PRIVATE AND CONFIDENTIAL

SAMPLE COMPANY LTD

Valuation

24 June 2026

Introduction

Thank you for commissioning this valuation report.

With any valuation there is a degree of subjectivity, and no valuation can be certain until the final sale. However, as the Plimsoll Valuation uses a well established step-by-step process developed over 30 years, it will formalise your views and reveal the drivers on which the valuation is based.

Your report details:

- **A valuation breakdown** - A step by step structure to explain and present to stakeholders
- **Overall Financial Health** Pre-tax Profit + Interest charges - non trading income + Deprecation
- **Industry benchmarks** - Market share and industry rankings in 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

Valuation Summary

The overall Equity Value of SAMPLE COMPANY LTD based on December 2024 accounts, taking into account the Goodwill, Assets and Liabilities is £27.879m. This is an increase of 9% over last year's value of £25.632m. This works out at an overall P/E ratio of 16.57.

Adjusted Operating Profit (EBIT)	£1.7M
Equity Value	£27.9M
Overall P/E	**16.57**

- **The Overall equity of the company is £27.879m - this is an increase of 8.8% on the previous year**
- **This is based on an Adjusted Operating Profit of £1.683m and an overall P/E of 16.57**
- **The overall Equity Value is made up of £8.415m of Goodwill and £19.464m Net Balance Sheet assets**

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SECTION 1: Valuation Summary

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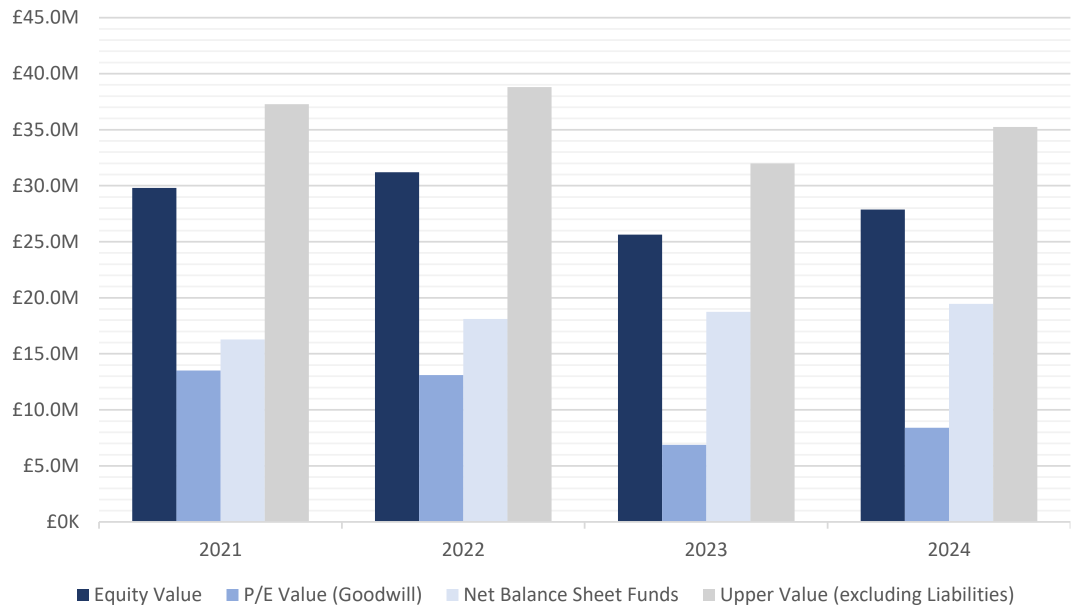
Valuation Summary Table



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	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24
Equity Value - See page 10	**£29.8M**	**£31.2M**	**£25.6M**	**£27.9M**
% Change in Equity Value		5%	-18%	9%
P/E Value (Goodwill) - See page 7	**£13.5M**	**£13.1M**	**£6.9M**	**£8.4M**
% Change in P/E Value		-3%	-47%	22%
Net Balance Sheet Funds - See page 8 - 9	**£16.3M**	**£18.1M**	**£18.7M**	**£19.5M**
% Change in Net Balance Sheet		11%	4%	4%
Equity Value excluding Liabilities - See page 8	**£37.3M**	**£38.8M**	**£32.0M**	**£35.3M**
% Change in Equity Value		4%	-18%	10%

This works out as an overall P/E of 16.57 based on a Adjusted Operating Profit (EBIT) of £1683k (see page 6) and an Equity Value of £27.879m.

Adjusted Operating Profit	£1.7M
Equity Value	£27.9M
Overall P/E	**16.57**

Company Summary

Company Name:	SAMPLE COMPANY LTD
Registration Number:	SAMPLE REG
Website:	www.samplewebsite.co.uk
Incorporation Date:	
Years in Business:	
Last Annual Return:	Not available
Secretary:	Not available
Registered Office:	Address 1
	Address 2
	Address 3
Business Activity:	Sample business description

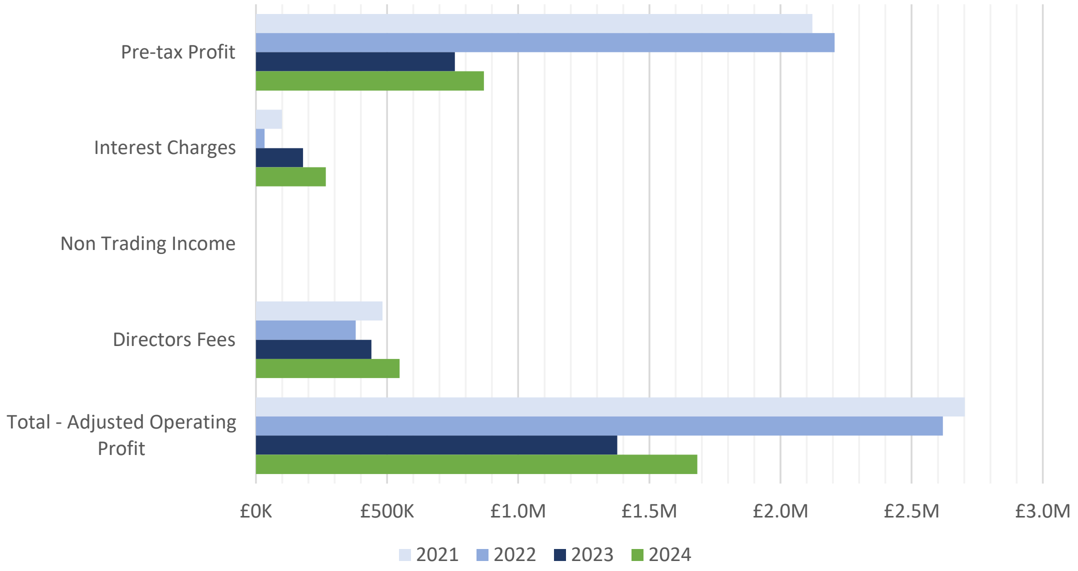
Directors:

Partner / Directors	Age	Time in Office
Director 1		
Director 2		
Director 3		
Director 4		
Director 5		

Agree the base profitability

Defining the Adjusted Operating 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 2024 we have calculated the Adjusted Operating Profit at

Adjusted Operating Profit Summary Table



The Adjusted Operating Profit (EBIT) 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	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24
Pre-tax Profit	£2.1M	£2.2M	£758K	£869K
+ Interest Charges	£99K	£33K	£180K	£266K
- Non Trading Income	£0K	£0K	£0K	£0K
+ Directors Fees	£482K	£380K	£440K	£548K
Total - Adjusted Operating Profit (EBIT)	**£2.7M**	**£2.6M**	**£1.4M**	**£1.7M**

