

Hagen, Hugo
Friday, 22 June 2012

Snowbird
Finance Ltd



Friday, 22 June 2012

4 Ottershaw Park
Ottershaw
Surrey
KT16 0QG

Tel: 01932 874674
Fax: 01932 873224

info@snowbirdfinance.co.uk
www.snowbirdfinance.co.uk

Mr Hugo Hagen
The Dental Practice
21 Highgate High Street
Highgate Village
N6 5JT

Dear Mr Hagen,

Further to our conversation, please find attached our finance quotations for your proposed Sirona XG OPG & Ceph. acquisition from Henry Schein.

As discussed, we typically provide either lease or lease purchase agreements for these types of acquisitions.

With both of these facilities the repayments are fixed for the duration of the agreement and you will own the equipment at the end of the term. The major difference between the two agreements is the method of accounting for the expenditure (either Annual Investment Allowances or Practice operating expenses). There are currently 100% capital allowances (Annual Investment Allowances) available on capital expenditure to a limit of £25,000 this tax year. Generally our clients are now using a purchase plan for equipment spends of up to £25,000 and a lease agreement for any expenditure over this limit when leasing becomes considerably more tax efficient.

We source our funding from a variety of different banks and financial institutions to provide you with a combination of the best rates and service available. The attached quotations are based on the current rates available from these sources and we will, of course, re-contact them if you wish to proceed to see if these rates can be bettered any further.

Finally I would like to reassure you that we always work with our client's interests at heart. We provide an honest and ethical service, and treat our clients like clients, not just one off deals. We strive to build relationships based on trust and understanding so that you can focus on running your business whilst we handle your finance requirement. We are always contactable, even after usual office hours, and are always happy to discuss anything that you may want a "second" opinion on. We also provide all of our clients with useful annual management information for all of their agreements with us.

I hope this is of help and I will contact you in a few days to discuss your requirements further.

Yours Sincerely

Simon Freeman
Director

Equipment:

Cost:	£29,238.00
VAT:	£5,847.60
Total Cost:	<u>£35,085.60</u>
Deposit:	£0.00
Sum Financed:	<u>£35,085.60</u>

Repayments	<u>Option 1</u>	<u>Option 2</u>
Term (yrs)	3	5
No. of Repayments	36	60
Monthly Repayment	£1,113.97	£701.71
Flat Rate	4.8	4.0

Cost after Tax Relief *		
Total Repaid (inc. Deposit)	£40,102.92	£42,102.60
Less Tax Relief	£16,041.17	£16,841.04
Net Total Cost after Tax Relief	£24,061.75	£25,261.56

* assumes 40.00% Tax Rate

Benefits of Finance

Minimal Down Payment

Financing equipment on a fixed term fixed rate basis allows you to acquire the equipment that you need, whilst spreading the cost over a longer term. This can help provide a net cash contribution to your practice from the outset. Why pay one lump sum when you can spread the cost and increase practice profits?

Cash

Cash is king and it makes sense to preserve precious cash and instead use it for future expansion or other critical business needs. Put away your hard earned money and let us pay for it. (NB - Cash payment can be extremely tax **inefficient** - See Lease Purchase below).

Lease

Each monthly repayment is fully deductible as a practice operating expense making the total amount (Interest and Capital) repaid fully deductible over the term of the agreement.

Lease Purchase

£25,000 of the total cost of the equipment is fully deductible in this tax year. The balance (£10,085.60) will be written down at 18% per annum on a reducing balance basis (In simple terms it will take many years to write this down). The interest is fully deductible over the term of the agreement.

Fixed Rates

All of our agreements are provided on a fixed rate unsecured basis and can usually be arranged within a couple of hours. Additionally we do not rely on computerized decision making processes. We speak to our clients and our Funders.