

FSBS FIRE SAFETY BUSINESS SALES

Normalising fire safety profit

The add-backs you can evidence

2027 edition 8-minute read

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A practical guide with a fillable fire safety add-back schedule

Images are illustrative.

The whole guide on one page

An add-back puts a recorded cost back into a profit calculation. Before proposing one, show the original cost, why it stops and what the business must spend instead.

The check	What good looks like	Ask for
1. Start with the recorded cost	Every line leads back to the same accounts period	Ledger entry and invoice
2. Replace the owner's actual work	Technical review and sales work both have cover	Role diary and costed cover plan
3. Keep the cost of competence	Necessary capability remains funded	Scheme scope and training invoices
4. Match assessment income to delivery	External work has its associated cost beside it	Assessor invoices and job records
5. Count remedial work once	Each open issue has one financial treatment	Job record and adjustment reference

Use the schedule on page 10 for each disputed adjustment. Keep the evidence beside it and take the proposed treatment to your accountant.

Bring the unsupported line

Use a free first conversation to discuss the adjustment you cannot yet explain.

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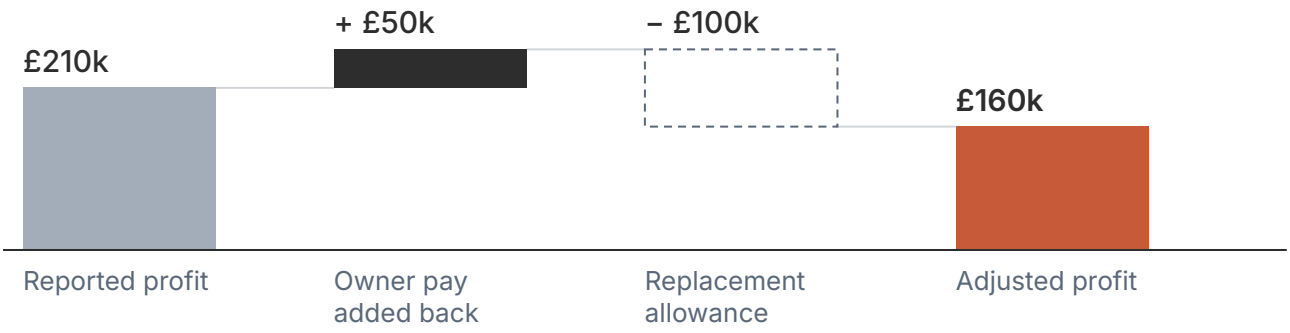
Meet Fenmere Fire Protection

Fenmere Fire Protection is invented; its figures and value assumption are illustrative, not market evidence, an agreed price or seller's cash receipt.

The example separates taking out the owner's pay from paying for the work that remains. The replacement allowance is an all-in teaching assumption.

Replace the work as well as removing the pay

Illustrative



£210,000 plus £50,000 less £100,000 leaves £160,000.

Figure	What it means here
£210,000 reported profit	Already includes £50,000 owner pay as a cost
£50,000 added back	Removes that recorded owner pay
£100,000 deducted	Allows for replacing the owner's work
£160,000 adjusted profit	The result after both adjustments

At the illustrative three times adjusted profit, the business value would be £480,000.

Do not stop the calculation after adding back owner pay. The next pages show the records needed to challenge each part of the calculation.

1. Start with the recorded cost

Put the accounts period at the top of the schedule. A training invoice from another year does not explain a cost in this year's profit.

What good looks like

UK limited-company records include money received and spent, with supporting invoices, contracts and bank records [1]. Use those records to trace each proposed fire safety adjustment.

Proposed line	Trace it to	Then ask
Owner pay	Payroll and ledger	Is it already deducted?
Workshop expense	Invoice and ledger	Which service uses it?
Certification expense	Invoice and scheme file	What happens next period?

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Illustrative example, not a real deal

The £50,000 owner pay is already a cost inside the £210,000 reported profit. Adding it back removes that cost once.