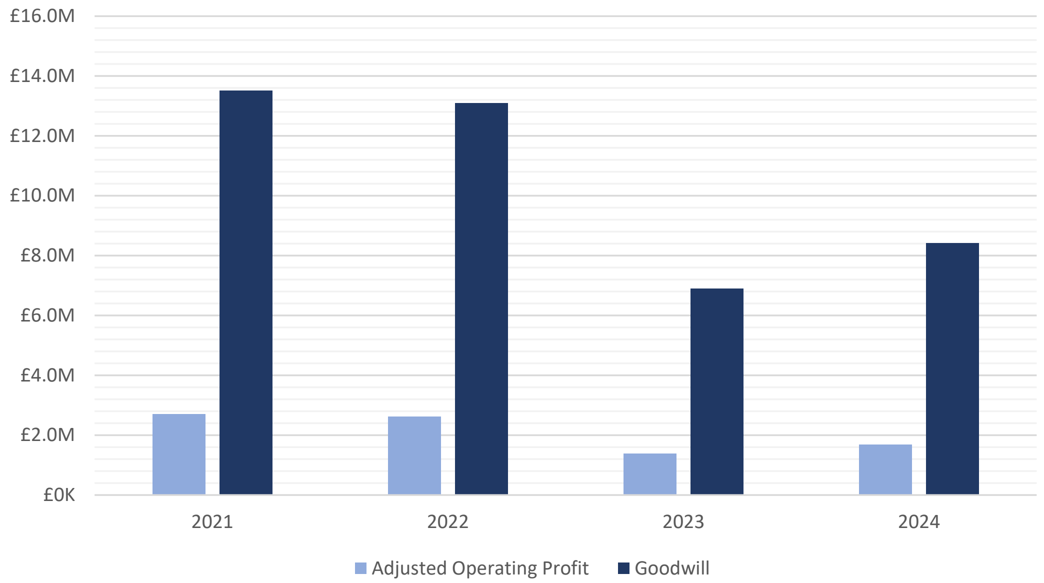
Why we used these figures

Pre-tax Profit	Pre-tax profit is considered to be the base profitability of any firm. It is therefore a good starting point for establishing the Adjusted Operating Profit (EBIT) 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 Adjusted Operating 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.

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 LTD 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:

Adjusted Operating Profit * 5

	Actual	Actual	Actual	Actual
Year End	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24
Total - Adjusted Operating Profit (EBIT) = A	£2.7M	£2.6M	£1.4M	£1.7M
Multiple = B	5	5	5	5
P/E Goodwill Value (A * B)	**£13.5M**	**£13.1M**	**£6.9M**	**£8.4M**
% change in Goodwill		-3%	-47%	22%

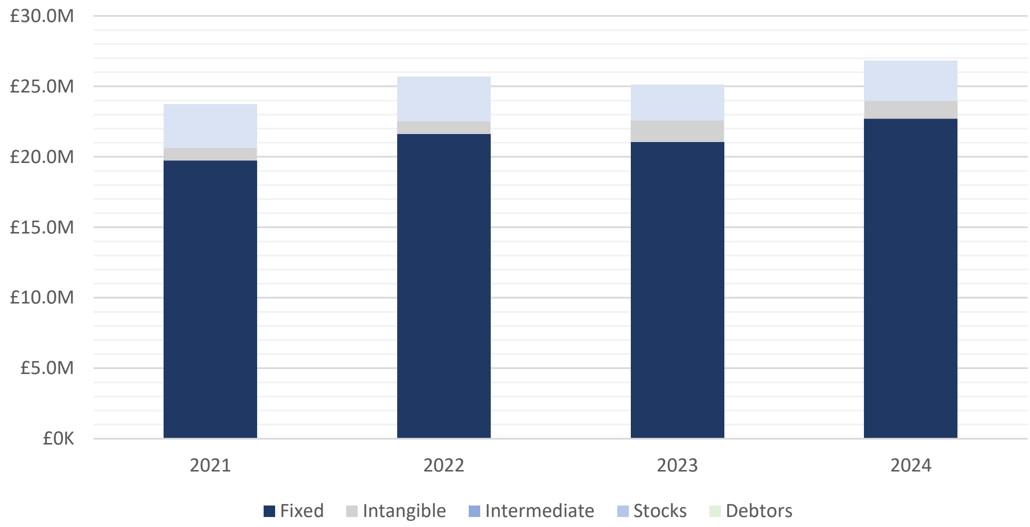
Why we arrived at this figure

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 have 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 higher figure, a buyer for a figure for a lower figure. 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.

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 LTD, 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	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24
Fixed Assets (fixtures / plant / equipment)	£19.7M	£21.6M	£21.1M	£22.7M
Intangibles	£903K	£903K	£1.5M	£1.3M
Intermediate Assets	£0K	£0K	£0K	£0K
Stocks	£0K	£0K	£0K	£0K
Debtors (trade debtors receivable)	£3.1M	£3.2M	£2.5M	£2.8M
Total Assets (excluding Cash)	**£23.8M**	**£25.7M**	**£25.1M**	**£26.8M**
% change Assets		8%	-2%	7%

Equity Value excluding Liabilities

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 2024 year end this gives a total value of £35.25m. Calculated by adding the £8.42m Goodwill Value and the £26.84m Asset value.

Goodwill Value + Total Assets (excluding Cash)

	Actual	Actual	Actual	Actual
Year End	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24
P/E Goodwill Value	£13.5M	£13.1M	£6.9M	£8.4M
Total Assets - Cash	£23.8M	£25.7M	£25.1M	£26.8M
Equity Value excluding Liabilities	**£37.3M**	**£38.8M**	**£32.0M**	**£35.3M**
% Change in total value		4%	-18%	10%

Adjusting for the Liabilities

To calculate an Equity Value we have now looked at 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	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24
Trade Creditors (trade bills receivable)	£3.2M	£1.2M	£949K	£1.3M
Borrowings (long and short)	£3.8M	£4.1M	£4.1M	£4.3M
Other Liabilities (tax, other bills)	£665K	£2.7M	£2.7M	£3.5M
Total Liabilities	**£7.7M**	**£8.0M**	**£7.8M**	**£9.2M**
% Changed in liabilities		5%	-3%	18%

Net Balance Sheet total

To calculate the Net Balance Sheet position, we have looked at 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.

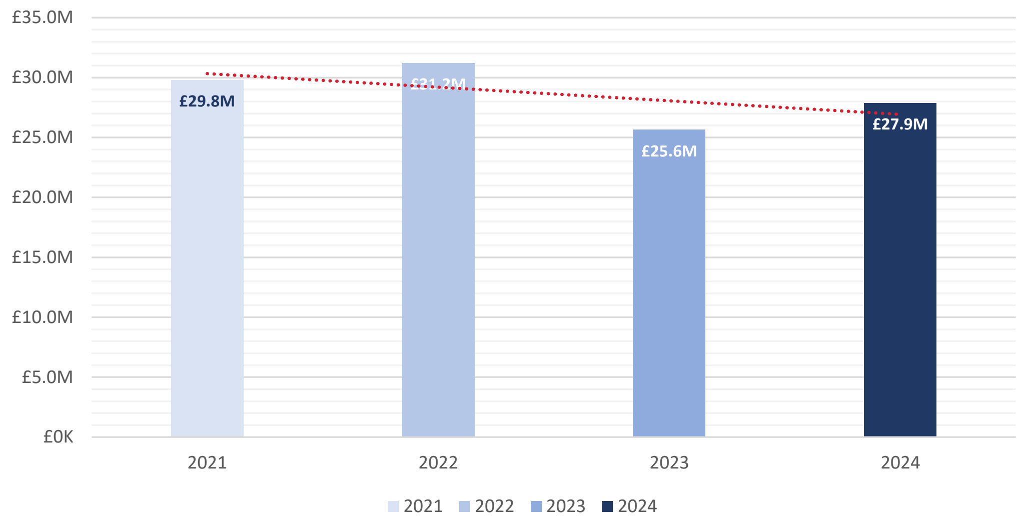
Total Assets - Total Liabilities + Cash

	Actual	Actual	Actual	Actual
Year End	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24
Total Assets	£23.8M	£25.7M	£25.1M	£26.8M
Total Labilities	£7.7M	£8.0M	£7.8M	£9.2M
Cash	£180K	£425K	£1.4M	£1.8M
Net Balance sheet total	**£16.3M**	**£18.1M**	**£18.7M**	**£19.5M**

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 LTD



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	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24
P/E Goodwill Value	£13.5M	£13.1M	£6.9M	£8.4M
Net Balance Sheet total	£16.3M	£18.1M	£18.7M	£19.5M
Equity Value (after adjusting for Assets and Liabilities)	**£29.8M**	**£31.2M**	**£25.6M**	**£27.9M**
% Change in Equity Value		5%	-18%	9%

