

# Ellendale Engineering Ltd

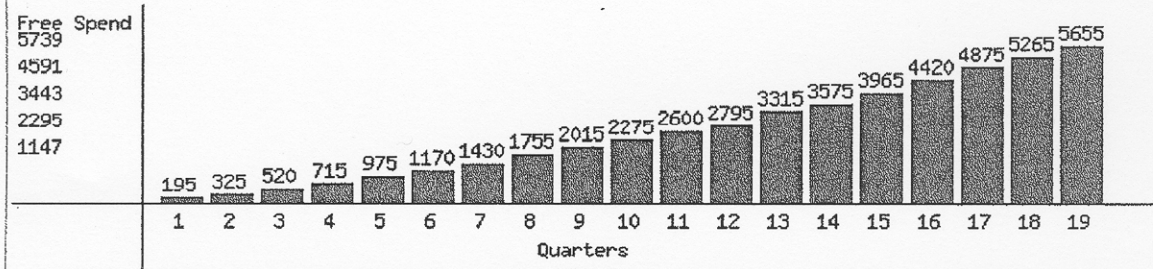
## 5 Year Rental Option

Model 2 DEFRA type-approved incinerator LPG fired : Capital cost £6597.00 inclusive of temperature monitoring and delivery to site excluding VAT

Ellendale Engineering Ltd is constantly adapting to customer's needs. In line with this, the Ellendale Engineering Ltd Rental Option has been introduced. This ensures our solutions provide our customers with the advantages of our product and service without the capital investment. The monthly repayments for the above incinerator are outlined below;

Term	Monthly Cost
5 Years	£158 plus vat

Our Rental Option incorporates an upgrade path which enables further parts & services to be added during the term of the agreement without necessarily increasing the monthly repayments. This is achieved by simply extending the term of the agreement at the time when the new equipment is acquired, to take account of the increased lifespan of the enhanced system. Based on this solution the value of additional equipment which could be added to the agreement is outlined on the graph below (subject to changes to interest rates), min value of upgrade £1000;



In addition, as our documentation is designed to enable your rentals to be classed as a revenue expense (subject to auditor approval), this provides significant tax benefits. These benefits, when taken in conjunction with the additional revenue you could generate by maintaining the capital in your business, present a major saving.

With regard to the saving that could be made through utilising this option, this can be summarised as follows;

RENTAL COST		Total Cost	Customer Assumptions	
Rentals	£9,496		Corporation Tax Rate	19%
Tax Saving	£1,804		Return on Capital Employed	15%
Net Present Value	£6,402	<b>£6,402</b>	Discount Rate	10%
CASH COST			Capital Allowance	40%
Capital	£6,597			
Tax Saving	£1,015			
NPV	£5,742			
Return on Capital Employed				
NPV of opportunity cost of not investing spare cash in company	£1,188			
		<b>£6,930</b>		
<b>Customer Net Saving</b>		<b>£528</b>		

All figures are quoted for indicative purposes, assuming payment of 3 rentals upon installation, an initial administration charge and credit and documentation approval.