



BUSINESS VALUATION SERVICE

PRIVATE AND CONFIDENTIAL

Prepared for: **SAMPLE COMPANY LTD**
Date Created: **31st October 2023**

Introduction

The Plimsoll Valuation provides an independent, personalised and confidential service which delivers a clear vision of your company's value. It aims to show what the value is based on and helps you focus on the key drivers. We aim to ensure that the valuation helps you develop an understanding of how you can drive change over time in your valuation. It also aims to show where profit is potentially being lost and which factors are affecting business performance.

Your report details:

- **A valuation breakdown** - A step by step structure to explain and present to stakeholders.
- **Overall Financial Health** - An assessment to spot strengths and weaknesses.
- **Industry benchmarks** - Market share and industry rankings in the your industry.
- **Previous deals** - A comparison to previous deals across the UK and the sector
- **Buyers and Targets** - A personalised short list of potential acquisitions and potential buyers.

Price Earnings Ratio (P/E Ratio)

The Plimsoll Valuation is based on many factors (detailed in this report) however the underlying basis is a Price/Earnings ratio calculation. This is the basis on which most valuations are conducted, including those for quoted companies. The valuation analysis and calculation we have undertaken for you is based either on information publicly available from Companies House or information privately supplied by you or your financial advisors with your express permission.

There are 3 areas to consider in performing a P/E Calculation:

1. The base Profitability of the business
2. The Earnings ratio
3. Adjustments for Assets and Liabilities

The Plimsoll Promise

Plimsoll has been delivering detailed financial analysis, acquisition and valuation services since 1987. We pride ourselves on delivering a personalised, independent and confidential service that thousands of customers across the world have come to trust. Plimsoll will never share your valuation report, or any figures contained within it, with any individual or organisation without your written permission. We ensure all of our clients benefit from our detailed knowledge and experience within multiple markets and industries and believe that our ability to offer interaction with our specialist analysts adds a definitive difference to the insight we bring to your valuation and the service we offer. The Plimsoll Valuation aims to provide a detailed analysis in which our personalised service is an important factor for you and the quality of information is essential. Our unique and broad industry experience, coupled with our ongoing worldwide Industry analysis, enables the provision of a valuation in the most accurate and time efficient manner.

Plimsoll Valuation Team

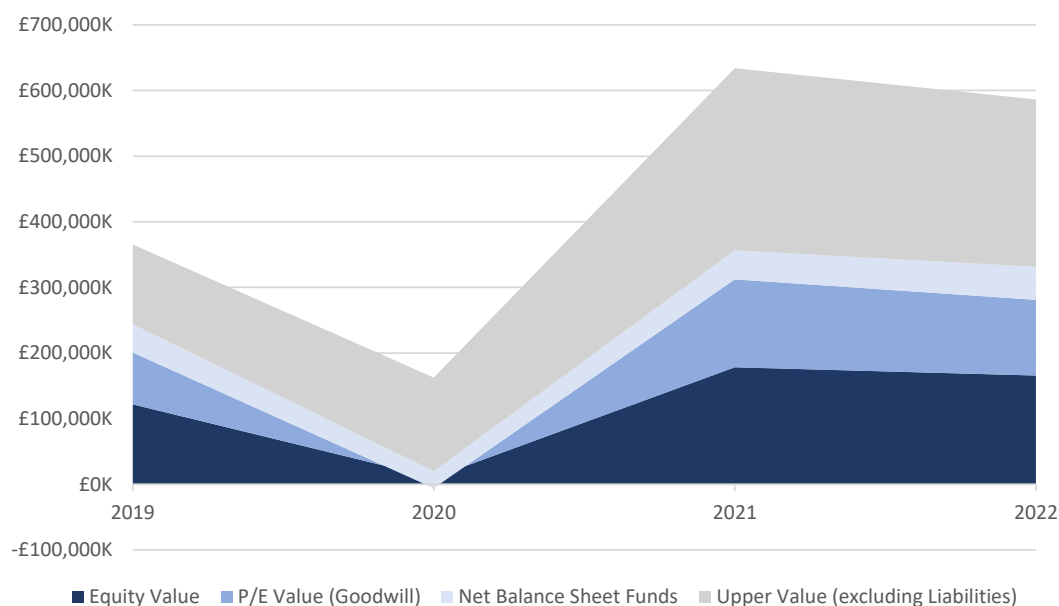
Contents

	Introduction	Page 2
Section 1	Valuation Summary	Page 4
	Company Summary	Page 5
Section 2	Valuation Explained	Page 6
	Step 1: Agree the base Profitability	Page 6
	Step 2: Agree the Profit multiple	Page 7
	Step 3: Adding back the Assets	Page 8
	Step 4: Adjusting for the Liabilities	Page 9
	Step 5: The Equity Value	Page 10
	Step 6 (Optional): Adjustment for Management Charges	Page 11
Section 3	Share Valuation	Page 12
Section 4	Valuation in Short	Page 13
Section 5	Overall Financial Health	Page 14
	Industry Comparisons	Page 15
	Overall Financial Health (fixed scale)	Page 16
	Overall Financial Health (variable scale)	Page 17
	The Health Check explained (example)	Page 18
	The Plimsoll individual charts explained	Page 19
Section 6	Industry Benchmarks	Page 20
	Market Share	Page 21
	Industry Rankings: Sales, Profit, Value, Sales per Person	Page 22 - 25
Section 7	Other Relevant Matters	Page 26
	Previous Deals: SAMPLE Industry Sector	Page 27
	Acquisition Ideas: A list of potential targets	Page 28
	Buyer Ideas: A list of potential buyers	Page 30
Section 8	Glossary of Terms	Page 32
	Who are Plimsoll	Page 33
	Definition of terms (P&L)	Page 34
	Definition of terms (Balance Sheet)	Page 35
	Definition of terms (Ratio's)	Page 36
	Terms & Conditions	Page 37
	Accounts used to prepare the Valuation	Page 38

SECTION 1: Valuation Summary

The overall Equity Value of SAMPLE COMPANY based on July 2022 accounts, taking into account the Goodwill, Assets and Liabilities is £165.727m. This is an decrease of -7% over last years value of £178.4m. This works out at an overall P/E ratio of 7.17.

Valuation Summary Table



The calculations used to conclude the below values have been defined in the following sections of this report. The Equity Value is based on the following formula:

Base Profitability * Industry Profit multiple + Adjustment for Assets and Liabilities

	Actual	Actual	Actual	Actual
Year end	27-Jul-19	25-Jul-20	31-Jul-21	30-Jul-22
Equity Value	£121,811K	£9,899K	£178,375K	£165,727K
% Change in Equity Value		-92%	1702%	-7%
P/E Value (Goodwill)	£78,915K	-£15,605K	£133,865K	£115,560K
% Change in P/E Value		-120%	-958%	-14%
Net Balance Sheet Funds	£42,896K	£25,504K	£44,510K	£50,167K
% Change in Net Balance Sheet		-41%	75%	13%
Upper Value (excluding Liabilities)	£121,915K	£142,967K	£277,279K	£255,076K
% Change in Equity Value		17%	94%	-8%

This works out as an overall P/E of 7.17 based on a Disposable Profit of £23112k and an Equity Value of £165.727m.

Disposable profit	£23.1M
Equity value	£165.73M
Overall P/E	7.17

Company Summary

Company Name:	SAMPLE COMPANY
Registration Number:	
Website:	
Incorporation Date:	
Years in Business:	
Last Annual Return:	
Secretary:	
Registered Office:	
Business Activity:	

Directors:

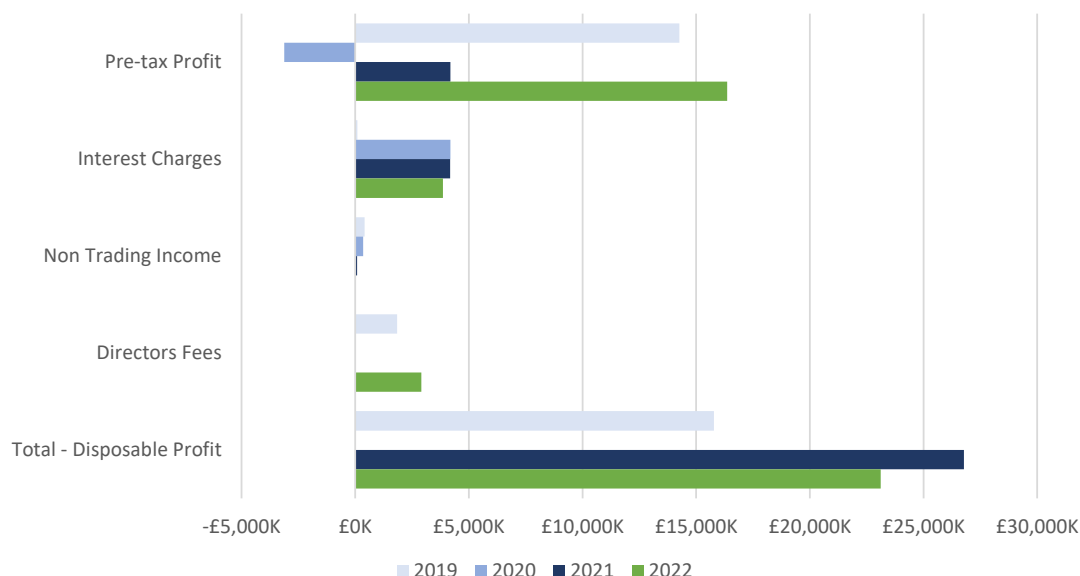
Partner / Directors	Age	Time in Office

SECTION 2: Valuation Explained - Step 1

Agree the base Profitability

Defining the Disposable Profit a new owner would have access to is the critical 1st step to agree the final valuation as this figure contributes significantly to the overall value of the company. In the case of 2022 we have calculated the Disposable Profit at £23.112m.

Disposable Profit Summary Table



The Disposable Profit has been derived using the below figures and formula. Using this definition it is also sometimes appropriate to add back a Management Charge. This is explored on page 11 of this document.