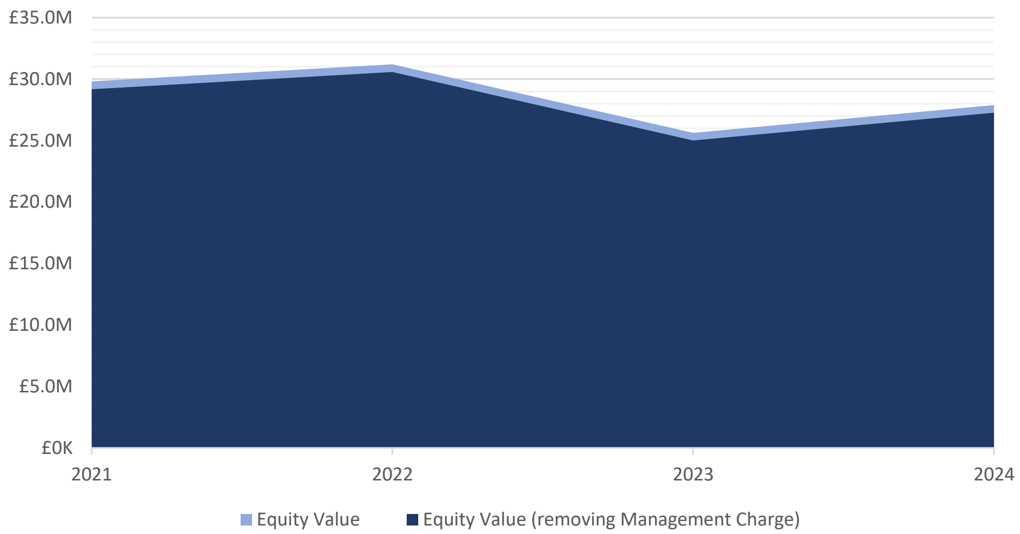
The overall P/E - as of the 2024 year end

The Goodwill Value of the company has been calculated, based on a Adjusted Operating Profit (EBIT) of £1.683m multipled by 5 the chosen P/E ratio:	£8.4M
The Total Asset of the company, including all Fixed Assets, Stocks and Debtors is:	£26.8M
The Total Liabilities of the company including all Creditors, Debts and other Liabilities has been calculated as:	£9.2M
The Cash or Equivalent is given in the accounts as:	£1.8M
This leaves an Equity Value of:	**£27.9M**

This represents an overall P/E ratio of:	
EBIT	£1.7M
Total Value	£27.9M
P/E	**16.57**

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 Adjusted Operating 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

	Actual	Actual	Actual	Actual
Year End	31-Dec-21	31-Dec-22	31-Dec-23	31-Dec-24
Equity Value (after adjusting for Assets and Liabilities)	£29.8M	£31.2M	£25.6M	£27.9M
Annual Management Charge	£125K	£125K	£125K	£125K
Equity Value (allowing for a Management Charge)	**£29.2M**	**£30.6M**	**£25.0M**	**£27.3M**

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 £71k per year
- On average, a business in this sector with £17.2m of sales would have 1.76 Directors
- A typical cost for a firm of the same size and sector would be £125k

Hence a typical Management Charge for the year would be:
1.76 directors * 71k = £125k per year

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

- Reducing the Adjusted Operating Profit (EBIT) by £125k per year
- Hence reducing the good will value by £125k * 5 = £625k
- Leaving an Equity Value for SAMPLE COMPANY LTD of £27254k

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.

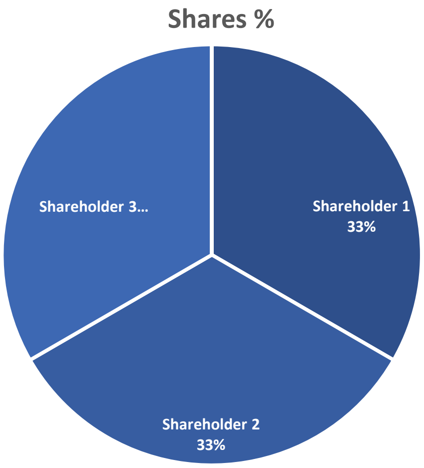
When are discounts applied?

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 2024 equity value is £27879k.
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-Dec-23	31-Dec-24
Shareholder 1	33%	50%	£4.2M	£4.6M
Shareholder 2	33%	50%	£4.2M	£4.6M
Shareholder 3	33%	50%	£4.2M	£4.6M

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.

Company Name:	SAMPLE COMPANY LTD

The Equity Value of SAMPLE COMPANY LTD (taking Liabilities into account of £9.152m) is £27.879m, an increase of 9% on last years value of £25.632. This value is calculated by multiplying the Adjusted Operating Profit by a profit multiple, then making a Net Asset adjustment.

Adjusted Operating Profit Calculation:

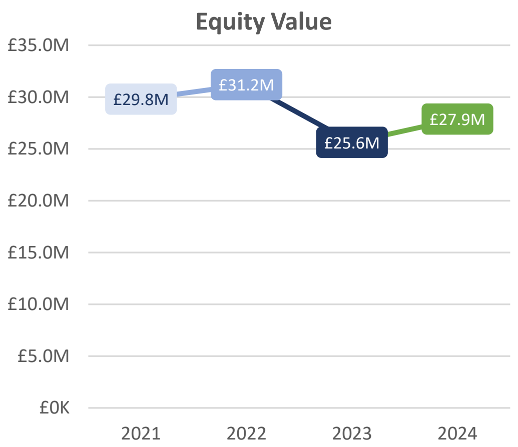
● Pretax profit of £0.869m + Directors Fees of £0.548m + Interest Payments of £0.266m - Non Trading Income of £0K.

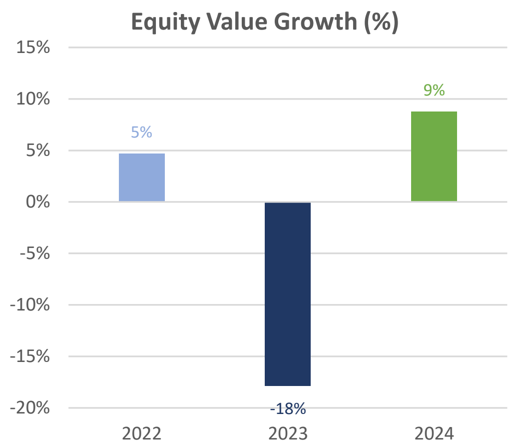
● The base profit multiple adopted is 5, producing a Goodwill Value of £8.415m.

● The Balance Sheet including Cash has Net Assets of £19.464m, leaving an overall net Equity Value of £27.879m based on 2024 results.

● This works out at an overall P/E ratio of 16.57 based on an overall Equity Value of £27.879m on a Adjusted Operating Profit (EBIT) of £1683k.

Valuation Summary





Valuation Summary Table

	Actual	Actual	Actual	Actual
Year end	31/12/2021	31/12/2022	31/12/2023	31/12/2024
Adjusted Operating Profit (EBIT)	£2.7M	£2.6M	£1.4M	£1.7M
P/E Goodwill Value	£13.5M	£13.1M	£6.9M	**£8.4M**
Total Assets (excluding Cash)	£23.8M	£25.7M	£25.1M	£26.8M
Total Liabilities (excluding Cash)	£7.7M	£8.0M	£7.8M	£9.2M
Cash	£180K	£425K	£1.4M	£1.8M
Net Assets	£16.3M	£18.1M	£18.7M	**£19.5M**
Equity Value excluding Liabilities - See page 8	£37.3M	£38.8M	£32.0M	£35.3M
Equity Value	**£29.8M**	**£31.2M**	**£25.6M**	**£27.9M**
Equity Value - allowing for Management Charges	£29.2M	£30.6M	£25.0M	£27.3M

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 1805 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 to 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 1805 SAMPLE INDUSTRY firms on several key performance indicators.

