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31 May 2005

## **UK FIRMS SUSTAIN ECONOMIC GROWTH BY MAKING THE MOST OF THEIR ASSETS**

UK firms are growing increasingly sophisticated at leveraging their assets to fund growth and drive the economy, according to the **Lloyds TSB Commercial Finance 2005 Growth Survey**, published today.

Amongst the 1,000 firms surveyed expansion aspirations are rife, with 16 per cent planning to raise finance against their assets to fund an acquisition – five per cent more than last year - reflecting the increasing trend towards asset backed finance as a tool in M&A and MBO activity.

In addition, 35 per cent of respondents plan to use asset based lending (ABL) to invest in new fixed assets, 30 per cent plan to fund staff recruitment and a further 20 per cent plan to use ABL to finance the move to new business premises. Assets that free up value can range from buildings, plant and machinery to vehicles, photocopiers and even beer barrels!

Expansion into new markets and product development are also key areas of growth for many firms and, of the businesses surveyed, 23 per cent are striving to gain new customers or increase market share this year by launching new products and a further 11 per cent will use asset finance to invest in research and development.

Ted Ettershank, managing director, Lloyds TSB Commercial Finance, said: “Exploiting assets to release capital for reinvestment is one of the most efficient finance tools available to businesses. Finance directors and managers are increasingly realising that the value tied up in their firms’ assets can be freed to push through expansion plans without the need to give away equity.

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Ettershank continued: “Business owners are also challenging their definition of what their assets are, which has led to some increasingly creative finance deals in the asset based lending market. Combined with a stable economy and the low interest rate environment, the additional flexibility provided by asset finance means firms have more funding choices than ever before which can only be good news for sustained economic growth.”

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### **Notes to editors:**

The survey was based on the responses of 1,000 Lloyds TSB Commercial Finance clients in April 2005.

Lloyds TSB Commercial Finance ([www.ltsbcf.co.uk](http://www.ltsbcf.co.uk)) is part of the Lloyds TSB Group. Its services can meet the needs of businesses ranging from start-up through to major global PLCs.

Asset based lending offers a flexible and secure way for businesses to raise the finance they need for expansion, growth, MBOs, MBIs and other opportunities, against assets such as the debt book, stock, plant and machinery and property.

### **For more information:**

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