

Best Practice Guidelines for Schools



When you are investing in equipment for your school but also want to efficiently manage your budget a finance agreement may help you achieve your objectives.

However, here are 20 things to consider before you commit your school to a finance agreement.

10 Key Points to Consider

1. Do you really need the equipment? Could you get by with existing equipment either by extending its life or by adapting school practices?
2. There will be a cost to having finance. If you have got budget capacity assess if it would be better to purchase the equipment outright?
3. Have you considered the cost of tying up your budget in depreciating assets?
4. The cost of finance and the terms available do vary so it's often advisable to get at least 3 quotes from different finance companies.
5. If you use the services of a finance broker still obtain comparative quotes from other sources.
6. Always get firm written quotes which clearly set out the terms of the finance on offer. Ensure the quotes detail exactly what you will be obligated to pay.
7. Exactly what type of finance agreement is it? Is it a purchase agreement, a finance lease, an operating lease, contract hire, rental or something else?
8. Check when the finance payments actually start and is there a deposit and/or initial rental to pay at the beginning of the agreement?
9. Always calculate exactly how much is payable over the entirety of the agreement. This will also help you when comparing costs for different purchase and rental options.
10. Before you commit to anything, do you have a colleague, accountant or advisor who can look at the finance agreement with a fresh pair of eyes?

10 Key Questions to Ask

1. Does the agreement include maintenance, servicing and insurance of the equipment or not
2. Is there a lump sum to pay at the end of the agreement or not?
3. Are the payments fixed or variable? And if variable, what triggers changes to the payments?
4. Is there an Option to Purchase Fee to pay and, if so, how much is it and when is it payable?
5. Other than the regular payments, are there other things to pay such as admin fees, monthly service fees, annual service fees or suchlike?
6. What happens at the end of the agreement? Do you just hand the equipment back or do you own it?
7. Are there return conditions? Is there an 'end of lease' or 'transfer of title' fee?
8. What happens if you want to terminate the agreement early?
9. If you settle the agreement early are there penalties to pay or not?
10. Will your school be charged for copy documents, settlement figures and suchlike?

This guide was written by our specialist schools finance team. For further information please contact us on 0800 4880 529



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