Measure	Your Firm		Industry Averages			<>
	2023	2024	Upper	Average	Lower	Average
Sales Growth %	-8.4	-2.7	20.0	3.0	-13.0	✘
Gross Profit %	19.9	23.5	44.3	31.9	20.9	✘
EBITDA %	26.4	23.6	37.7	25.1	13.6	✘
Return on Investment %	2.9	3.0	7.2	2.2	-2.2	✓
Pre-tax Profit Margin %	4.3	5.1	8.9	2.8	-2.6	✓
The company scores well in 2 of the above measures						

Depreciation %	21.1	17.0	19.2	12.1	6.4	✘
Total Interest Charges %	1.0	1.5	5.2	1.8	0.5	✓
Total Assets Employed %	150.3	166.6	118.2	118.2	91.5	✘
Shareholders Funds %	106.2	113.3	80.6	54.6	31.3	✓
The company scores well in 2 of the above measures						

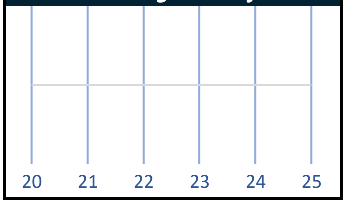
Fixed Assets %	119.3	132.2	97.6	71.0	35.1	✘
Stocks %	0.0	0.0	2.2	0.0	0.0	✓
Debtors %	14.3	16.6	24.7	16.6	9.7	✓
Cash %	8.0	10.4	33.0	16.4	3.8	✘
Creditors %	5.4	7.6	19.1	8.4	3.8	✓
Total Debt %	23.4	25.3	35.8	4.6	0.0	✘
The company scores well in 3 of the above measures						

Sales Per Person £000	121.7	122.7	310.0	172.5	101.4	✘
Average Salary £000	43.1	45.3	58.0	47.0	40.0	✓
Value Added Per Person £000	75.3	74.3	152.0	98.0	73.0	✘
Capital Per Person £000	182.9	204.4	410.3	210.2	105.5	✓
Profit Per Person £000	5.2	6.2	17.6	4.0	-3.5	✓
The company scores well in 3 of the above measures						

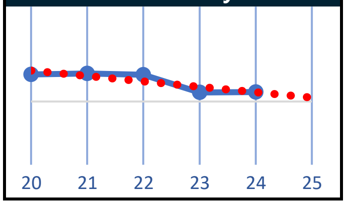
Overall Financial Health (fixed scale)

Period Ending	**31-Dec-20**	**31-Dec-21**	**31-Dec-22**	**31-Dec-23**	**31-Dec-24**
Weeks £000	52	52	52	52	52
Profit and Loss					
Total Sales	15443	18331	19270	17649	17175
Directors Fees	408	482	380	440	548
Gross Profit	3768	4455	4520	3520	4036
Value Added	9485	10951	12306	10912	10400
EBITDA	4522	5057	6009	4665	4057
Depreciation	2554	2836	3770	3727	2922
Non-Trading Income	0	0	0	0	0
Total Interest Charges	147	99	33	180	266
Pre-tax Profit	1821	2122	2206	758	869
Retained Profit	1422	1683	1818	636	723
Tangible Assets					
Fixed Assets	16763	19743	21629	21057	22711
Intangibles	903	903	903	1536	1282
Intermediate Assets	0	0	0	0	0
Liquid Assets					
Stocks	0	0	0	0	0
Debtors	3037	3111	3169	2520	2844
Cash Or Equivalent	522	180	425	1412	1779
Total Current Assets	3559	3291	3594	3932	4623
Liabilities					
Creditors	2389	3211	1191	949	1297
Short Term Borrowing	2676	2896	3440	1581	2261
Oth.Curr.Liabilities	116	0	1569	1193	1467
Tot.Curr.Liabilities	5181	6107	6200	3723	5025
Net Curr.Assets	-1622	-2816	-2606	209	-402
Capital					
Shareholders Funds	14604	16287	18105	18741	19464
Total Loan Capital	1210	879	641	2542	2078
Other Capital Employed	231	665	1180	1518	2049
Tot.Capt.Employed	16045	17831	19926	22801	23591
People					
Sales £000/Employee	105	133	131	122	123
Value Added £000/Empl.	65	79	84	75	74
Av. Remun. £000/Empl.	34	43	43	43	45
Total Empl. Remu. £000	4963	5894	6297	6247	6343
Employees	147	138	147	145	140

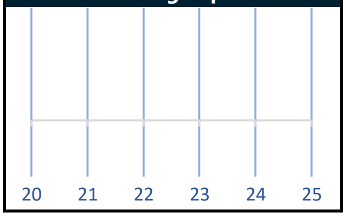
Trading Stability



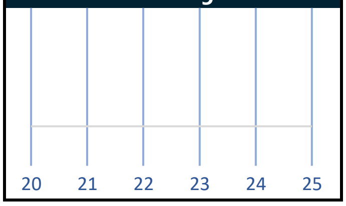
Profitability



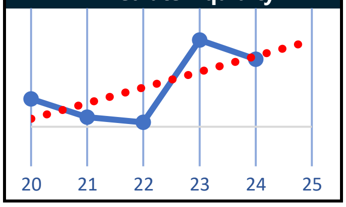
Working Capital



Gearing



Immediate Liquidity



Summary	**The company scores well in 10 of the 20 measures**

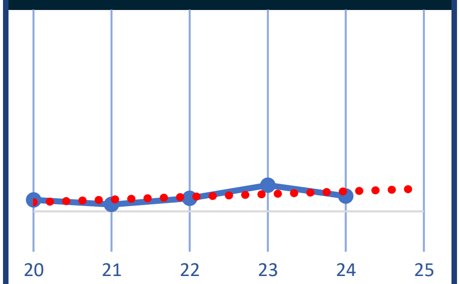
Sales and Profits	
Sales Growth %	✗
Gross Profit %	✗
EBITDA %	✗
Return on Investment %	✓
Pre-tax Profit Margin %	✓

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

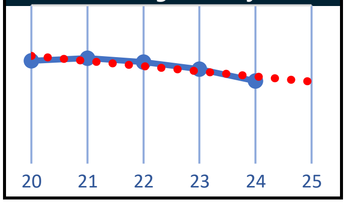


The Plimsoll chart has fallen in the latest year - indicating an decline in financial health

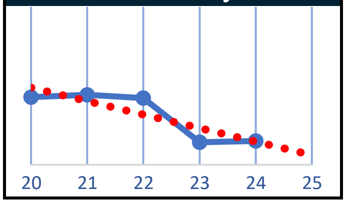
Overall Financial Health (variable scale)

Period Ending	**31-Dec-20**	**31-Dec-21**	**31-Dec-22**	**31-Dec-23**	**31-Dec-24**
Weeks £000	52	52	52	52	52
Profit and Loss					
Total Sales	15443	18331	19270	17649	17175
Directors Fees	408	482	380	440	548
Gross Profit	3768	4455	4520	3520	4036
Value Added	9485	10951	12306	10912	10400
EBITDA	4522	5057	6009	4665	4057
Depreciation	2554	2836	3770	3727	2922
Non-Trading Income	0	0	0	0	0
Total Interest Charges	147	99	33	180	266
Pre-tax Profit	1821	2122	2206	758	869
Retained Profit	1422	1683	1818	636	723
Tangible Assets					
Fixed Assets	16763	19743	21629	21057	22711
Intangibles	903	903	903	1536	1282
Intermediate Assets	0	0	0	0	0
Liquid Assets					
Stocks	0	0	0	0	0
Debtors	3037	3111	3169	2520	2844
Cash Or Equivalent	522	180	425	1412	1779
Total Current Assets	3559	3291	3594	3932	4623
Liabilities					
Creditors	2389	3211	1191	949	1297
Short Term Borrowing	2676	2896	3440	1581	2261
Oth.Curr.Liabilities	116	0	1569	1193	1467
Tot.Curr.Liabilities	5181	6107	6200	3723	5025
Net Curr.Assets	-1622	-2816	-2606	209	-402
Capital					
Shareholders Funds	14604	16287	18105	18741	19464
Total Loan Capital	1210	879	641	2542	2078
Other Capital Employed	231	665	1180	1518	2049
Tot.Capt.Employed	16045	17831	19926	22801	23591
People					
Sales £000/Employee	105	133	131	122	123
Value Added £000/Empl.	65	79	84	75	74
Av. Remun. £000/Empl.	34	43	43	43	45
Total Empl. Remu. £000	4963	5894	6297	6247	6343
Employees	147	138	147	145	140

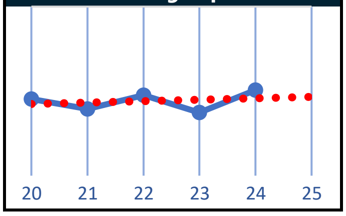
Trading Stability



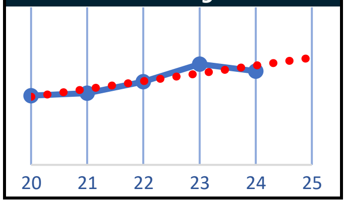
Profitability



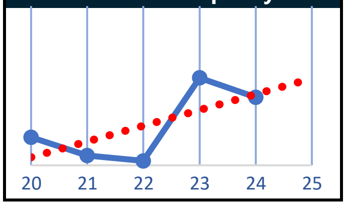
Working Capital



Gearing



Immediate Liquidity



Summary	**The company scores well in 10 of the 20 measures**

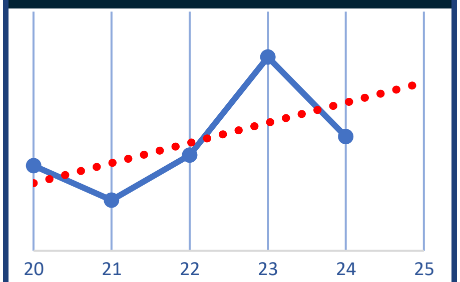
Sales and Profits	
Sales Growth %	×
Gross Profit %	×
EBITDA %	×
Return on Investment %	✓
Pre-tax Profit Margin %	✓