Pre-tax Profit + Interest Charges - Non Trading Income + Directors Fees

	Actual	Actual	Actual	Actual
Year End	27-Jul-19	25-Jul-20	31-Jul-21	30-Jul-22
Pre-tax Profit	£14,260K	£3,121K	£22,674K	£16,358K
+ Interest Charges	£96K	£4,195K	£4,180K	£3,856K
- Non Trading Income	£417K	£355K	£81K	£15K
+ Directors Fees	£1,844K	£990K	£0K	£2,913K
Total - Disposable Profit	£15,783K	£1,709K	£26,773K	£23,112K

Why we used these figures

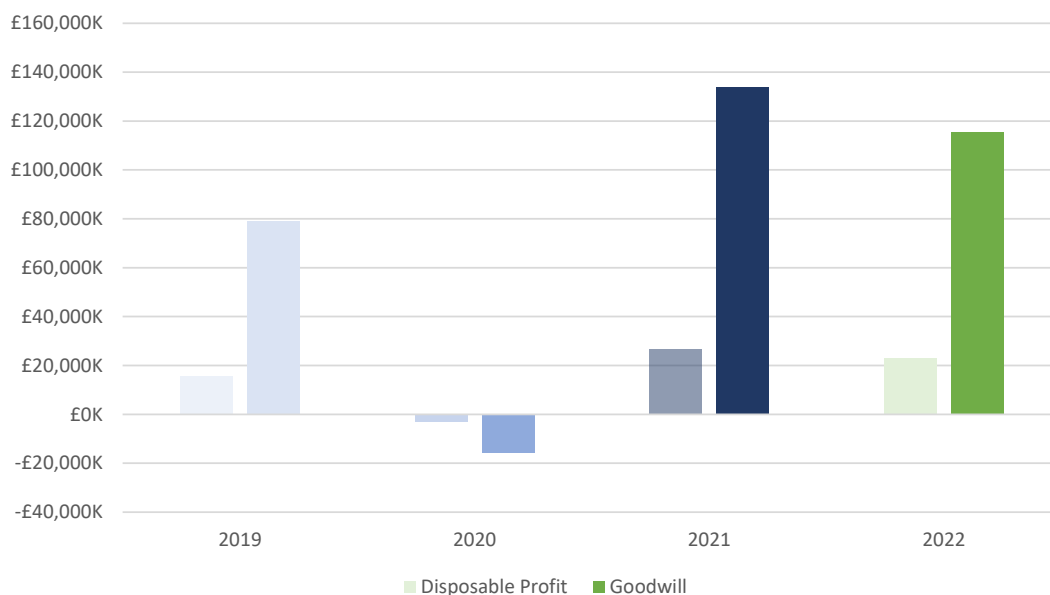
Pre-tax Profit	Pre-tax profit is considered to be the base profitability of any firm. It is therefore a good a start point for establishing the Disposable Profit that would be available to new owners.
Interest Charges	We have added back any Interest Payments based on the fact new owners would finance the business in a different way and would have access to these funds as Disposable Profits.
Non Trading Income	We would have deducted any non trading income contributions from the profits as, by definition, this is non-trade related and new owners would not have access to this amount.
Directors Fees	Normally we add back Directors Fees, the logic being that new owners are likely to structure the business in a different way to the current owners and would again have access to this discretionary sum. This is covered on page 11 of this document.

Valuation Explained - Step 2

Agree the Profit multiple

Agreeing the profit multiple is the 2nd step as there is much discussion on an industry profit multiple. Essentially what we are considering here is, can the current profitability of SAMPLE COMPANY be sustained for the next 'X' amount of years?

Goodwill value Summary Table



The multiple we feel sits best in the sector currently is 5, i.e. 5 times the earning potential. Below we have thus calculated the 'Goodwill value' of the company by using the below formula:

Disposable Profit * 5

	Actual	Actual	Actual	Actual
Year End	27-Jul-19	25-Jul-20	31-Jul-21	30-Jul-22
Total - Disposable Profit = A	£15,783K	£-3,121K	£26,773K	£23,112K
Multiple = B	5	5	5	5
Total Goodwill value A * B	£78,915K	£-15,605K	£133,865K	£115,560K
% change in Goodwill		-120%	-958%	-14%

Why we arrived at this figure

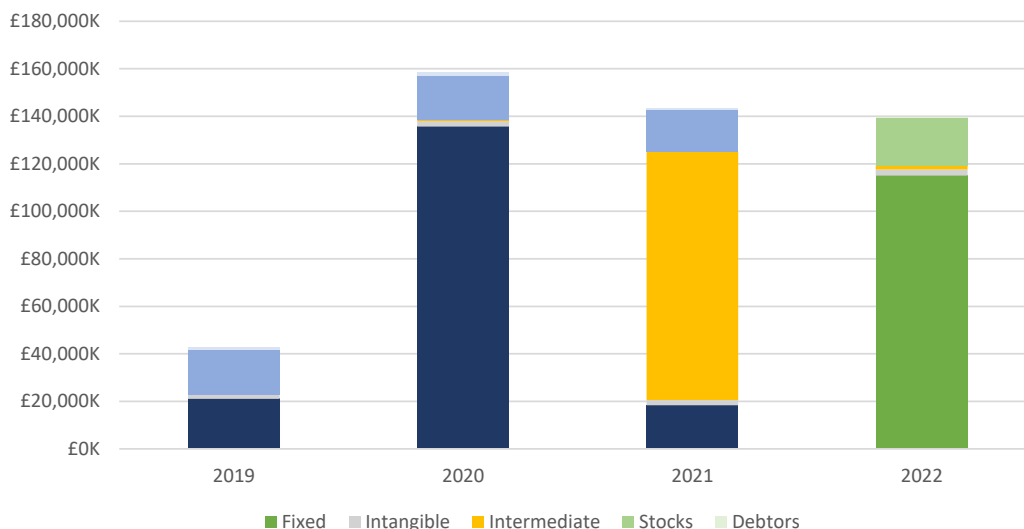
Previous Deals	It has proven impossible to find very close comparisons of relevant previous deals. However we have included some recent deals and compared the Plimsoll Valuation based on a multiple of 5. This comparison is available in section 4 for this document.
Growth Plan	An argument for a higher multiple can be made, if you a credible business plan that shows evidence the current profitability is very low compared to future potential. However this goes beyond the scope of Plimsoll valuation which is to provide a "current" valuation.
High End Profit	As a seller, there are undoubted arguments for a figure of 7 and as a buyer for a figure of 3. However, a figure of 5 allows a balance to be struck which offers a good starting point, especially because the base profitability calculation (explained on the previous page) offers a top end profit assessment.

Valuation Explained - Step 3

Adding back the Assets

To calculate an Equity Value for the business we need to make an Asset and Liability adjustment. Firstly, we have considered the Assets of SAMPLE COMPANY, excluding the cash. Cash has been included in the next section to reduce any Liabilities.

Total Assets summary



When considering the total assets for the company we have used the values placed on these in the prepared accounts. The totals for each year are then shown below.

Fixed Assets + Intangible + Intermediate + Stocks + Debtors

	Actual	Actual	Actual	Actual
Year End	27-Jul-19	25-Jul-20	31-Jul-21	30-Jul-22
Fixed Assets (fixtures / plant / equipment)	£21,065K	£135,708K	£18,381K	£115,072K
Intangibles	£1,642K	£2,358K	£2,243K	£2,494K
Intermediate Assets	£0K	£722K	£104,654K	£1,845K
Stocks	£19,209K	£18,207K	£17,328K	£19,791K
Debtors (trade debtors receivable)	£1,084K	£1,577K	£808K	£314K
Total Assets (excluding Cash)	£43,000K	£158,572K	£143,414K	£139,516K
% change Assets		269%	-10%	-3%

Total Value - excluding Liabilities & Cash

Using this Asset Value we have calculated the total value of the company excluding the Cash and the Liabilities by using the below formula.

For the 2022 year end this gives a total value of £255.08m. Calculated by adding the £115.56m Goodwill value and the £139.52m Asset value.

Goodwill value + Total Assets (excluding Cash)

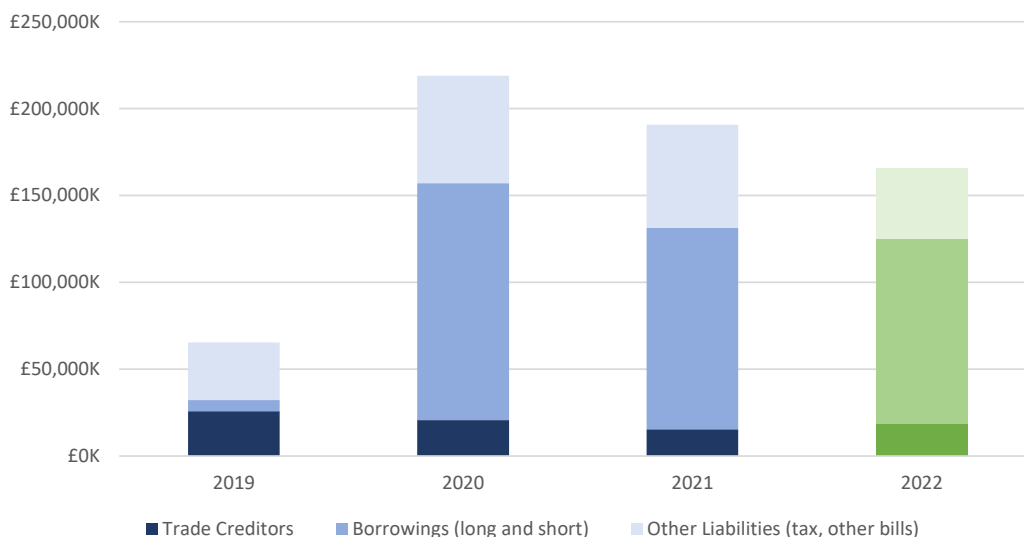
	Actual	Actual	Actual	Actual
Year End	27-Jul-19	25-Jul-20	31-Jul-21	30-Jul-22
Goodwill value	£78,915K	-£15,605K	£133,865K	£115,560K
Total Assets - Cash	£43,000K	£158,572K	£143,414K	£139,516K
Total Value - excluding Liabilities and Cash	£121,915K	£142,967K	£277,279K	£255,076K
% Change in total value		17%	94%	-8%

Valuation Explained - Step 4

Adjusting for the Liabilities

To calculate an Equity Value we have now looked the Liabilities to consider what "bills" would need paying before any potential sale. Using this we have then calculated the Net Balance Sheet value based on the difference between the Assets - Liabilities + Cash.

Liabilities summary



When considering the Total Liabilities for the company we have used the values placed on these in the prepared accounts. The totals for each year are then shown below.

Trade Creditors + Total Borrowings + Other Liabilities

	Actual	Actual	Actual	Actual
Year End	27-Jul-19	25-Jul-20	31-Jul-21	30-Jul-22
Trade Creditors (trade bills receivable)	£25,859K	£20,638K	£15,369K	£18,374K
Borrowings (long and short)	£6,413K	£136,420K	£116,061K	£106,733K
Other Liabilities (tax, other bills)	£33,168K	£61,877K	£59,263K	£40,758K
Total Liabilities	£65,440K	£218,935K	£190,693K	£165,865K
% Changed in liabilities		235%	-13%	-13%

Net Balance Sheet total

To calculate the Net Balance Sheet position, we have looked the Total Assets and all the Liabilities for company including any long term commitments. We have then added back the Cash. As cash is the most liquid asset, we have used this to pay down the Liabilities and hence improve the net assets.

