, your relationship manager will get to know you, your business, and your ambitions for it.



# LET'S GET STARTED

To find out more about how asset finance could help your business meet the demands of a changing world:

Call us on **0800 502 402** (Lines open Mon-Fri, 9am-5pm)

Text relay **18001 0800 502 402**

Visit us at **[lombard.co.uk](http://lombard.co.uk)**



## Forward thinking finance.

All information featured in this guide is for illustration only. All statements concerning taxation are based on our best understanding of current legislation. Levels and bases of taxation can change at any time. The contents of this guide do not constitute legal, tax, financial planning or any other advice.

Security, guarantees or indemnities may be required. Product fees may apply.  
Finance subject to status and is only available for business purposes.

Lombard Vehicle Solutions (LVS) is provided by ALD Automotive Ltd (ALD), trading as Lombard Vehicle Solutions, Oakwood Drive, Emersons Green, Bristol BS16 7LB. LVS is a product solution provided for Lombard by ALD and there is a financial connection between Lombard and ALD as a result. The arrangement ensures that Lombard customers as well as those of National Westminster Bank Plc and The Royal Bank of Scotland plc have access to a wider range of products to meet their vehicle asset finance needs. Customers whose agreements are regulated by the Financial Conduct Authority should be aware that Lombard is acting as a credit broker and not a lender, and that Lombard will receive a payment from ALD should you wish to proceed with an agreement. You can ask Lombard or ALD for more information about this.

Lombard North Central PLC. Registered in England & Wales No.337004.  
Registered Office: 250 Bishopsgate, London, EC2M 4AA.

Lombard Technology Services Ltd. Registered in England No. 2039637.  
Registered Office: 250 Bishopsgate, London, EC2M 4AA.

National Westminster Bank Plc. Registered in England and Wales No. 929027.  
Registered Office: 250 Bishopsgate, London EC2M 4AA.