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 £	✓

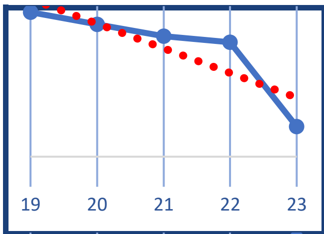
Plimsoll Overall Health Chart



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

The Plimsoll Overall Financial Health Chart explained (example)

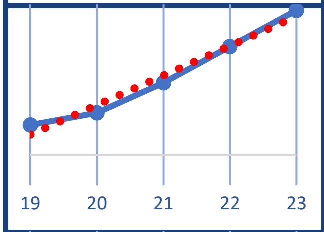
Reading the Plimsoll Chart is simple - in general, a rising or high line is a sign of an improving or strong financial health. A low and falling line a declining or low financial health. The below examples explain what



Type 1 **A line falling over more than 1 year**

Serious change in the financial health of the company. A decline over 4 years would suggest the firm is becoming more dependent on lenders or declining profitability.

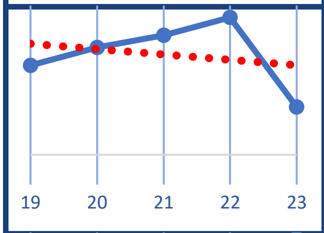
Risk: Lenders or increasing debt may start constrain the management



Type 2 **A line rising over more than 1 year**

A company improving in financial strength from year to year. A rising line over a period of years would suggest a sustained strategy is paying off.

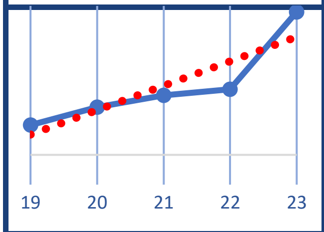
Risk: Success can't be maintained or the firm runs out of momentum



Type 3 **A line falling sharply in the latest year**

A strong company that has declined in the latest year. Suggesting things have changed, look for a dip in profitability or change in how the business is funded.

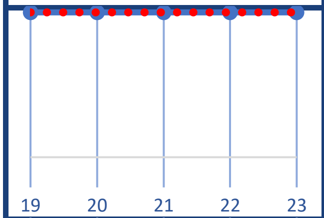
Risk: The single year of fall continues into a 2nd year



Type 4 **A line rising sharply in the latest year**

A company with a previous low Plimsoll chart that has improved. A sharp rise may suggest an investment has come good or a big change in profitability.

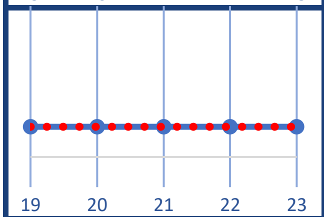
Risk: The good year was a one off and can't be repeated



Type 5 **A line high and level**

A company with a high and stable line - suggests great stability in their financial management. Often debt free and funded entirely by shareholders funds.

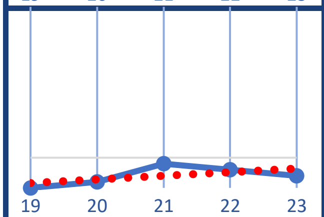
Risk: Competitors find out about your success and muscle in



Type 6 **A line low and level**

A company with a low yet stable line would suggest the business is being funded by outside capital and may also have fundamentally low profitability.

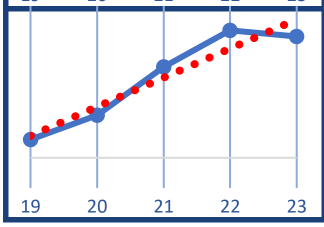
Risk: Could be exposed to market shock



Type 7 **A line below the scale**

A line below the scale suggests they are very dependent on a parent company or outside finance to fund the company. You may need to asses the parent company's health.

Risk: Likely to be heavily dependent on outside investors



Type 8 **A line above the scale**

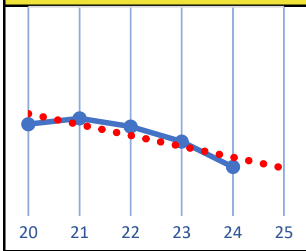
The Plimsoll chart scales are fixed, so companies can be compared. A Plimsoll line above the scale suggests a lot of cash, or have profitability ahead of others.

Risk: Possible large cash surplus is not being put to good use

The Plimsoll Individual Charts Explained

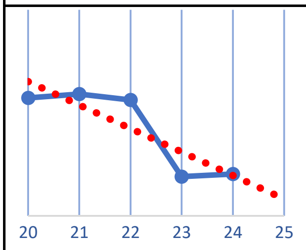
To arrive at the Overall Financial Health (load line) for the company we have calculated the combined average of the 5 key ratio's below. Each one of the 5 carries equal weighting to derive the Plimsoll overall ratio. The trend on each of these ratio's will also indicate the momentum of the company.

SAMPLE COMPANY LTD



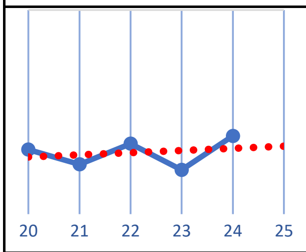
TRADING STABILITY

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.



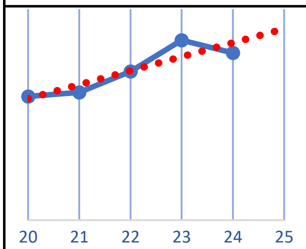
PROFITABILITY

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.



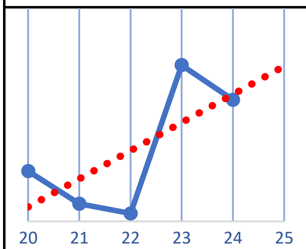
WORKING CAPITAL

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.



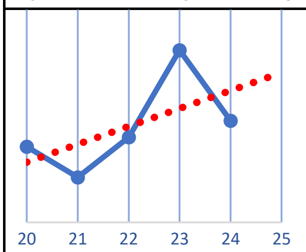
GEARING

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 dependent 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 dependent on short term trade credit. Whist 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 1805 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 company's 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

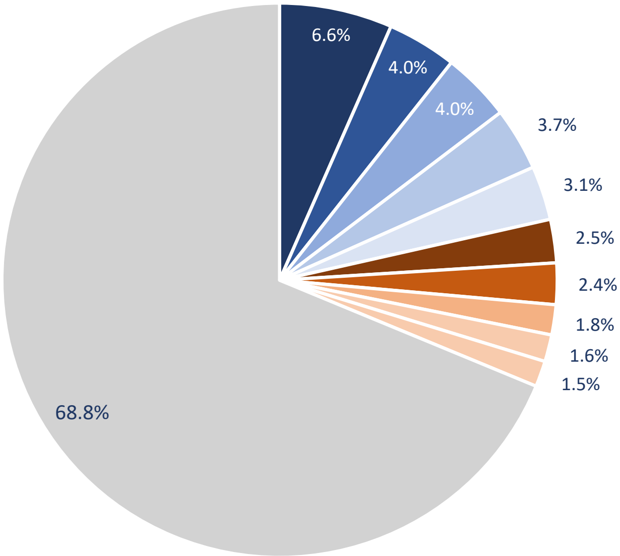
5	**Sales per Person Ranking**

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

Top 10 Market Share

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



Sales £000	Previous	Latest	% Change
Total Market Size	£9.8B	£10.3B	5.2%
SAMPLE COMPANY LTD	**£17.6M**	**£17.2M**	**-2.7%**
% Market Share	0.18%	0.17%	-7.5%

- The company has a 0.17% market share. This is down 7.5% on last year
- The top 10 in the sector account for 31% of the market
- The overall market grew by 5.2% in the latest year