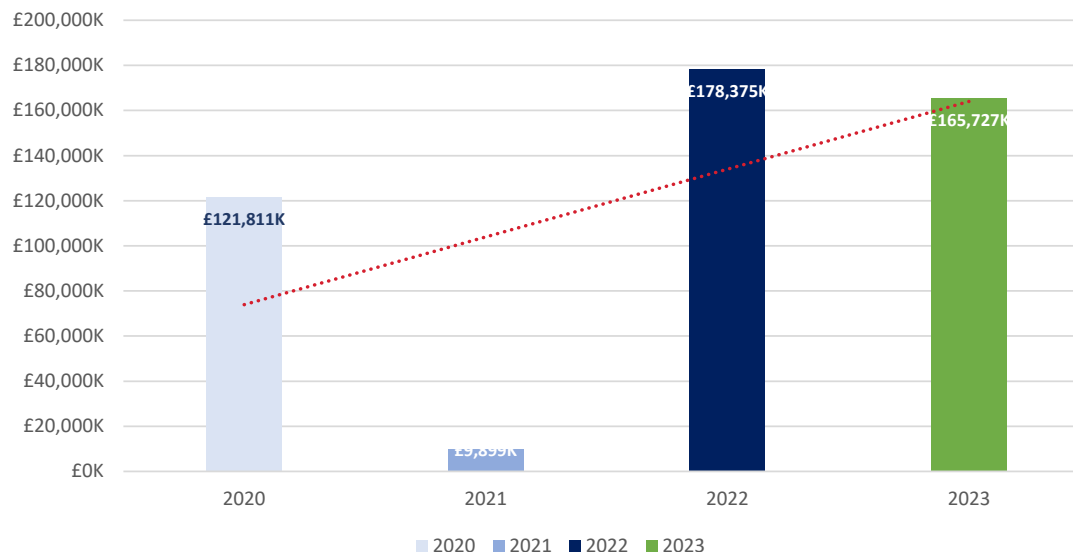
Total Assets - Total Liabilities + Cash

	Actual	Actual	Actual	Actual
Year End	27-Jul-19	25-Jul-20	31-Jul-21	30-Jul-22
Total Assets	£43,000K	£158,572K	£143,414K	£139,516K
Total Liabilities	£65,440K	£218,935K	£190,693K	£165,865K
Cash	£65,336K	£85,867K	£91,789K	£76,516K
Net Balance sheet total	£42,896K	£25,504K	£44,510K	£50,167K

Valuation Explained - Step 5

The Equity Value

Below we have set out how we have brought together the two aspects of the valuation process. The Goodwill value and the Net Balance Sheet total. We have then used these two figures to determine the Equity Value of SAMPLE COMPANY



We have used the Goodwill figure calculated on page 7 of this valuation and the Net Balance Sheet total calculated on page 9. Adding these two figures we arrive at an Equity Value, i.e. the value any owners would be left with on exit from the company.

Goodwill Value + Net Balance Sheet total

	Actual	Actual	Actual	Actual
Year End	27-Jul-19	25-Jul-20	31-Jul-21	30-Jul-22
Goodwill Value	£78,915K	-£15,605K	£133,865K	£115,560K
Net Balance Sheet total	£42,896K	£25,504K	£44,510K	£50,167K
Equity Value (after adjusting for Assets and Liabilities)	£121,811K	£9,899K	£178,375K	£165,727K
% Change in Equity Value		-92%	1702%	-7%

The overall P/E - as of the 2022 year end

The Goodwill Value of the company has been calculated, based on a Disposable Profit of £23.112m multiplied by 5 the chosen P/E ratio:	£115,560K
The Total Asset of the company, including all Fixed Assets, Stocks and Debtors is:	£139,516K
The Total Liabilities of the company including all Creditors, Debts and other Liabilities has been calculated as:	£165,865K
The Cash or Equivalent is given in the accounts as:	£76,516K
This leaves an Equity Value of:	£165,727K

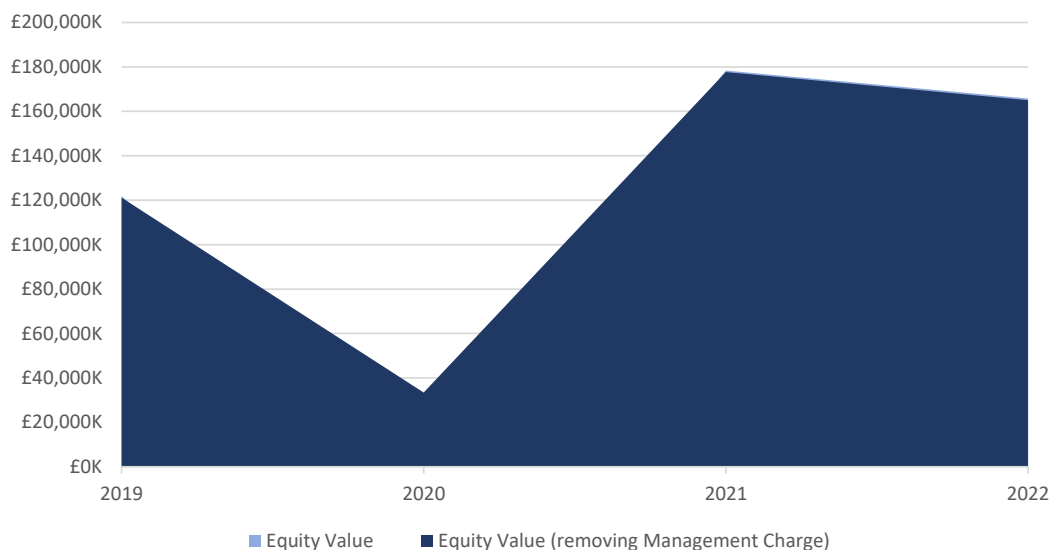
This represents an overall P/E ratio of:

EBIT	£23,112K
Total Value	£165,727K
P/E	7.17

Valuation Explained - Step 6 (Optional)

Incorporating a Management Charge

It's common for a new owners to factor in the potential cost of full time management. This often means cost needs to be removed from the Disposable Profit and allocated to a Management Charge.



To adjust the Equity Value and incorporate a Management Charge, we have looked at the potential cost of employing full time management at the company. This is completely discretionary based on any potential new owners plans.

Equity Value - Annual management charge

Year End	Actual 27-Jul-19	Actual 25-Jul-20	Actual 31-Jul-21	Actual 30-Jul-22
Equity Value (after adjusting for Assets and Liabilities)	£121,811K	£9,899K	£178,375K	£165,727K
Annual Management Charge	£137K	£137K	£137K	£137K
Equity Value (allowing for a Management Charge)	£121,126K	£33,364K	£177,690K	£165,042K

How we arrived at the Management Charge:

From our research into the SAMPLE INDUSTRY industry we can see:

- A typical Director in the sector earns on average £82.1k per year
- On average, a business in this sector with £331.6m of sales would have 1.67 Directors
- A typical cost for a firm of the same size and sector would be £137k

Hence a typical Management Charge for the year would be:

$$1.67 \text{ directors} * 82.1k = £137k \text{ per year}$$

As far as a new owner is concerned this would have the effect of:

- Reducing the Disposable Profit by £137k per year
- Hence reducing the good will value by £137k * 5 = £686k
- Leaving an Equity Value for SAMPLE COMPANY of £165042k

SECTION 3: Share Valuation

The Individual Shares Valued

The rules on share valuation are often quite vague, and can rely more on the parties' agreement than on any science. That said, there are a couple of things that help to get under the skin of the problem.

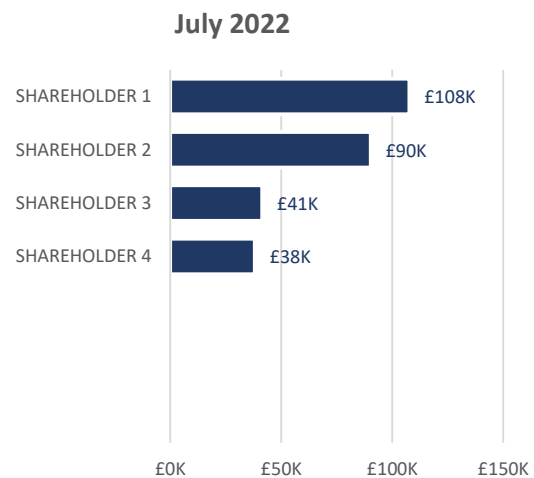
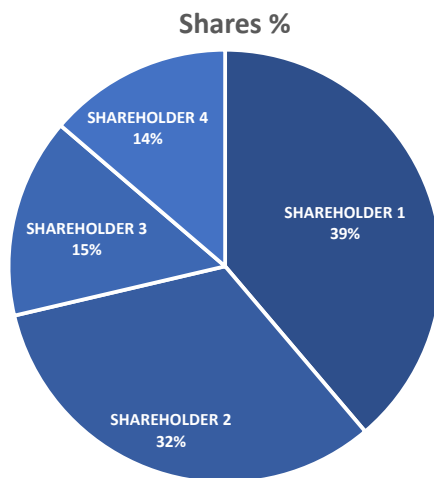
When are discounts applied?

Discounts are typically applied when a shareholding drops below 50%. They are applied for a lack of marketability (given that the shares cannot be easily sold without the consent of other shareholders) or indeed can only ever be sold to the majority shareholder.

Steps suggested to resolve any dispute

Stage 1	Agree the overall valuation for the business. In your own case the 2022 equity value is £165727k.
Stage 2	Agree an appropriate discount for a part shareholding. In your own case we have applied a 50% discount to the individual owners.
Stage 3	Multiply this discount and the percentage of the ownership, in your own case I understand the shareholdings are as follows:

Individual share values



Name	Shares %	Discount	31-Jul-21	30-Jul-22
SHAREHOLDER 1	0%	50%	£116K	£108K
SHAREHOLDER 2	0%	50%	£97K	£90K
SHAREHOLDER 3	0%	50%	£45K	£41K
SHAREHOLDER 4	0%	50%	£41K	£38K

Then comes the tricky bit - does this number seem right for both parties? You might need to talk to your accountant to decide the best way to handle this as far as tax and other issues are concerned.

SECTION 4: Valuation in Short

Company Name:

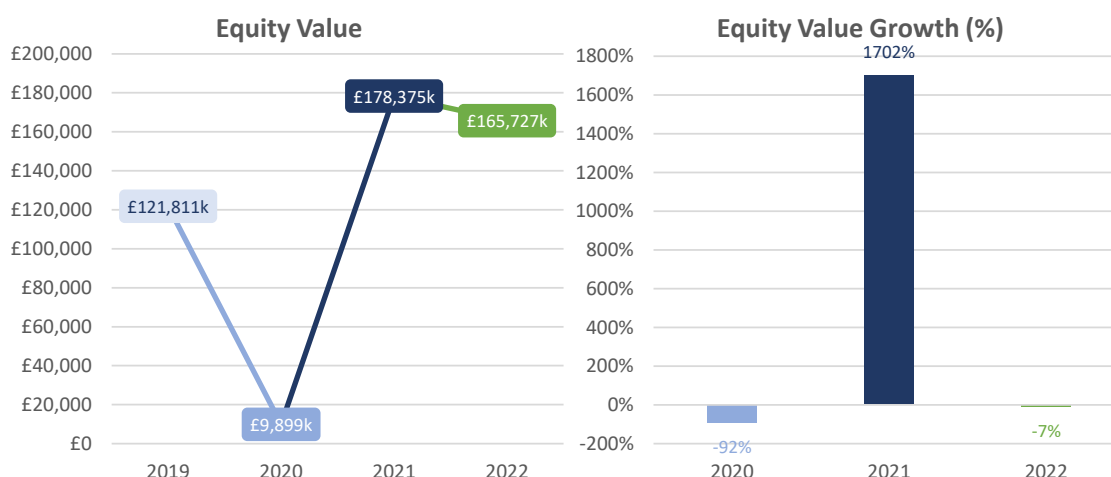
SAMPLE COMPANY

The Equity Value of SAMPLE COMPANY (taking Liabilities into account of £165.865m) is £165.727m, a decrease of -7% on last years value of £178.375. This value is calculated by multiplying the Disposable Profit by a profit multiple, then making a Net Asset adjustment.

