

Your questions answered

What is a Lease?

A lease is an agreement between Siemens Financial Services and you, 'the lessee' for the hire of a specified asset; giving you the use of the equipment in return for payment of rentals over an agreed period. Siemens retains ownership of the asset, which means that you pay to use the equipment over a set period of time – typically the agreed working life of the equipment.

What can be leased?

Any tangible item may be leased. Building work and other costs can be included within the lease, however a residual value will only be calculated on the tangible asset.

Can I include my maintenance costs with the Lease rentals?

Yes. Siemens Financial Services act as a billing and collection agent for maintenance and service, which is not subject to interest. The maintenance contract remains with Siemens Medical Solutions, who are responsible for servicing the asset.

What are my options at the end of the Lease period?

At the end of the lease you would be required to return the equipment. Siemens can offer you the option to extend the lease at a reduced rental, over a period of 1 year or more. These rentals are called Extension Rentals.

What if I need to upgrade or add to the equipment during the agreement?

Subject to re-negotiation of the rentals, you can upgrade or add to the existing equipment during the agreement.

Whose responsibility is the insurance of the equipment?

Normally these costs are your responsibility and you must ensure adequate cover.

What is residual value?

Residual value is used to describe how much your used asset is worth. All assets have different depreciation rates and therefore some lose their value quicker than others.

How is the residual value calculated?

Siemens calculates the residual value based on a number of factors such as:

- Type of equipment
- Level of technology
- Anticipated use
- Anticipated replacement cycle
- Past experience
- Behaviour of the lessee

Who owns the asset on an Operating or Lease Rental?

Legal title of the asset will always remain with Siemens. Ownership will not pass to you at the end of the lease term.

What is the maximum period of an Operating Lease?

The rental periods are generally dictated by the residual value placed on the equipment. The longer the period, the smaller the anticipated residual value, as the worth of the equipment reduces over time. Lease periods can be up to 7 years, but are typically 3 to 5 years.

Is there a maximum amount that can be funded by an Operating Lease?

No.



Operating Leases for the NHS

An operating lease allows the immediate acquisition of equipment with rentals paid from the revenue budget, leaving you to invest the capital in front line services. The rentals are calculated on less than 90% of the cash price of the equipment and will often provide better value for money than an outright capital purchase.

The benefits of owning equipment are no longer matter of fact. Advancements in technology mean that replacement cycles have become much shorter so purchasing your equipment outright may not be the most beneficial form of acquisition. Operating leases provide off-balance sheet funding while spreading the costs over the expected useful life of equipment, freeing up capital for expenditure in other areas.

An operating lease also protects against equipment obsolescence as it can be returned at the end of the lease transferring all residual value risk to Siemens.

Can NHS Trusts use all lease types?

No. An Operating Lease is the only type which passes the NHS value for money and 90% Rule test. The other options would be considered as capital funding because the asset would have to be shown on the balance sheet of the Trust.

Leasing for the private sector

Lease Rental

At the end of the lease you would be required to return the equipment to Siemens. However, we can arrange to extend the lease for affordable secondary rentals should you wish to continue using the asset and it is still fit for purpose. Legal title of the asset will always remain with Siemens.

Lease Purchase

In some cases it may be beneficial for you to own the equipment at the end of the lease. Lease purchase gives you the option to acquire title to the equipment on payment of an option to purchase fee.

About Siemens

Siemens Financial Services is a leading provider of innovative finance solutions to UK businesses and public sector organisations. With more than 250,000 customers Siemens has arranged finance for 90 of the current FTSE 100 companies and more than 50% of NHS trusts and local authorities.

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