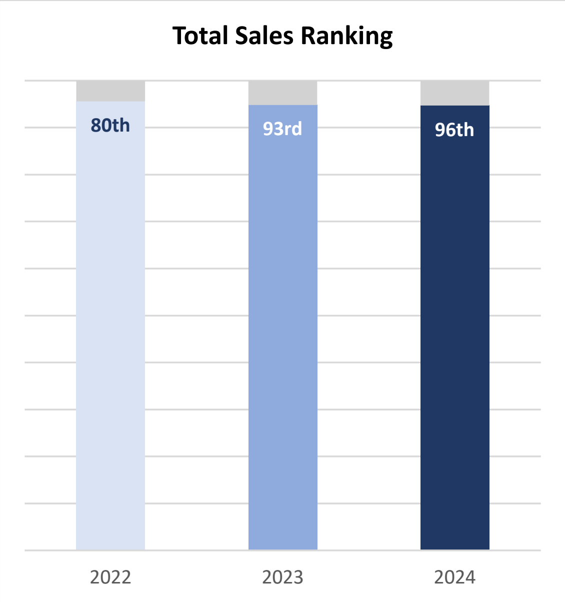
Peer group comparison

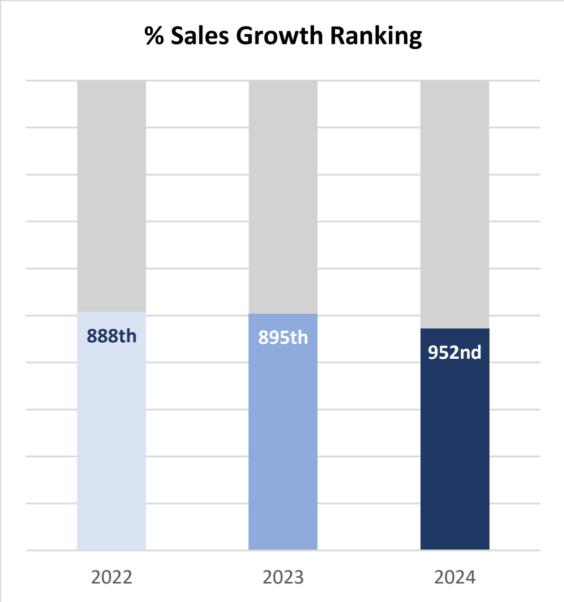
Company	Year End	Sales (Previous)	Sales (Latest)	% Change
SAMPLE COMPANY 1	April 2025	£691.8M	£680.2M	-1.7%
SAMPLE COMPANY 2	December 2024	£402.9M	£418.9M	4.0%
SAMPLE COMPANY 3	March 2025	£421.5M	£416.6M	-1.2%
SAMPLE COMPANY 4	March 2025	£368.7M	£380.0M	3.1%
SAMPLE COMPANY 5	March 2025	£302.3M	£325.9M	7.8%
SAMPLE COMPANY 6	September 2025	£249.5M	£261.9M	5.0%
SAMPLE COMPANY 7	March 2025	£221.1M	£250.0M	13.1%
SAMPLE COMPANY 8	March 2025	£180.2M	£181.7M	0.9%
SAMPLE COMPANY 9	December 2024	£135.4M	£162.3M	19.9%
SAMPLE COMPANY 10	February 2025	£142.0M	£156.0M	9.9%

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

Sales and Sales Growth (SAMPLE COMPANY LTD)

In the below table we have compared the company's Sales and Sales Growth performance to the UK's Top 1805 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 96th largest in the sector down from 93rd last year
- The company is one of the largest in the sector
- In terms of sales growth the company is ranked in 952nd place out of 1805 firms tracked

Peer group comparison

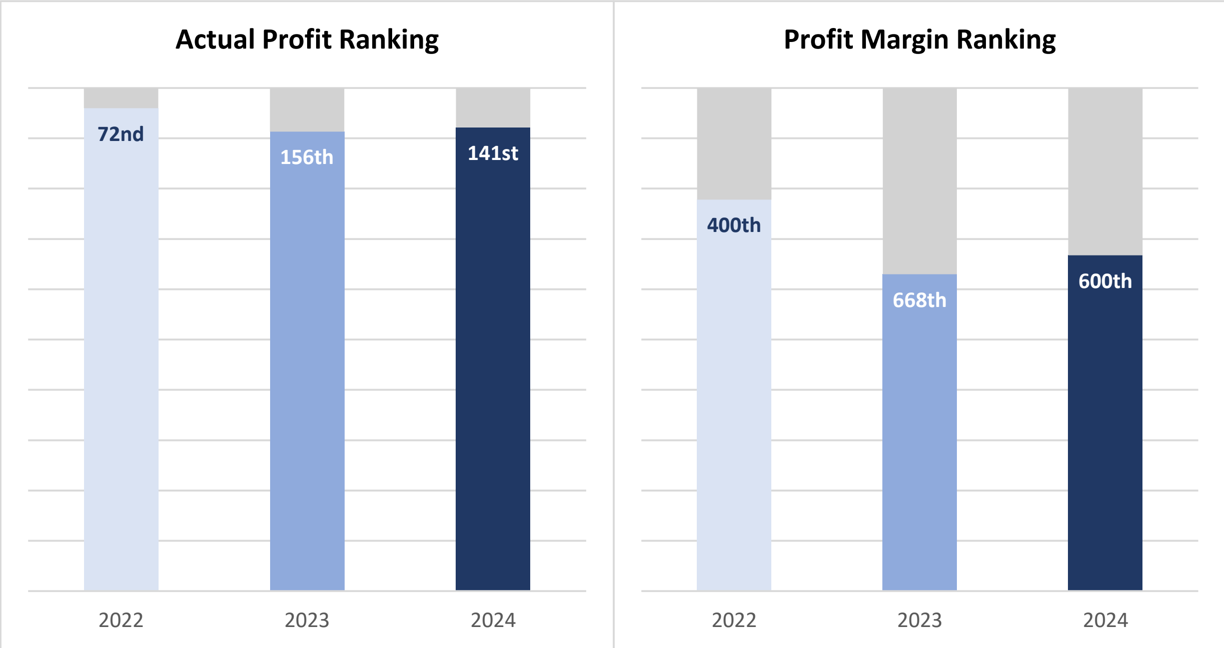
Company	Year End	Sales (Previous)	Sales (Latest)	% Change
SAMPLE COMPETITOR 1	December 2024	£16.0M	£18.2M	13.7%
SAMPLE COMPETITOR 2	July 2025	£15.6M	£18.0M	14.9%
SAMPLE COMPETITOR 3	September 2024	£25.1M	£17.8M	-28.8%
SAMPLE COMPETITOR 4	December 2024	NA	£17.8M	
SAMPLE COMPETITOR 5	September 2025	£14.0M	£17.3M	23.4%
SAMPLE COMPANY LTD	**December 2024**	**£17.6M**	**£17.2M**	**-2.7%**
SAMPLE COMPETITOR 6	December 2024	£12.1M	£16.9M	39.5%
SAMPLE COMPETITOR 7	December 2024	£15.4M	£16.7M	8.6%
SAMPLE COMPETITOR 8	March 2025	£12.2M	£16.6M	36.3%
SAMPLE COMPETITOR 9	March 2025	£21.0M	£16.3M	-22.5%
SAMPLE COMPETITOR 10	December 2025	£16.9M	£16.3M	-3.7%

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

Industry Rankings - Profit

Profit and Profitability (SAMPLE COMPANY LTD)

In the below table we have compared the company's profit and margins performance to the UK's Top 1805 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 141st most profitable in the sector up from 156th last year
- The company ranks relatively well on profitablity
- In terms of profit margin the company is ranked in 600th place out of 1805 firms tracked