Disposable Profit Calculation:

- Pretax profit of £16.358m + Directors Fees of £2.913m + Interest Payments of £3.856m - Non Trading Income of £15.
- The base profit multiple adopted is 5, producing a Goodwill value of £115.56m.
- The Balance Sheet including Cash has Net Assets of £50.167m, leaving an overall net Equity Value of £165.727m based on 2022 results.
- This works out at an overall P/E ratio of 7.17 based on an overall Equity Value of £165.727m on an EBIT of £23112k.

Valuation Summary



Valuation Summary Table

	Actual	Actual	Actual	Actual
Year end	27/07/2019	25/07/2020	31/07/2021	30/07/2022
EBIT	£15,783K	£1,709K	£26,773K	£23,112K
Goodwill	£78,915K	-£15,605K	£133,865K	£115,560K
Total Assets (excluding Cash)	£43,000K	£158,572K	£143,414K	£139,516K
Total Liabilities (excluding Cash)	£65,440K	£218,935K	£190,693K	£165,865K
Cash	£65,336K	£85,867K	£91,789K	£76,516K
Net Assets (Liabilities)	£42,896K	£25,504K	£44,510K	£50,167K
Upper Value - Excluding Liabilities	£121,915K	£142,967K	£277,279K	£255,076K
Equity Value	£121,811K	£9,899K	£178,375K	£165,727K
Equity Value - allowing for Management Charges	£121,126K	£33,364K	£177,690K	£165,042K

SECTION 5: Health Check

In the following section we have looked at 4 areas relating to the overall financial health of the company compared to the market.

1 Comparison with Industry Benchmarks

How the company compared to key performance indicators compared to 708 other firms operating in the SAMPLE INDUSTRY Industry.

2 The company's Overall Financial Health

Using the Plimsoll model - we have looked at how the overall financial health of the company is changing. We have produced this in two forms:

- **Fixed scale** - this allows you to look at the height and angle of change
- **Variable scale** - this allows you to look at the movement from year to year

3 The Plimsoll Financial Health Chart explained

Here we summarise how the height and angle of change are important aspects when viewing the overall financial health - Plimsoll chart. We have also noted some profiles to help with your interpretation.

4 The Plimsoll Individual Charts explained

Reading these charts is key understanding the overall financial health of the company. We have therefore included a note on these charts and how they will guide your view of the company's performance.

Industry Comparisons

Comparisons with the industry averages

The below comparison has looked at how the company scores against the UK's Top 708 SAMPLE INDUSTRY firms on several key performance indicators.

Measure	Your Firm		Industry Averages			<> Average
	2021	2022	Upper	Average	Lower	
Sales Growth %	21.6	6.8	26.0	4.0	-12.0	✓
Gross Profit %	47.3	47.1	51.5	43.9	33.4	✓
EBITDA %	9.9	13.8	14.7	7.9	3.7	✓
Return on Investment %	9.6	7.6	7.9	2.8	-1.5	✓
Pre-tax Profit Margin %	7.3	4.9	5.6	1.9	-1.1	✓
The company scores well in 5 of the above measures						

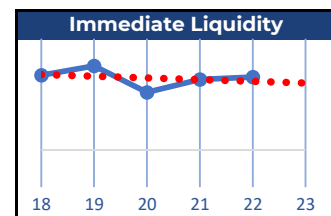
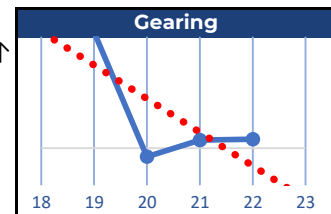
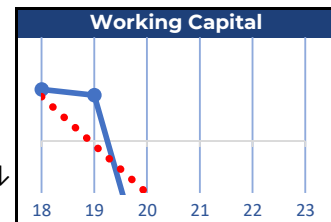
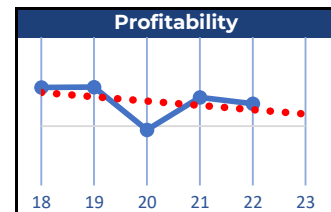
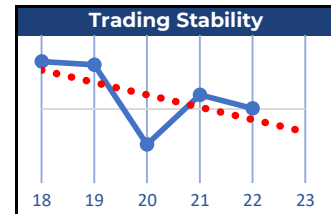
Depreciation %	1.3	7.7	1.6	0.9	0.4	✗
Total Interest Charges %	1.3	1.2	0.6	0.1	0.0	✗
Total Assets Employed %	75.7	65.2	59.8	59.8	45.7	✗
Shareholders Funds %	14.3	15.1	53.6	27.8	15.4	✗
The company scores well in 0 of the above measures						

Fixed Assets %	5.9	34.7	20.5	6.6	1.7	✗
Stocks %	5.6	6.0	20.7	13.1	3.2	✓
Debtors %	0.3	0.1	11.4	3.0	0.8	✓
Cash %	29.6	23.1	30.6	21.5	7.4	✓
Creditors %	4.9	5.5	13.4	7.0	3.9	✓
Total Debt %	37.4	32.2	10.1	1.0	0.0	✗
The company scores well in 4 of the above measures						

Sales Per Person £000	167.4	184.0	244.3	146.5	93.7	✓
Average Salary £000	35.4	36.3	41.0	32.0	27.0	✗
Value Added Per Person £000	51.9	61.8	65.0	44.0	44.0	✓
Capital Per Person £000	126.8	119.9	168.7	99.2	58.9	✗
Profit Per Person £000	12.2	9.1	8.5	2.8	-1.4	✓
The company scores well in 3 of the above measures						

Overall Financial Health (fixed scale)

Period Ending	28-Jul-18	27-Jul-19	25-Jul-20	31-Jul-21	30-Jul-22
Weeks £000	52	52	52	52	52
Profit and Loss					
Total Sales	337313	317406	255491	310566	331569
Directors Fees	1650	1844	990	0	2913
Gross Profit	157338	149859	119580	146987	156264
Value Added	79556	79071	83537	96355	111304
EBITDA	18277	18763	31307	30753	45884
Depreciation	5035	4824	30588	3980	25685
Non-Trading Income	205	417	355	81	15
Total Interest Charges	228	96	4195	4180	3856
Pre-tax Profit	13219	14260	-3121	22674	16358
Retained Profit	4023	5594	-17392	19006	5657
Tangible Assets					
Fixed Assets	21450	21065	135708	18381	115072
Intangibles	1151	1642	2358	2243	2494
Intermediate Assets	0	0	722	104654	1845
Liquid Assets					
Stocks	21865	19209	18207	17328	19791
Debtors	1232	1084	1577	808	314
Cash Or Equivalent	55466	65336	85867	91789	76516
Total Current Assets	78563	85629	105651	109925	96621
Liabilities					
Creditors	26294	25859	20638	15369	18374
Short Term Borrowing	0	0	24167	22693	19721
Oth.Curr.Liabilities	29922	32716	60656	58108	39566
Tot.Curr.Liabilities	56216	58575	105461	96170	77661
Net Curr.Assets	22347	27054	190	13755	18960
Capital					
Shareholders Funds	37302	42896	25504	44510	50167
Total Loan Capital	0	6413	112253	93368	87012
Other Capital Employed	7646	452	1221	1155	1192
Tot.Capt.Employed	44948	49761	138978	139033	138371
People					
Sales £000/Employee	175	174	150	167	184
Value Added £000/Empl.	41	43	49	52	62
Av. Remun. £000/Empl.	32	33	31	35	36
Total Empl. Remu. £000	61279	60308	52230	65602	65420
Employees	1932	1829	1707	1855	1802



Summary

The company scores well in 12 of the 20 measures

Sales and Profits

Sales Growth %	✓
Gross Profit %	✓
EBITDA %	✓
Return on Investment %	✓
Pre-tax Profit Margin %	✓

Investment and Spending

Depreciation %	✗
Total Interest Charges %	✗
Total Capital Employed %	✗
Shareholders Funds %	✗

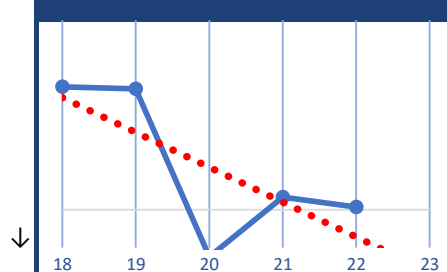
Balance sheet

Fixed Assets %	✗
Stocks %	✓
Debtors %	✓
Cash %	✓
Creditors %	✓
Total Debt %	✗

People Performance

Sales Per Person £	✓
Average Salary £	✗
Value Added Per Person £	✓
Capital Per Person £	✗
Profit Per Person £	✓

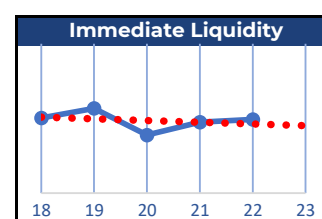
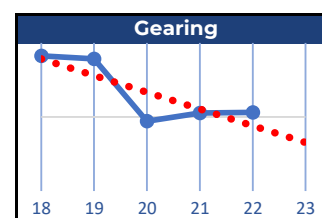
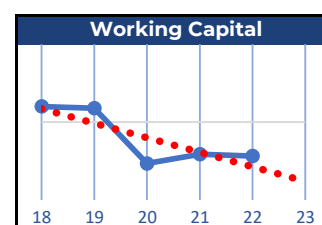
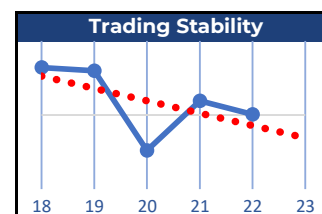
Plimsoll Overall Health Chart



The Plimsoll chart has fallen in the latest year - indicating an decline in financial health

Overall Financial Health (variable scale)

Period Ending	28-Jul-18	27-Jul-19	25-Jul-20	31-Jul-21	30-Jul-22
Weeks £000	52	52	52	52	52
Profit and Loss					
Total Sales	337313	317406	255491	310566	331569
Directors Fees	1650	1844	990	0	2913
Gross Profit	157338	149859	119580	146987	156264
Value Added	79556	79071	83537	96355	111304
EBITDA	18277	18763	31307	30753	45884
Depreciation	5035	4824	30588	3980	25685
Non-Trading Income	205	417	355	81	15
Total Interest Charges	228	96	4195	4180	3856
Pre-tax Profit	13219	14260	-3121	22674	16358
Retained Profit	4023	5594	-17392	19006	5657
Tangible Assets					
Fixed Assets	21450	21065	135708	18381	115072
Intangibles	1151	1642	2358	2243	2494
Intermediate Assets	0	0	722	104654	1845
Liquid Assets					
Stocks	21865	19209	18207	17328	19791
Debtors	1232	1084	1577	808	314
Cash Or Equivalent	55466	65336	85867	91789	76516
Total Current Assets	78563	85629	105651	109925	96621
Liabilities					
Creditors	26294	25859	20638	15369	18374
Short Term Borrowing	0	0	24167	22693	19721
Oth.Curr.Liabilities	29922	32716	60656	58108	39566
Tot.Curr.Liabilities	56216	58575	105461	96170	77661
Net Curr.Assets	22347	27054	190	13755	18960
Capital					
Shareholders Funds	37302	42896	25504	44510	50167
Total Loan Capital	0	6413	112253	93368	87012
Other Capital Employed	7646	452	1221	1155	1192
Tot.Capt. Employed	44948	49761	138978	139033	138371
People					
Sales £000/Employee	175	174	150	167	184
Value Added £000/Empl.	41	43	49	52	62
Av. Remun. £000/Empl.	32	33	31	35	36
Total Empl. Remu. £000	61279	60308	52230	65602	65420
Employees	1932	1829	1707	1855	1802