The buyer's question

Can I follow this adjustment from the accounts to the invoice, then to the reason it will stop? Show the link before discussing the total.

What to check

- [ ] Mark the account code and period beside the cost.
- [ ] Record any amount already excluded elsewhere.
- [ ] Ask your accountant to review the proposed treatment.

2. Replace the owner's actual work

Write down what the owner does before pricing a replacement. Include alarm design review, supervision and customer decisions as well as quoting and sales.

What good looks like

BAFE's SP203-1 published updates identify module Lead Individuals [2] and certification-body acceptance of lead arrangements [3]. Map the owner's actual role to the modules held, then ask the issuer what a change requires.

Owner's work	Evidence to collect	Replacement question
Technical review	Role and module records	Who covers the same scope?
Service supervision	Diary and job reviews	Who checks completed work?
Quoting and sales	Quotes and customer records	Who makes these decisions?

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Illustrative example, not a real deal

£210,000 plus £50,000 less the £100,000 replacement allowance leaves £160,000. The allowance is counted once, across the owner's work.

The buyer's question

Does this replacement plan cover technical responsibility as well as sales? A job title alone does not answer that question.

What to check

- [ ] Cost the documented tasks, including supervision.
- [ ] Identify anything outside the proposed replacement's scope.

3. Keep the cost of competence

A large invoice is worth investigating. Its size alone does not show that the cost disappears after a sale.

What good looks like

BAFE distinguishes extinguisher servicing, risk assessment, alarm systems and emergency lighting schemes. SP203 schemes have separate modules [4]. Match the claimed capability to the actual scope before removing its costs.

Cost to test	Evidence	Question for the schedule
Training	Course invoice and role record	What training remains needed?
Certification	Scheme file and invoices	What continuing cost is due?
Calibration	Equipment record and invoice	Is this equipment still used?
Supervision	Work allocation and review log	Who performs the review next?

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Illustrative example, not a real deal

Keep a list of any competence costs inside the £100,000 replacement allowance. Compare it with costs already retained in reported profit before making another deduction.

The buyer's question

Which service can the business deliver after this cost is removed? Show how the same capability remains supported.

What to check

- [ ] Compare past invoices with the next planned expense.
- [ ] Ask the certification body about the actual personnel change.

4. Match assessment income to delivery

Read an assessment revenue line beside the delivery records. If someone outside the business performs the work, put that person's invoices alongside it.

What good looks like

The limited-company records requirement covers both income and expenditure [1]. Use the customer contract, job record and assessor invoice as an evidence test, then ask the accountant how they belong in the period.

Record	What to reconcile
Customer invoice	Work described and accounting period
Assessor invoice	The external delivery cost for that work
Job record	Work performed and any open actions
Ledger	Where both sides enter the calculation

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Illustrative example, not a real deal

The £1,500,000 annual revenue includes £90,000 of externally delivered assessment work. No delivery-cost figure is supplied. Do not present that income as profit or invent an extra add-back.

The buyer's question

Where is the cost of producing this assessment income? I need to see whether it is already included before discussing any adjustment.

What to check

- [ ] Trace external delivery costs into the same reconciliation.
- [ ] Flag a missing invoice for investigation, not removal.

5. Count remedial work once

Give each unresolved job a reference. Follow it through the profit schedule and any proposed price discussion, so the same issue is not counted twice.

What good looks like

BAFE's SP203-1 updates distinguish commissioning/handover and maintenance documentation [2] [3]. Use the relevant records to identify the work in question, then reconcile its financial treatment with your accountant.

Evidence to connect	Question to settle
Installation or service record	What remains to be done?
Remedial quote or cost record	What cost is being discussed?
Accounts entry	Has the cost already reduced profit?
Proposed price adjustment	Does this repeat the same allowance?

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Illustrative example, not a real deal

The £160,000 adjusted profit comes only from the owner-pay bridge. No further remedial deduction is assumed. An unresolved issue needs its own evidence before the calculation changes.

The buyer's question

Has this job already been allowed for in the profit I am reading? Put the two references together so we can see any overlap.