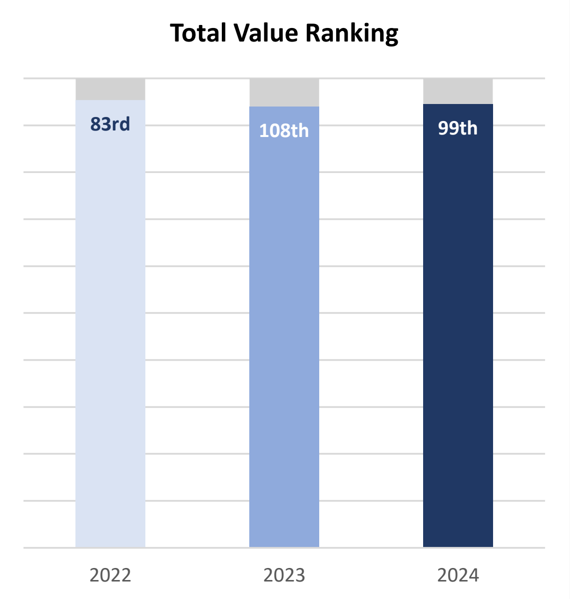
Peer group comparison

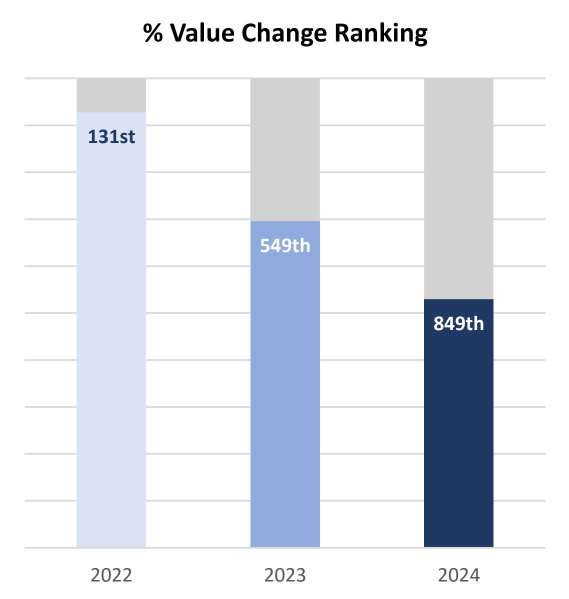
Company	Year End	Profit (Previous)	Profit (Latest)	% Margin
SAMPLE COMPETITOR 1	January 2026	£474K	£905K	15.6%
SAMPLE COMPETITOR 2	September 2025	£1.3M	£904K	5.2%
SAMPLE COMPETITOR 3	December 2024	£953K	£894K	15.3%
SAMPLE COMPETITOR 4	March 2025	£833K	£886K	12.7%
SAMPLE COMPETITOR 5	July 2025	£95K	£879K	30.3%
SAMPLE COMPANY LTD	**December 2024**	**£758K**	**£869K**	**5.1%**
SAMPLE COMPETITOR 6	October 2024	£441K	£864K	7.1%
SAMPLE COMPETITOR 7	February 2025	£552K	£851K	21.3%
SAMPLE COMPETITOR 8	May 2025	£1.0M	£843K	8.1%
SAMPLE COMPETITOR 9	December 2024	-£214K	£838K	18.6%
SAMPLE COMPETITOR 10	September 2024	£1.1M	£837K	11.0%

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

Overall Value and Value Change (SAMPLE COMPANY LTD)

In the below table we have compared the company's Equity Value and their change in value to the UK's Top 1805 SAMPLE INDUSTRY companies. The aim of this analysis is show how the firm's Equity Value equates to others in the same market.





- The company ranks as the 99th most profitable in the sector up from 108th last year
- The company ranks fairly average on their valuation
- The company's value has risen by 9% (790 other firms have also seen their value rise)

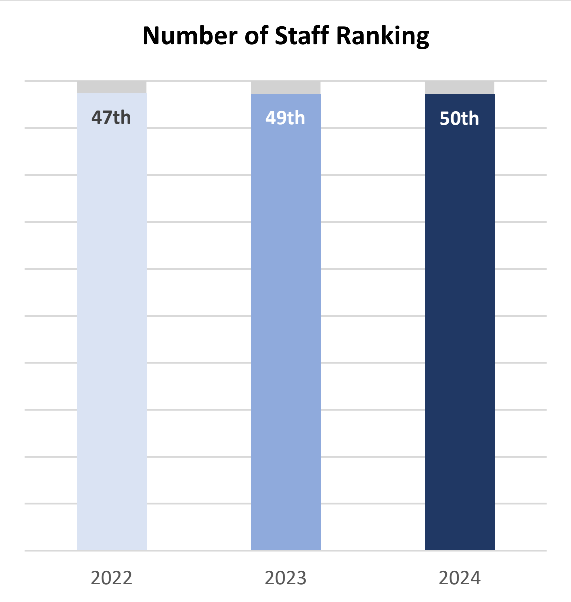
Peer group comparison

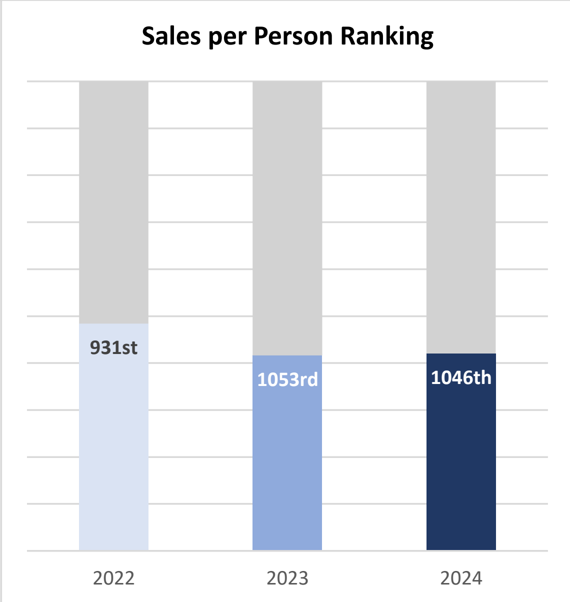
Company	Year End	Equity Value (Previous)	Equity Value (Latest)	% Change
SAMPLE COMPETITOR 1	December 2024	£11.2M	£28.4M	153%
SAMPLE COMPETITOR 2	December 2024	£19.0M	£28.1M	48%
SAMPLE COMPETITOR 3	December 2024	£48.7M	£28.1M	-42%
SAMPLE COMPETITOR 4	February 2025	£21.0M	£28.0M	34%
SAMPLE COMPETITOR 5	March 2025	£15.2M	£27.9M	83%
SAMPLE COMPANY LTD	**December 2024**	**£25.6M**	**£27.9M**	**9%**
SAMPLE COMPETITOR 6	December 2024	£18.0M	£27.9M	55%
SAMPLE COMPETITOR 7	October 2024	£14.1M	£27.4M	95%
SAMPLE COMPETITOR 8	November 2024	£33.6M	£27.4M	-18%
SAMPLE COMPETITOR 9	December 2024	£13.2M	£27.4M	108%
SAMPLE COMPETITOR 10	March 2025	£19.4M	£27.1M	39%

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

Staff and Sales per Person (SAMPLE COMPANY LTD)

In the below table we have compared the company's Staff and Sales per Person performance to the UK's Top 1805 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 50th for Productivity in the sector down from 49th last year
- The company ranks relatively low on their Productivity
- The company's Sales per person has risen by 1% (773 other firms have also seen their value rise)

Peer group comparison

Company	Year End	Number of staff	Sales per Person (Latest)	% Change
SAMPLE COMPETITOR 1	June 2024	154	£95K	4
SAMPLE COMPETITOR 2	December 2024	154	£134K	0
SAMPLE COMPETITOR 3	June 2025	154	£431K	13
SAMPLE COMPETITOR 4	December 2024	153	£146K	3
SAMPLE COMPETITOR 5	May 2025	151	£159K	18
SAMPLE COMPANY LTD	**December 2024**	**140**	**£123K**	**1**
SAMPLE COMPETITOR 6	February 2025	139	£113K	-28
SAMPLE COMPETITOR 7	December 2024	136	£146K	-3
SAMPLE COMPETITOR 8	March 2025	134	£255K	-6
SAMPLE COMPETITOR 9	March 2025	134	£171K	16
SAMPLE COMPETITOR 10	March 2025	133	£436K	-6

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 SECTOR industry sector
b. Pre-tax Profit + Interest charges - non trading income + Deprecation

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

1. Deals we can locate in the broad industry sector (SAMPLE SECTOR)
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
November 25	BUYER 1	SELLER 1	19.4
September 25	BUYER 2	SELLER 2	12.0
August 25	BUYER 3	SELLER 3	10.1
April 25	BUYER 4	SELLER 4	15.3
December 24	BUYER 5	SELLER 5	-20.5
October 24	BUYER 6	SELLER 6	17.6
September 24	BUYER 7	SELLER 7	19.1
August 24	BUYER 8	SELLER 8	-2.2
August 24	BUYER 9	SELLER 9	-3.3
June 24	BUYER 10	SELLER 10	36.3
May 24	BUYER 11	SELLER 11	7.8
April 24	BUYER 12	SELLER 12	21.4
		Average P/E	**13.6**