Summary

The company scores well in 12 of the 20 measures

Sales and Profits

Sales Growth %	✓
Gross Profit %	✓
EBITDA %	✓
Return on Investment %	✓
Pre-tax Profit Margin %	✓

Investment and Spending

Depreciation %	✗
Total Interest Charges %	✗
Total Capital Employed %	✗
Shareholders Funds %	✗

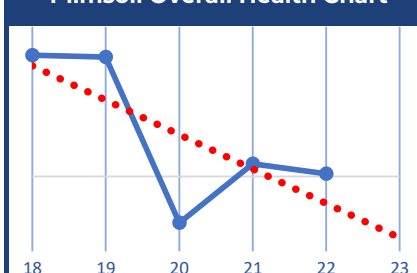
Balance sheet

Fixed Assets %	✗
Stocks %	✓
Debtors %	✓
Cash %	✓
Creditors %	✓
Total Debt %	✗

People Performance

Sales Per Person £	✓
Average Salary £	✗
Value Added Per Person £	✓
Capital Per Person £	✗
Profit Per Person £	✓

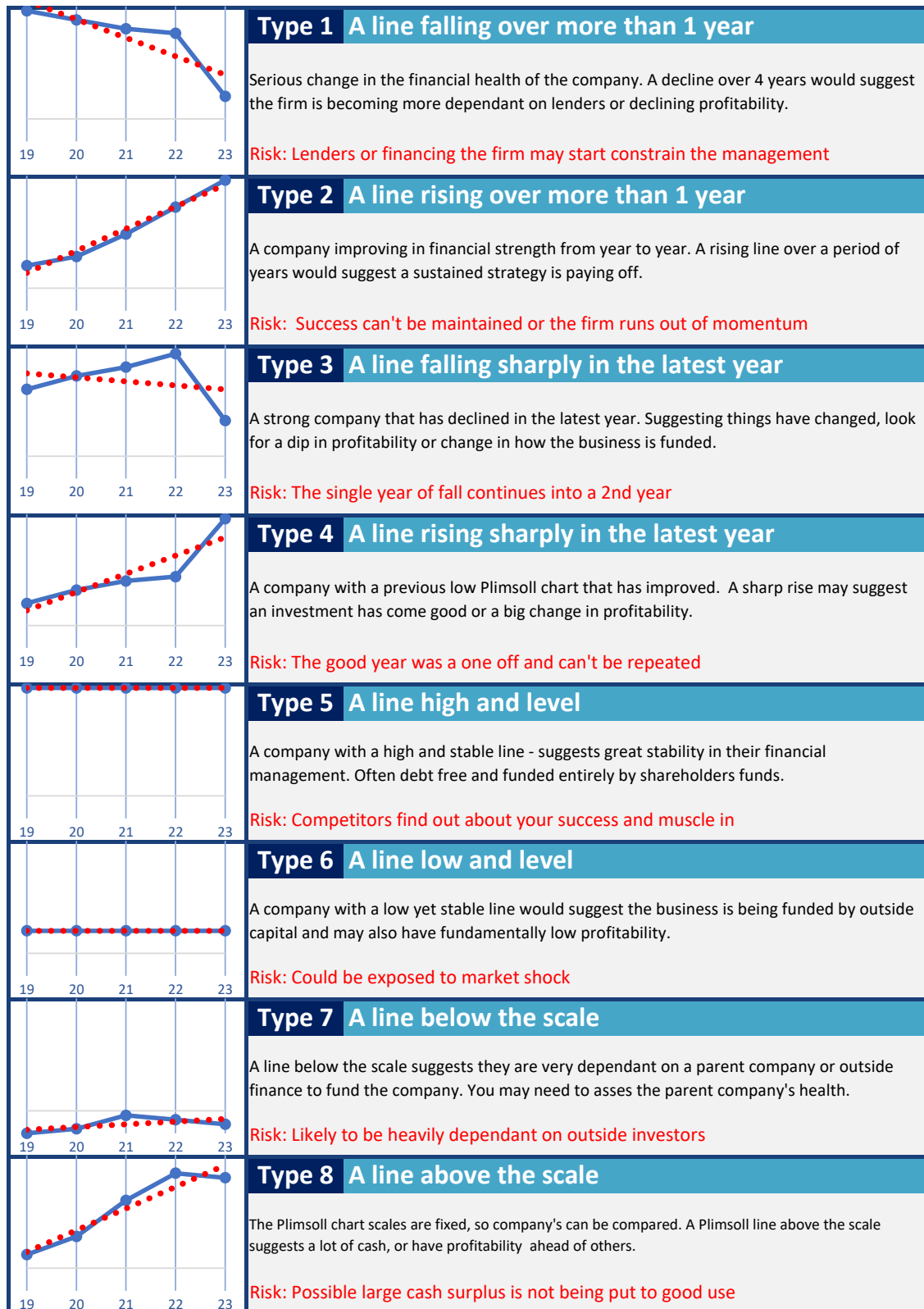
Plimsoll Overall Health Chart



The scales on the charts are variable to bring emphasis to the trend

The Plimsoll Overall Financial Health Chart explained (example)

Reading the Plimsoll Chart is simple - in general, a rising or high line is a sign of an improving or strong financial health. A low and falling line a declining or low financial health. The below examples explain when to look for.



The Plimsoll Individual Charts Explained

To arrive at the Overall Financial Health (load line) for the company we have calculated the combined average of the 5 key ratio's below. Each one of the 5 carries equal weighting to derive the Plimsoll overall ratio. The trend on each of these ratio's will also indicate the momentum of the company.

SAMPLE COMPANY	
	TRADING STABILITY How it is defined (Sales - Total Assets) / Sales What it highlights The total sales return on investment - essentially, how much a firm sells as a % of total investment. The efficiency of the company to turn capital into sales. Why it's important A declining or low line highlights a firm that is delivering a poor or falling sales return on investment. This can be caused by too high capital investment or a large amount of cash or stocks tying up vital capital. Essentially too much investment is generating too little sales. Firms can often resort to overtrading to fix.
	PROFITABILITY How it is defined Profit before tax / Total Assets What it highlights The Pre-tax profit return on investment (ROI) essentially - how much a firm makes as a % of total investment. The efficiency of the company to turn capital into profit. Why it's important Business is all about a return. How much capital do we have tied up and are we generating sufficient return to justify the risk. A declining or low line highlights a company where the rate of return is low or falling. This can be caused by over investment, higher costs or continuous over trading.
	WORKING CAPITAL How it is defined (Total current assets - total debt) / total current liabilities What it highlights Working Capital - looks how balanced the company is in terms of total assets and liabilities. This measures the ability of the company to pay it's way without selling assets. Why it's important The inclusion of long term debt in this ratio is important. If a company is failing it does not matter if the debt is long or short - the total amount matters. A declining or low line highlights a company where liabilities are increasing at a greater rate than assets or liabilities are high. This can mean the management are working within constraints.
	GEARING How it is defined (Shareholders funds - total borrowings + cash) / Total debt What it highlights How the equity of the firm is balanced and how much of the company is "owned" by the shareholders and how much is being funded by outside investors. Why it's important Companies can be funded in different ways. Corporate shells, equity investment, bank borrowing to name a few. A fall or low line in this chart highlights that the firm is either more or is already highly dependant on funding from an outside decision maker. This means the company is highly dependent on them for survival and continued support.
	IMMEDIATE LIQUIDITY How it is defined (Liquid assets - bank borrowing) / (trade creditors + other current liabilities) What it highlights How good is the cover from the trade creditors and unsecured creditors. Essentially - The exposure or short term cover for creditors. Why it's important Banks and formal lenders are often more informed than creditors. A falling or low line shows that the company is becoming or is dependant on short term trade credit. Whilst this has advantages in terms of cheap borrowing - it can creep up on a company and often goes unnoticed by lenders.
	PLIMSOLL CHART How it is defined The combined average of the above 5 charts. Each weighted so all have equal impact. What it highlights The overall financial health - this chart provides an overall trend on the company's financial strength. The higher the chart the stronger. Why it's important The height and angle of change are both important to understanding the current position and the trend. Any change in this chart should alert you to look at the above charts for areas of strength and weakness. Typically a 30% fall in the chart over 2 years is a serious decline in a company's overall financial health.

SECTION 6: Industry Benchmarks

In the following section we have looked where the company sits in the UK SAMPLE INDUSTRY industry, using the following areas of performance:

1 Market Share

Taking the total sales for each of the UK's Top 708 SAMPLE INDUSTRY firms, we have calculated the company's overall market share and also the significance of the Top 10 in the industry for comparison.

2 Industry Sales Ranking

To further help the understanding of the companies sales and market position, we have also looked at their:

- a. Total Sales industry ranking
- b. Sales Growth industry ranking

3 Industry Profit Ranking

To provide a comparison on the company's profitability, we have compared the company on two key measures:

- a. Actual Profit ranking
- b. Profit Margin ranking

4 Value Ranking

To provide a comparison on the company's valuation, we have compared the company on two key measures:

- a. Actual Equity Value ranking
- b. % Change in Equity Value ranking

5 Sales per Person Ranking

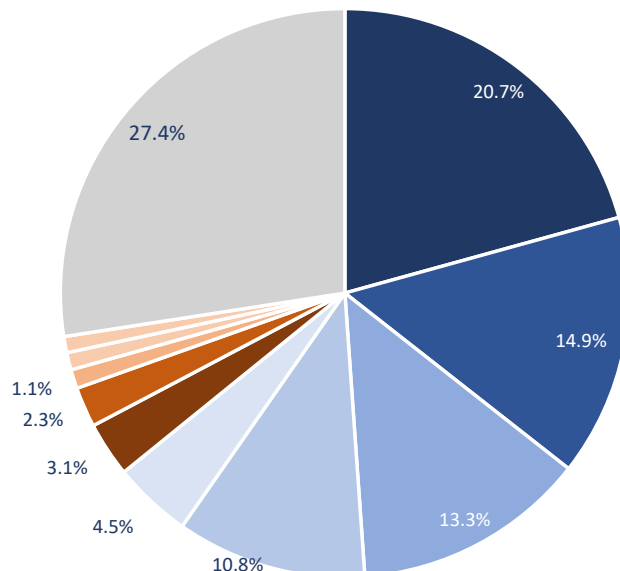
To provide a comparison on the company's productivity, we have compared the company on two key measures:

- a. Actual Sales per Person ranking
- b. % Change Sales per Person ranking

Market Share

Top 10 Market Share

In the below, we have looked at the overall market share for SAMPLE COMPANY and also looked at the dominance of the largest 10 firms in the sector.