What to check

- [ ] Record the cost, period and proposed treatment once.
- [ ] Keep disputed treatment visible instead of silently changing the total.

A completed sale at a smaller-business scale

A fire and security installation and maintenance business was acquired in April 2023. The acquirer's annual report records £2.0 million of revenue after completion in the year ended March 2024 [7].

That reported revenue provides a smaller-business transaction example alongside Fenmere's illustrative £1.5 million annual revenue. Use it to understand scale, then build your own profit reconciliation from the records.

Other succession routes	What the source establishes	Evidence for your schedule
Fire and security services	A completed acquisition was announced in March 2025 [5]	Trace each proposed cost adjustment
Fire engineering consultancy	The company said it became employee-owned in December 2024 [6]	Identify the work that continues

Revenue after completion is not prior-year standalone turnover, a sale price or a valuation multiple; the comparison shows scale, not an exact match.

Put each proposed add-back beside the work that continues and its replacement cost.

Build the evidence trail

1. **Trace**
   Find the cost in the accounts and supporting records.
2. **Explain**
   State what stops and what must continue.
3. **Reconcile**
   Include replacement costs and check for duplication.
4. **Review**
   Take the full schedule to your accountant.

Fire safety add-back schedule

Use one copy for each proposed adjustment. Start from the same accounts period, identify the cost and complete every row. Review it with your accountant before combining it with other adjustments.

Business, accounts period and adjustment reference

Record for this adjustment	Your evidence and answer
Cost and amount (£)	
Add or less, and why	
Source document and ledger entry	
Fire safety work supported by this cost	
Continuing cost (£) and evidence	
Replacement cost (£) and evidence	
Already included elsewhere? Give reference	
Remedial work: counted in profit or price?	
Unresolved buyer question	
Proposed net adjustment (£), for review	

Accountant review, remaining evidence, owner and next action

Type your answers in and save a copy, or print the page and fill it in by hand. Nothing you enter is sent to us.

Sources and validity

1. GOV.UK: Company and accounting records, publication date not stated. UK limited companies; supporting financial records. Used for evidence requests, not approval of an adjustment.
2. BAFE: SP203-1 version 8.0 summary of key changes, August 2023. Scheme-specific roles and records.
3. BAFE: SP203-1 version 8.0.1 update, October 2023. Scheme-specific lead arrangements and modules; no sale-transfer outcome is assumed.
4. BAFE: Areas of fire safety covered, publication date not stated. Scheme and module distinctions, not a universal statutory licence.
5. Ranger Fire and Security: McGoff & Vickers acquisition announcement, March 2025. North-West England fire/security services. Completion was announced; its exact day is not established here.
6. Design Fire Consultants: DFC becomes employee-owned, December 2024. UK fire engineering consultancy; employee ownership in December 2024, not a proven completion day or a price comparison.
7. Marlowe plc: Annual Report and Financial Statements 2024, note 12, printed page 93 (PDF page 95), hosted by Morgan Fire. Financial statements authorised August 2024; separate publication day not established. Records acquisition of all Victory Fire Limited equity in April 2023 and £2.0 million post-completion revenue in the year ended March 2024. This is not prior-year standalone turnover, consideration, profit or a multiple. Smaller-business scale is an editorial inference, not exact equivalence to Fenmere. No financing, staffing, seller motive or certification-transfer claim is inferred. Sources 5 and 6 establish routes only, not size matches or add-back benchmarks.

Checked Oct 2026. We review every guide after the Autumn Budget in October 2026. Take tax, accounting, legal and technical questions to your own advisers.

The example. Fenmere Fire Protection is invented, not a Reads client or a real sale. All its figures are teaching assumptions. The £100,000 replacement allowance is not a salary benchmark. Three times adjusted profit is an illustrative value assumption, not market evidence. The images are illustrative.

Bring the line you cannot support



Take the completed schedule and its evidence to a free first conversation. Start with the cost you are unsure about.

Speak with Simon

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