



Representing Consumer & Business Finance



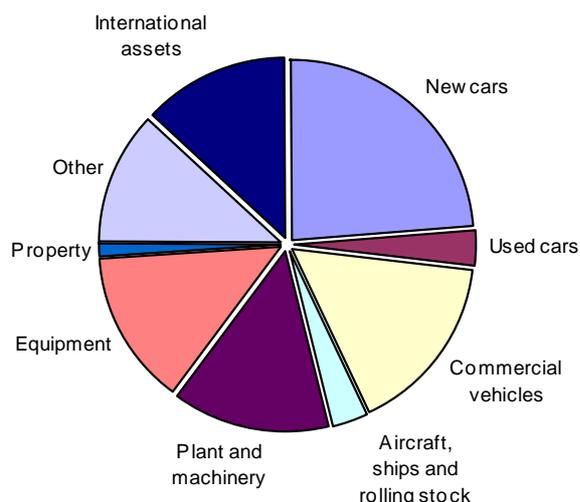
Small Businesses: Thinking Big? – Finance for the Future

FLA (Finance & Leasing Association) is the major UK industry body for the asset finance, consumer finance and motor finance sectors. We sponsor the All Party Parliamentary Group on Small Business and are members of the DTI's Small Business Investment Taskforce.

Annual Business Survey

Our Annual Survey of Business Finance revealed that FLA members provided £27.2 billion of new finance in 2005 to the business sector and UK public services, representing over 30.4% of all fixed capital investment in the UK in 2005 (excluding real property). This represented a new record for new business – an increase of 6.4 per cent on 2004.

New business distribution by type of asset financed in 2005



Source: FLA

Copies of the Survey are on display at today's event or can be ordered directly on 020 7836 6511 or by email info@fla.org.uk

FLA members fund a wide range of assets from aircraft and road vehicles to plant machinery and office equipment. They provide a wide range of facilities, including finance leasing, operating leasing and hire purchase. Our members include banks, subsidiaries of banks and building societies, the finance sections of leading retailers and manufacturing companies, and a range of independent firms.

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Small Business and Asset Finance

A major survey of small to medium sized firms commissioned jointly between FLA and the Forum of Private Business (FPB) in 2005 found that asset finance was the second most popular form of finance, after cash, when investing in new equipment. Indeed, it was the most popular choice for investments between £25,000 and £100,000.

The tendency is for asset finance to be used more widely where the assets are more expensive. For example, nearly half of HGVs/trucks and cars were financed via leasing/rental/HP. Other assets where it was relatively popular included vending equipment, photocopiers and telecoms.

FLA has been campaigning for many years for the SME capital allowances regime to be opened to leased assets, including, restored accelerated allowances for information technology. As we have made clear to the Chancellor, we believe the case for change to be compelling as the status quo is reducing SMEs' propensity to invest. The proportion of business finance provided by FLA members to SMEs has fallen from 53% of the total business finance provided in 2000 to 45% in 2005. That is a very worrying trend.

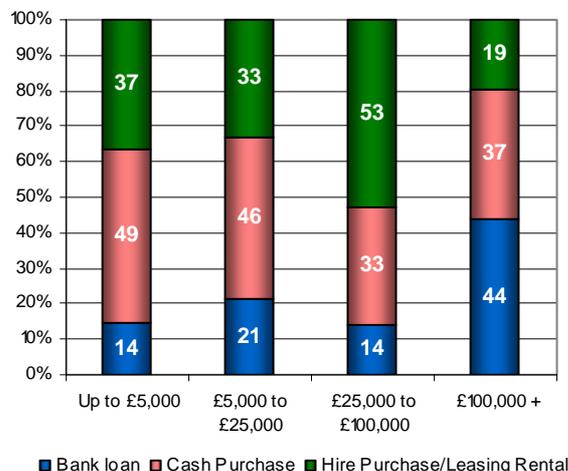
FLA Business Code

Our Business Finance Code sets out standards of good practice for the finance and leasing industry in the conduct of transactions with business customers. The Code covers companies, other corporate bodies or unincorporated businesses, local authorities or the National Health Service who seek credit or leasing facilities for the purposes of a trade, profession, or public service activity.

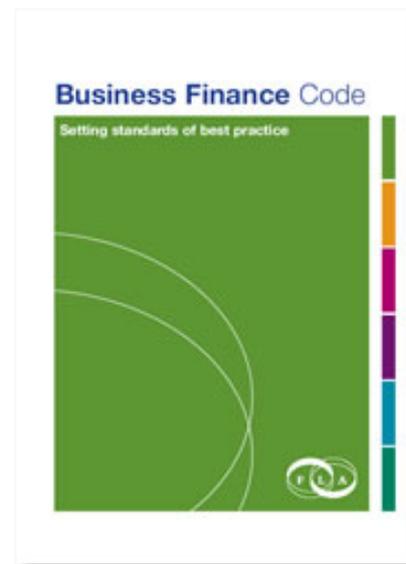
It is intended to assure all those who obtain business finance from FLA members that they are dealing with reputable organisations. It sets out key commitments with which members are expected to comply and practical guidance to help members comply with the Code.

Copies of the Code are available at today's event or can be downloaded from www.businessfinancecode.org.uk

Type of finance used by value of asset



Source: FLA & FPB



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