Sales £000	Previous	Latest	% Change
Total Market Size	£9,415,002K	£10,630,352K	12.9%
SAMPLE COMPANY	£310,566K	£331,569K	6.8%
% Market Share	3.30%	3.12%	-5.4%

- The company has a 3.12% market share. This is down 5.4% on last year
- The top 10 in the sector account for 73% of the market
- The overall market grew by 12.9% in the latest year

Peer group comparison

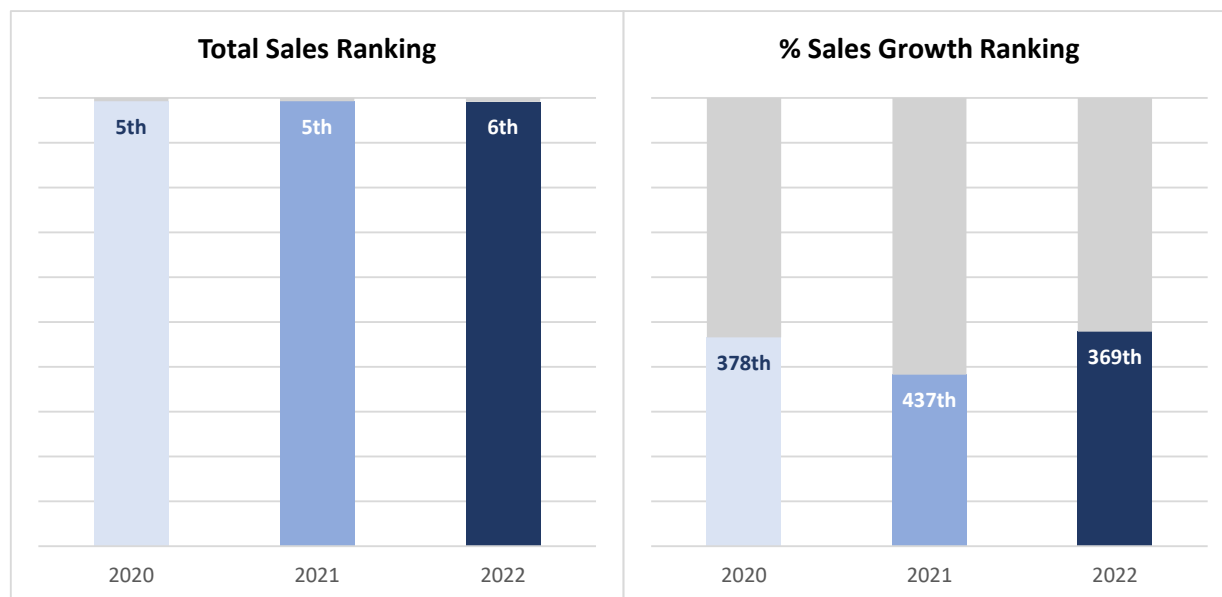
Company	Year End	Sales (Previous)	Sales (Latest)	% Change
COMPANY 1	August 2022	£1,954,720K	£2,201,937K	12.6%
COMPANY 2	July 2022	£1,336,200K	£1,581,400K	18.4%
COMPANY 3	January 2022	£1,351,345K	£1,412,596K	4.5%
COMPANY 4	June 2022	£1,067,700K	£1,149,800K	7.7%
COMPANY 5	July 2022	£255,079K	£474,914K	86.2%
SAMPLE COMPANY	July 2022	£310,566K	£331,569K	6.8%
COMPANY 6	June 2022	£214,585K	£242,900K	13.2%
COMPANY 7	December 2022	£92,882K	£115,031K	23.8%
COMPANY 8	September 2022	£95,120K	£104,726K	10.1%
COMPANY 9	March 2022	£76,115K	£97,639K	28.3%

The companies were chosen as they are ranked as the Top 10 in the UK SAMPLE INDUSTRY market

Industry Rankings - Sales

Sales and Sales Growth (SAMPLE COMPANY)

In the below table we have compared the company's Sales and Sales Growth performance to the UK's Top 708 SAMPLE INDUSTRY companies. The aim of this analysis is show how unique or exclusive the company is within the industry they operate in.



- The company ranks as the 6th largest in the sector down from 5th last year
- The company is one of the largest in the sector
- In terms of sales growth the company is ranked in 369th place out of 708 firms tracked

Peer group comparison

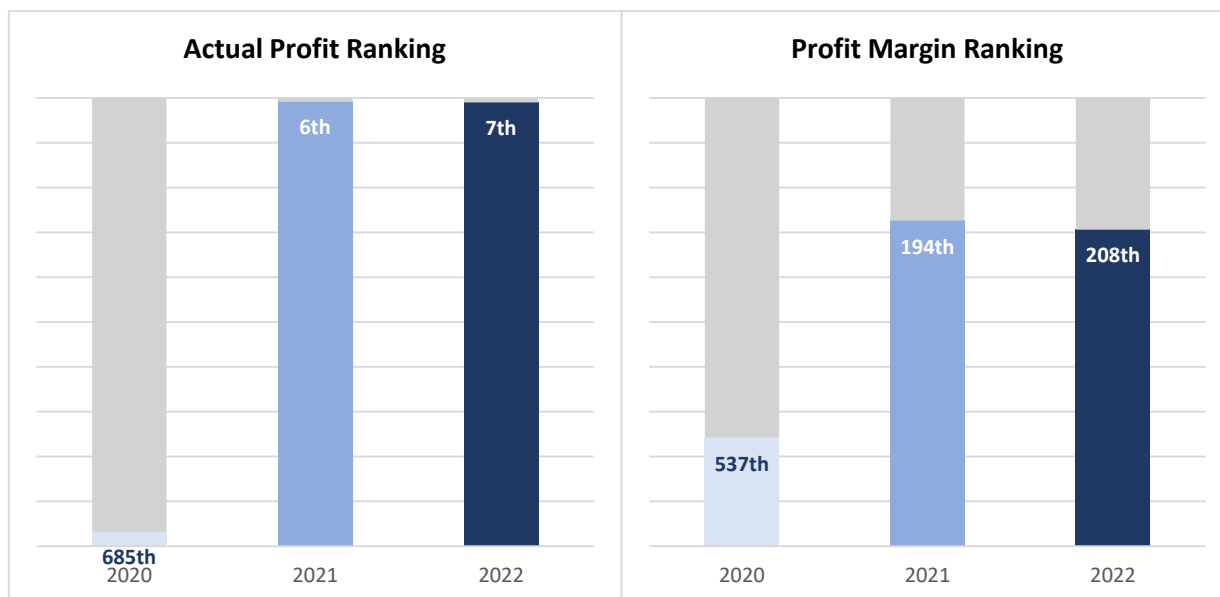
Company	Year End	Sales (Previous)	Sales (Latest)	% Change
COMPANY 1	August 2022	£1,954,720K	£2,201,937K	12.6%
COMPANY 2	July 2022	£1,336,200K	£1,581,400K	18.4%
COMPANY 3	January 2022	£1,351,345K	£1,412,596K	4.5%
COMPANY 4	June 2022	£1,067,700K	£1,149,800K	7.7%
COMPANY 5	July 2022	£255,079K	£474,914K	86.2%
SAMPLE COMPANY	July 2022	£310,566K	£331,569K	6.8%
COMPANY 6	June 2022	£214,585K	£242,900K	13.2%
COMPANY 7	December 2022	£92,882K	£115,031K	23.8%
COMPANY 8	September 2022	£95,120K	£104,726K	10.1%
COMPANY 9	March 2022	£76,115K	£97,639K	28.3%
COMPANY 10	February 2022	£74,660K	£92,773K	24.3%

The companies were chosen as being a similar size and operating in the SAMPLE INDUSTRY market

Industry Rankings - Profit

Profit and Profitability (SAMPLE COMPANY)

In the below table we have compared the company's profit and margins performance to the UK's Top 708 SAMPLE INDUSTRY companies. The aim of this analysis is show how profitable the company is within the industry they operate in.



- The company ranks as the 7th most profitable in the sector down from 6th last year
- The company ranks relatively well on profitability
- In terms of profit margin the company is ranked in 208th place out of 708 firms tracked

Peer group comparison

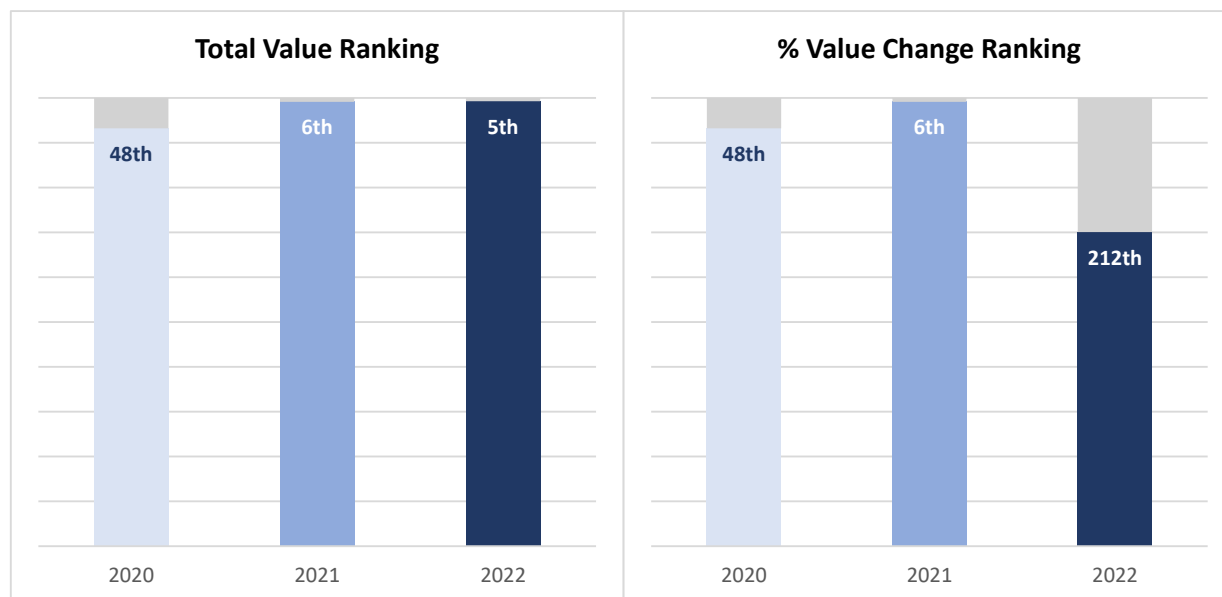
Company	Year End	Profit (Previous)	Profit (Latest)	% Margin
COMPANY 1	January 2022	£169,238K	£102,806K	7.3%
COMPANY 2	August 2022	£62,398K	£88,070K	4.0%
COMPANY 3	June 2022	£99,200K	£58,500K	5.1%
COMPANY 4	January 2022	£18,563K	£19,792K	29.9%
COMPANY 5	December 2022	£15,159K	£18,819K	35.4%
SAMPLE COMPANY	July 2022	£22,674K	£16,358K	4.9%
COMPANY 6	July 2022	£6,326K	£14,792K	3.1%
COMPANY 7	March 2023	£12,791K	£11,369K	12.3%
COMPANY 8	December 2022	£7,487K	£9,066K	7.9%
COMPANY 9	March 2022	£4,981K	£8,050K	8.2%
COMPANY 10	June 2022	£13,314K	£7,000K	2.9%

The companies were chosen as being a similar in profit and operating in the SAMPLE INDUSTRY market

Industry Rankings - Overall Value

Overall Value and Value Change (SAMPLE COMPANY)

In the below table we have compared the company's Equity Value and their change in value to the UK's Top 708 SAMPLE INDUSTRY companies. The aim of this analysis is show how the firms Equity Value equates to others in the same market.