Recent UK Deals

Date	Buyer	Seller	P/E
January 26	BUYER 1	SELLER 1	-10.7
January 26	BUYER 2	SELLER 2	8.5
December 25	BUYER 3	SELLER 3	61.0
December 25	BUYER 4	SELLER 4	-0.9
December 25	BUYER 5	SELLER 5	114.7
December 25	BUYER 6	SELLER 6	521.6
December 25	BUYER 7	SELLER 7	113.9
December 25	BUYER 8	SELLER 8	6.0
December 25	BUYER 9	SELLER 9	24.1
December 25	BUYER 10	SELLER 10	16.3
December 25	BUYER 11	SELLER 11	6.8
November 25	BUYER 12	SELLER 12	-11.9
November 25	BUYER 13	SELLER 13	200.4
November 25	BUYER 14	SELLER 14	167.8
November 25	BUYER 15	SELLER 15	90.2
		Average P/E	**24.1**

Previous Deals (No Price)

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

1. Deals we can locate in the broad industry sector (SAMPLE SECTOR)
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 25	BUYER 1	SELLER 1	NA
December 25	BUYER 2	SELLER 2	NA
December 25	BUYER 3	SELLER 3	NA
December 25	BUYER 4	SELLER 4	NA
December 25	BUYER 5	SELLER 5	NA
December 25	BUYER 6	SELLER 6	NA
November 25	BUYER 7	SELLER 7	NA
November 25	BUYER 8	SELLER 8	NA
November 25	BUYER 9	SELLER 9	NA
November 25	BUYER 10	SELLER 10	NA
November 25	BUYER 11	SELLER 11	NA
November 25	BUYER 12	SELLER 12	NA
		Average P/E	**NA**

Recent UK Deals

Date	Buyer	Seller	P/E
February 26	BUYER 1	SELLER 1	NA
February 26	BUYER 2	SELLER 2	NA
February 26	BUYER 3	SELLER 3	NA
February 26	BUYER 4	SELLER 4	NA
January 26	BUYER 5	SELLER 5	NA
January 26	BUYER 6	SELLER 6	NA
January 26	BUYER 7	SELLER 7	NA
January 26	BUYER 8	SELLER 8	NA
January 26	BUYER 9	SELLER 9	NA
January 26	BUYER 10	SELLER 10	NA
January 26	BUYER 11	SELLER 11	NA
January 26	BUYER 12	SELLER 12	NA
January 26	BUYER 13	SELLER 13	NA
January 26	BUYER 14	SELLER 14	NA
January 26	BUYER 15	SELLER 15	NA
		Average P/E	**NA**

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

▪ ACQUISITION 1

Key Financials	
Location	WEST MIDLANDS
Staff	2
Sales	£780K
Value	£1.1M
Shareholders Funds	£403K

Key Attractiveness Features	
Low financial rating	✓
Low number of shareholders	✓
Average age of directors is high	✓
Company is privately owned	✓
Website	

▪ ACQUISITION 2

Key Financials	
Location	SCOTLAND
Staff	10
Sales	£750K
Value	£1.3M
Shareholders Funds	£340K

Key Attractiveness Features	
Low financial rating	✓
Low number of shareholders	✓
Directors fees represent high proportion of profits	✓
Company is privately owned	✓
Website	

▪ ACQUISITION 3

Key Financials	
Location	EAST MIDLANDS
Staff	6
Sales	£890K
Value	£1.4M
Shareholders Funds	£438K

Key Attractiveness Features	
Low financial rating	✓
Low number of shareholders	✓
Average age of directors is high	✓
Company is privately owned	✓
Website	

▪ ACQUISITION 4

Key Financials	
Location	SOUTH EAST
Staff	2
Sales	£410K
Value	£767K
Shareholders Funds	£200K

Key Attractiveness Features	
Low financial rating	✓
High gross earnings	✓
Low number of shareholders	✓
Company is privately owned	✓
Website	

(E) Prefix = Estimated Sales

▪ ACQUISITION 5

Key Financials	
Location	WALES
Staff	7
Sales	£960K
Value	£1.9M
Shareholders Funds	£254K

Key Attractiveness Features	
Low financial rating	✓
Low number of shareholders	✓
Average age of directors is high	✓
Company is privately owned	✓
Website	

▪ ACQUISITION 6

Key Financials	
Location	WALES
Staff	20
Sales	£740K
Value	£1.3M
Shareholders Funds	£213K

Key Attractiveness Features	
Low financial rating	✓
Low number of shareholders	✓
Average age of directors is high	✓
Company is privately owned	✓
Website	

▪ ACQUISITION 7

Key Financials	
Location	SCOTLAND
Staff	13
Sales	£2.6M
Value	£4.6M
Shareholders Funds	£1.0M

Key Attractiveness Features	
Low financial rating	✓
High gross earnings	✓
Low number of shareholders	✓
Big difference between current and future value	✓
Website	

▪ ACQUISITION 8

Key Financials	
Location	LONDON
Staff	3
Sales	£480K
Value	£879K
Shareholders Funds	£10K

Key Attractiveness Features	
Low financial rating	✓
Low number of shareholders	✓
Average age of directors is high	✓
Company is privately owned	✓
Website	

▪ ACQUISITION 9

Key Financials	
Location	SCOTLAND
Staff	5
Sales	£530K
Value	£412K
Shareholders Funds	£205K

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 1**

Key Financials	
Location	EAST OF ENGLAND
Staff	78
Sales	£40.8M
Sales Growth	-9%
Cash	£10.5M

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

- **BUYER 2**

Key Financials	
Location	WALES
Staff	NA
Sales	£56.3M
Sales Growth	29%
Cash	£3.7M

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

- **BUYER 3**

Key Financials	
Location	EAST OF ENGLAND
Staff	385
Sales	£81.9M
Sales Growth	4%
Cash	£16.3M

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

- **BUYER 4**

Key Financials	
Location	WALES
Staff	64
Sales	£35.3M
Sales Growth	-9%
Cash	£22.9M

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

(E) Prefix = Estimated Sales

▪ BUYER 5

Key Financials	
Location	NORTH WEST
Staff	271
Sales	£42.8M
Sales Growth	5%
Cash	£12.1M

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

▪ BUYER 6

Key Financials	
Location	YORKSHIRE AND THE HUMBER
Staff	421
Sales	£56.0M
Sales Growth	5%
Cash	£15.2M

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

▪ BUYER 7

Key Financials	
Location	EAST OF ENGLAND
Staff	116
Sales	£56.8M
Sales Growth	34%
Cash	£4.9M

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

▪ BUYER 8

Key Financials	
Location	SOUTH WEST
Staff	263
Sales	£53.2M
Sales Growth	2%
Cash	£21.5M

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

▪ BUYER 9

Key Financials	
Location	NORTH WEST
Staff	288
Sales	£53.4M
Sales Growth	-2%
Cash	£16.1M

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

SECTION 8: Glossary of Terms

Who are Plimsoll

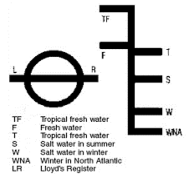
History

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 indicating 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 – Plimsoll's founder adopted the same principle and using a series of financial ratios 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 us to develop a more complete solution.

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**

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 and helps you focus on key value 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 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

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 deducting 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 + Deprecation	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 ratios
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 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 (Ratios)

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

Terms & Conditions

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Why we use single years and not averages

1. We don't get the figures, or the figures are not available

For most companies it difficult to get 3 years of accounts and if we wanted to produce a 3-year trend we would need 6 years of accounts.

2. It's not as easy to explain or see change in the latest year

By using a year by year, it is easier to explain on what basis the value has been calculated and the based data can we interrogated more easily to explain the valuation.

3. An average would flatten any trend

For any valuation, the trend is vital to highlight is the firm increasing or decreasing in value, this is important to set the context and give confidence. Using an average would also flatten the average and we would lose the trend.

4. A Valuation should be "at a point in time"

It important to set a time frame for a valuation – the valuation is "based on your 2023 accounts", this is helpful for probate, tax and highlighting the value at a point in time in the company's life.

5. Three years ago, is too old

By incorporating 3 years of figures, we would be including very old data that will have very little relevance to the current trading behaviour. Whist a trend on these figures adds insight into direction and movement, using them in the final current valuation would put too much emphasis on outdated numbers.

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