- The company ranks as the 5th most profitable in the sector up from 6th last year
- The company ranks relatively well on their valuation
- The company's value has fallen by -7% (243 other firms have also seen their value fall)

Peer group comparison

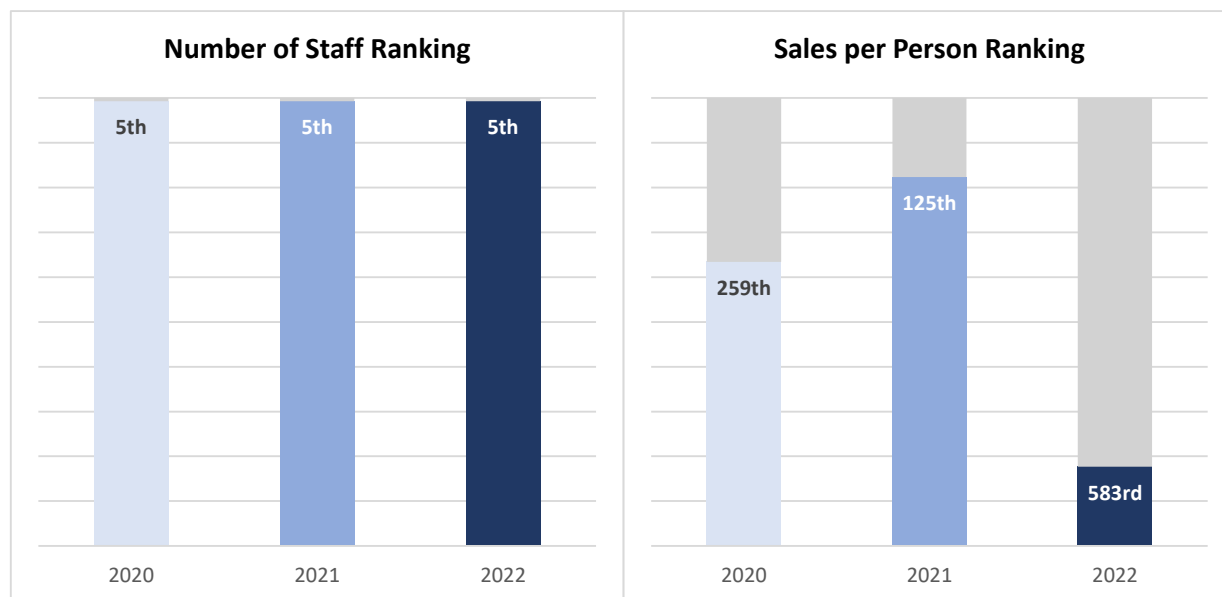
Company	Year End	Equity Value (Previous)	Equity Value (Latest)	% Change
COMPANY 1				NA
COMPANY 2	July 2022	£1,090,100K	£1,254,200K	15%
COMPANY 3	January 2022	£1,424,040K	£1,061,601K	-25%
COMPANY 4	June 2022	£976,505K	£712,160K	-27%
COMPANY 5	August 2022	£591,667K	£524,622K	-11%
SAMPLE COMPANY	July 2022	£178,375K	£165,727K	-7%
COMPANY 6	January 2022	£126,054K	£148,888K	18%
COMPANY 7	July 2022	£68,452K	£128,332K	87%
COMPANY 8	March 2022	£60,131K	£80,766K	34%
COMPANY 9	December 2022	£68,240K	£78,777K	15%
COMPANY 10	March 2023	£77,434K	£71,897K	-7%

The companies were chosen as being similar in value and operating in the SAMPLE INDUSTRY market

Industry Rankings - Sales per Person

Staff and Sales per Person (SAMPLE COMPANY)

In the below table we have compared the company's Staff and Sales per Person performance to the UK's Top 708 SAMPLE INDUSTRY companies. The aim of this analysis is to show how unique or exclusive the company is within the industry they operate in.



- The company ranks as the 5th for Productivity in the sector up from 5th last year
- The company ranks relatively low on their Productivity
- The company's Sales per person has risen by 10% (329 other firms have also seen their value rise)

Peer group comparison

Company	Year End	Number of staff	Sales per Person (Latest)	% Change
COMPANY 1				
COMPANY 2	January 2022	13491	105	-3
COMPANY 3	August 2022	10428	211	8
COMPANY 4	July 2022	7263	218	12
COMPANY 5	June 2022	5506	209	-6
SAMPLE COMPANY	July 2022	1802	184	10
COMPANY 6	December 2022	1537	75	-10
COMPANY 7	July 2022	1243	382	68
COMPANY 8	June 2022	999	243	22
COMPANY 9	February 2022	745	67	8
COMPANY 10	September 2022	652	161	15

The companies were chosen as being similar in productivity and operating in the SAMPLE INDUSTRY market

SECTION 7: Other Relevant Matters

In the following section we have looked a number of other areas of business performance that provide context to the company's valuation.

1 Analysis of previous deals

Given the difficulty of finding relevant deals we have looked at two options to provide context the company's valuation:

- a. Previous deals of firms in the SAMPLE industry sector
- b. Previous recent deals across the UK overall

2 Opportunities to acquire for the company

To offer scope on how the company might be expanded post any acquisition, we have provided a sample list of potential acquisitions:

- a. These firms are a good size and operate in the same market
- b. They all have criteria that would make the potential acquisition targets

3 Opportunities to buy the company

We have provided a list of firms operating in the same market that would have the scale and cash to buy the company:

- a. These firms have the scale to buy the company
- b. They have strong balance sheets to be able to fund any purchase

Previous Deals

Below is a list of previous deals we have been able to identify. For completeness we have looked at two types:

1. Deals we can locate in the broad industry sector (SAMPLE)
2. Deals across the UK overall

This offers an interesting comparison to compare the overall P/E we have used.

Recent Industry Deals			
Date	Buyer	Seller	P/E
December 21	Svedbergs i Dalstorp AB	Roper Rhodes Ltd	11.2
May 21	Tempur Sealy International Inc	Dreams Ltd	8.9
Average P/E			10.1

Recent UK Deals			
Date	Buyer	Seller	P/E
August 23	Sailpoint Technologies UK Ltd	Osirium Technologies Plc	-109.8
August 23	Danaher Corp	Abcam Plc	-532.5
August 23	Pure Health LLC	Circle Health Group Ltd	-71.6
August 23	LSL Property Services Plc	TenetLime Ltd	14.6
July 23	Helios Underwriting Plc	Park Farm Underwriting Ltd	7.2
July 23	NOTE UK Ltd	DVR Ltd	9.4
June 23	All Things Considered Group Plc	Sandbag Ltd	5.6
June 23	Hexatronic Group AB	Fibron BX Ltd	9.7
June 23	Private Group led by Globe Invest	Best of the Best Plc	10.6
June 23	Global Auto Holdings Ltd	Lookers Plc	6.8
June 23	49ers Enterprises Leeds SPV LP	Leeds United Football Club Ltd	-8.3
June 23	AB Agri Ltd	National Milk Records Plc	19.6
June 23	M&W Security Ltd	Vigilant Security (Scotland) Ltd	12.2
June 23	Barnes Group Inc	MB Aerospace Holdings I Ltd	-72.9
May 23	Petrichor Partners LP	Egdon Resources Plc	8.1
Average P/E			7.2

Acquisition Ideas

To demonstrate to any potential new owner that the company has a growth and development path beyond the current performance we have added the below list of potential acquisition targets.

The firms have been chosen for the following reasons, in general:

1. They all operate in broadly the same market
2. They all offer a good scale of opportunity being a half to third of the company's size
3. They all are a combination of privately owned, aging Directors, or low financial health

We would recommend a further discussion on consultation before acting on the below examples:

(E) Prefix = Estimated Sales

COMPANY A

Key Financials	
Location	Northern Home Counties
Staff	45
Sales	£14,179K
Value	£7,986K
Shareholders Funds	£1,825K

Key Attractiveness Features	
High gross earnings	✓
Low number of shareholders	✓
Big difference between current and future value	✓
Company is privately owned	✓
Website	

COMPANY B

Key Financials	
Location	South East Midlands
Staff	198
Sales	£30,493K
Value	£0K
Shareholders Funds	-£8,960K

Key Attractiveness Features	
Sales growth above the industry average	✓
Low financial rating	✓
Low number of shareholders	✓
Directors fees represent high proportion of profits	✓
Website	

COMPANY C

Key Financials	
Location	West Midlands
Staff	7
Sales	£7,600K
Value	£7,151K
Shareholders Funds	£2,546K

Key Attractiveness Features	
Low number of shareholders	✓
Big difference between current and future value	✓
Company is privately owned	✓
Low number of directors	✓
Website	

COMPANY D

Key Financials	
Location	North East
Staff	430
Sales	£97,639K
Value	£104,547K
Shareholders Funds	£37,066K

Key Attractiveness Features	
Sales growth above the industry average	✓
High gross earnings	✓
Low number of shareholders	✓
Big difference between current and future value	✓
Website	

Acquisition Ideas

(E) Prefix = Estimated Sales

COMPANY E

Key Financials	
Location	South Wales
Staff	51
Sales	£24,401K
Value	£23,244K
Shareholders Funds	£15,779K

Key Attractiveness Features	
High gross earnings	✓
Low number of shareholders	✓
Big difference between current and future value	✓
Average age of directors is high	✓
Website	

COMPANY F

Key Financials	
Location	Thames Valley
Staff	37
Sales	£9,400K
Value	£4,772K
Shareholders Funds	£1,061K

Key Attractiveness Features	
Low number of shareholders	✓
Big difference between current and future value	✓
Average age of directors is high	✓
Company is privately owned	✓
Website	

COMPANY G

Key Financials	
Location	Southern Home Counties
Staff	111
Sales	£9,590K
Value	£17,638K
Shareholders Funds	£5,003K

Key Attractiveness Features	
Sales growth above the industry average	✓
High gross earnings	✓
Low number of shareholders	✓
Average age of directors is high	✓
Website	

COMPANY H

Key Financials	
Location	0
Staff	54
Sales	£14,195K
Value	£8,136K
Shareholders Funds	£994K

Key Attractiveness Features	
High gross earnings	✓
Low number of shareholders	✓
Big difference between current and future value	✓
Company is privately owned	✓
Website	

COMPANY I

Key Financials	
Location	Southern Home Counties
Staff	95
Sales	£13,744K
Value	£2,799K
Shareholders Funds	£1,400K

Key Attractiveness Features	
Low number of shareholders	✓
Big difference between current and future value	✓
Company is privately owned	✓
Low number of directors	✓
Website	

Buyer Ideas

When negotiating with a potential buyer it may be useful to have a list of alternative buyers. This can demonstrate you have a number of options when selling the company and opportunities for an alternative bidder.

The firms have been chosen for the following reasons, in general:

1. They all operate in broadly the same market
2. They all are all of a scale to find your company attractive
3. They all are a combination of good financial strength and have cash

We would recommend a further discussion on consultation before acting on the below examples:

(E) Prefix = Estimated Sales

▪ BUYER A

Key Financials	
Location	East Midlands
Staff	7,263
Sales	£1,581,400K
Sales Growth	18%
Cash	£71,200K

Key Attractiveness Features	
High financial strength	●
Minimum of twice your size	●
Increasing sales	●
Operate in the same market	●
Website	

▪ BUYER B

Key Financials	
Location	South West
Staff	13,491
Sales	£1,412,596K
Sales Growth	5%
Cash	£89,975K

Key Attractiveness Features	
High financial strength	●
Minimum of twice your size	●
Increasing sales	●
Operate in the same market	●
Website	

▪ BUYER C

Key Financials	
Location	Yorkshire
Staff	5,506
Sales	£1,149,800K
Sales Growth	8%
Cash	£49,600K

Key Attractiveness Features	
High financial strength	●
Minimum of twice your size	●
Increasing sales	●
Operate in the same market	●
Website	

▪ BUYER D

Key Financials	
Location	South East Midlands
Staff	10,428
Sales	£2,201,937K
Sales Growth	13%
Cash	£175,921K

Key Attractiveness Features	
High financial strength	●
Minimum of twice your size	●
Increasing sales	●
Operate in the same market	●
Website	

Buyer Ideas

(E) Prefix = Estimated Sales

▪ BUYER E

Key Financials	
Location	
Staff	
Sales	
Sales Growth	
Cash	

Key Attractiveness Features	
High financial strength	●
Minimum of twice your size	●
Increasing sales	●
Operate in the same market	●
Website	

▪ BUYER F

Key Financials	
Location	
Staff	
Sales	
Sales Growth	
Cash	

Key Attractiveness Features	
High financial strength	●
Minimum of twice your size	●
Increasing sales	●
Operate in the same market	●
Website	

▪ BUYER G

Key Financials	
Location	
Staff	
Sales	
Sales Growth	
Cash	

Key Attractiveness Features	
High financial strength	●
Minimum of twice your size	●
Increasing sales	●
Operate in the same market	●
Website	

▪ BUYER H

Key Financials	
Location	
Staff	
Sales	
Sales Growth	
Cash	

Key Attractiveness Features	
High financial strength	●
Minimum of twice your size	●
Increasing sales	●
Operate in the same market	●
Website	

▪ BUYER I

Key Financials	
Location	
Staff	
Sales	
Sales Growth	
Cash	

Key Attractiveness Features	
High financial strength	●
Minimum of twice your size	●
Increasing sales	●
Operate in the same market	●
Website	

SECTION 8: Glossary of Terms

1 Who are Plimsoll

A brief insight into Plimsoll's 36 year history and how the valuation service has evolved to serve business leaders across the world.

2 Definition of terms

A glossary of the terms we have used within the valuation. An explanation of these can be helpful to understand the context of the research.

- Definition of terms (P&L)
- Definition of terms (Balance Sheet)
- Definition of terms (Ratio's)

3 Terms & Conditions

The Plimsoll Terms and Conditions

4 Accounts used to prepare the Valuation

Who are Plimsoll

History

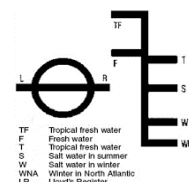
Established in 1987, in the North East of England and run as a family business since, Plimsoll Publishing has been analysing markets for companies worldwide for nearly 40 years. We pride ourselves on the accuracy of our data and our unique insight into industries large and small. This deep understanding of worldwide markets has been formed not just through many years of experience but also through our dedicated Editing team.

The analysis published by Plimsoll benefits from being updated weekly from public data sources and if required by customers, can extend to private and bespoke reports. At present we monitor over 2000 industries and benefit from our international employee base who work and publish in their own language as well as English. In addition to the core analysis, we regularly undertake company valuations and provide bespoke acquisition services for businesses, varying in size from SMEs to multinationals.

Why the name Plimsoll?

Plimsoll Publishing takes its name from Samuel Plimsoll (1824-1898) who is mainly remembered for devising the Plimsoll Line, a set of measurements and symbols on the side of ships indicated how much cargo could be safely carried. These simple but effective symbols gave a visible warning of risk and have been adopted worldwide –

The Plimsoll Line.



The Founders Vision

Don Turkington – Plimsolls' founder adopted the same principle and using a series of financial ratio's developed the 'Plimsoll Model' as a guide to identifying risk within companies prepared accounts. The aim of the model is not to prevent businesses avoiding all risk but to help them identify and quantify that risk, in time to reach business critical decisions more accurately. These financial ratios are shown visually and tracked over 5 years to allow performance to be measured and tracked over time. The 'Plimsoll Model' and our 'Plimsoll Line', shown in our analysis, stimulates Board level discussion and allows the assessment of risk, tracks changes in performance and helps monitor threats to your company.

The Plimsoll Valuation

As a natural development of the Plimsoll Model, tracking the overall value of a company became integral to our customers' requirements. As such within the core analysis there is a basic value provided for all companies. However the demand from customers for a detailed and bespoke valuation using the customers' own and latest accounts drove it's inclusion as one of our services and has now been part of our portfolio for almost as long as the analysis itself.

Typical applications of your valuation include:

- Annual Strategic Planning
- Competitor benchmarking studies
- Sale of a business
- To acquire a business
- Value a Shareholding / Shareholder disputes
- Tax planning / HMRC disputes
- Transfer to a limited business
- Divorce proceedings
- Shareholders annual review

Definition of terms (P&L)

Term	Definition	Note
Total Sales	All income received from the principle activities net of taxes	Some firms produce consolidated accounts which will include all group firms income.
Directors Fees	The payments made to all Directors including pension contributions	Often low or reduced as owners chose to take salary via dividends
Gross Profit	The money left after deducing the cost of sales.	For service firms this figure can be almost 100% of sales
Value Added	The total of EBITDA + staff costs	Can be a useful indicator of acquisition attractiveness, a firm with a high value added, yet low pre-tax profit is spending too much
EBITDA	Pre-tax Profit + Interest charges - non trading income + Depreciation	This figure is used as part of the Plimsoll valuation
Depreciation	The loss of value in the assets arising from use.	This is a good figure to compare from company to company - a low figure can inflate profits
Interest Charges	Gross interest paid by the company	For heavily indebted or groups funded by parent loans this figure can be a significant proportion of profits
Non Trading Income	All non-directly trade related income	Rental, interest etc - some firms can make significant gains from grants or disposals of assets
Pre-tax Profit	The net profit after deducting all the operating expenses.	This is often referred to as "profit" - note it is net of dividends.
Retained Profit	The change in shareholders funds from year to year	When pre-tax is not disclosed - due to company disclosure rules, this figure is used to replace pre-tax profit to provide a guide on profitability.

Definition of terms (Balance Sheet)

Term	Definition	Note
Fixed Assets	Property, plant, fixtures, office equipment, leased and owned	With group structures - property particularly can be owned by a parent company or directly by the owner.
Intangible Assets	Goodwill, trademarks, patents. Assets with no physical existence - but benefit the company	Technology firms in recent years have loaded their firms up with large values in this category
Intermediate Assets	Investments, receivables sundry amounts due	Investments in subsidiaries or associate companies. Amounts due from group companies outside 1 year or no fixed term
Stocks (Inventories)	Stock and also work in progress, including land for development.	Large changes in this figure can be a sign of a company overstocking or holding slow moving stock.
Debtors (trade)	Trade and sundry debtors	When the total sales of the firm is not disclosed the trade debtors can be useful indicator of turnover.
Cash or Equivalent	All cash, sundry pre-payments, accrued income - and non stock or trade debtor liquid assets.	As cash is used as part of the total assets calculation - even firms with rising cash can see a decline in the return on investment ratio's
Creditors (trade)	Trade Creditors and bills payable within one year.	The immediate liquidity chart is a useful indicator of how exposed trade creditors are if the firm were to fail.
Short Term Borrowing	The short term (within 12 months) portion of a company's debts. Bank overdraft, loans, lease and amounts owed to group companies.	Companies are increasingly using group structures to hold debts - you may need to refer the parent company's accounts for the full picture.
Other Current Liabilities	Sundry creditors, prepaid income, tax including NI and any other bills due within the year.	If this figure is large or rising it is worth investigating to see just what the firm is adding into this category.
Shareholders Funds	The Share capital of the company, including share capital and reserves.	The gearing chart is useful indicator of how balanced the equity of the company is.
Total loan capital	Long term formal debt- including group loans	Firms are using group structures to hold debts - you may need to check other companies in the group for fuller picture.
Other Capital Employed	Provisions and other bills due after one year.	If this figure is large or rising it is worth investigating to see just what the firm is adding into this category.
Total Debt	The total current liabilities + total loan capital	If a firm fails the total debt would need repaying - the terms are irrelevant.

Definition of terms (Ratio's)

Term	Definition	Note
Sales Growth %	The Percentage Change in sales	$(\text{Latest Period sales} - \text{Previous period sales}) / \text{Previous period sales}$
Gross Profit %	The Percentage Gross profit	$\text{Gross Profit} / \text{sales}$
Sales Return on Investment	The rate of sales compare to total investment	$\text{Total sales} / (\text{Fixed} + \text{intangible} + \text{intermediate} + \text{total current assets})$
Pre-tax Margin	The Percentage profit margin	$\text{Pre-tax Profit} / \text{Total sales}$
Profit on Assets	The Percentage profit vs investment	$\text{Pre-tax Profit} / (\text{Fixed} + \text{intangible} + \text{intermediate} + \text{total current assets})$
Profit on Funds	The Percentage profit shareholders funds	$\text{Pre-tax Profit} / \text{shareholders funds}$
Staff Growth	The percentage change in staff	$(\text{Latest Period staff} - \text{Previous period staff}) / \text{Previous period staff}$
Sales per Person	The rate of total sales vs staff	$\text{Total sales} / \text{Number of staff employed}$
Average Salary	The average salary paid	$\text{Total Salaries} / \text{Number of staff employed}$
Cost of Employees	The percentage of total pay to sales	$\text{Total salary bill} / \text{total Sales}$

Terms & Conditions

Disclaimer:

Every precaution is taken to ensure that the information contained in a Plimsoll Valuation Analysis is correct at the date of publication but no warranty either expressed or implied is given to this effect. The Plimsoll Valuation Analysis is intended to be used as a guide only to the financial position of its subject company and is best used in conjunction with the customers financial advisers.

PLIMSOLL PUBLISHING LIMITED shall not be liable in contract or in tort for any loss or damage caused to the customer, their employees or their agents arising out of the use of information and/or analysis contained within a Plimsoll Valuation Analysis.

The information used to analyse and value companies in this valuation, is that which is available in the public domain unless the client has provided their own accounts or data. If additional accounts or data have been provided this will be mentioned in the valuation delivery email.

The calculation used to estimate the company value is as defined in this document unless a modification has been requested as described in the valuation delivery email. All data, analysis, text, and charts are copyright of Plimsoll Publishing Ltd. All rights reserved.

Should you require the valuation as part of a dispute or legal proceedings we advise customers to reference the source of the valuation and share the methodology behind it, with all relevant parties.

The Plimsoll Valuation Analysis is in no way a recommendation as to whether or not the customer should proceed with any contemplated transaction either now or in the future.

The Plimsoll Standard Terms & Conditions of Purchase are available to view at plimsoll.uk/legal

Accounts used to prepare the valuation



Plimsoll Publishing Limited
Scotswood House
Teesdale South
Stockton-on-Tees
TS17 6SB

Telephone: (01642) 626400
Email: valuations@plimsoll.co.uk

www.plimsoll.co.uk