

Pest control add-backs

Which costs really disappear after a sale?

2027 edition 10-minute read

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A practical guide with a pest control add-backs worksheet

Images are illustrative.

The whole guide on one page

Start with the profit in your accounts. An add-back is a proposed increase to that figure because a cost is not expected to continue. The job behind the cost needs checking too.

The question	What good looks like	Ask for
1. Start with the right profit	One period and a traceable starting figure	Accounts, ledger and period dates
2. Prove the expense stops	Evidence of the cost and why it will not recur	Invoice, explanation and later records
3. Replace the owner's work	Duties costed before owner pay is removed	Owner diary and proposed cover
4. Keep the service costs	Competence and delivery still funded	Training evidence, routes and report costs
5. Separate support from dispute	Supported and unresolved totals shown apart	Adjustment schedule and review decisions

The example follows Ternmead Pest Control from reported profit to adjusted profit. The two-page worksheet keeps evidence, replacement costs and unresolved items together.

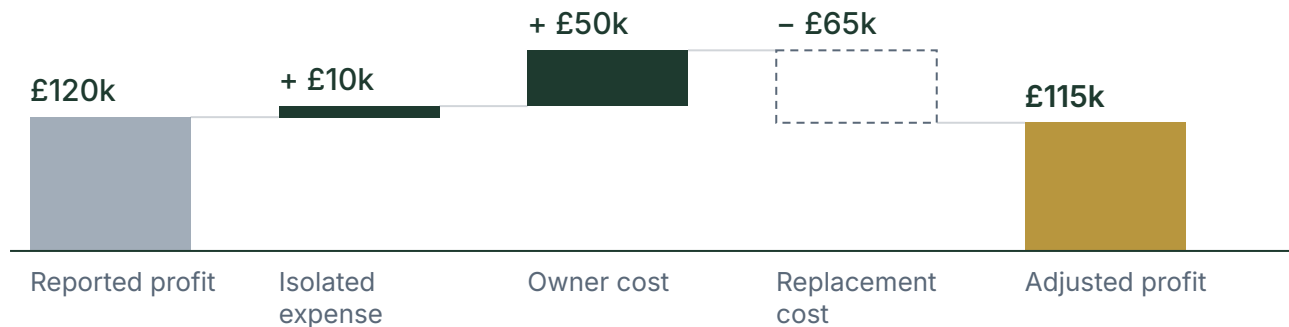
Bring the completed worksheet to a free first conversation. Use the existing valuation route with your evidenced figures; its calculator is a guide, not a promised sale price.

Meet Ternmead Pest Control

Ternmead Pest Control is invented. Its figures are illustrative, not evidence of what another pest business earns or sells for.

From reported profit to adjusted profit

Illustrative



$£120,000 + £10,000 + £50,000 \text{ less } £65,000 = £115,000.$

A profit bridge with the work still covered

Illustrative example, not a real deal

The £680,000 of reported operating costs includes both the £10,000 isolated expense and £50,000 owner employment cost. The replacement total employment cost is a chosen £65,000.

Service stream	Annual income
Food-premises servicing	£300,000
Other commercial servicing	£220,000
Domestic call-outs	£180,000
Seasonal insect work	£100,000
Total	£800,000

Follow the cost of serving those customers. Removing a person from the payroll does not remove route planning, customer questions or report review.

1. Start with the right profit

Use the same accounting period for the profit figure and every proposed adjustment. Put the accounts beside the ledger before making the first change.

What good looks like

For accounts applying FRS 102, accrual accounting separates recognition from cash movement [1]. Match a proposed add-back to the expense included in that period's profit, not just a bank payment.

Ternmead's starting point

Illustrative example, not a real deal

Annual income of £800,000 less £680,000 operating costs gives £120,000 reported operating profit. Start there, before adjusting either the owner cost or isolated expense.

Check

Record to match

Which profit is being adjusted?

Accounts line and period dates

Is the cost already included?

Ledger entry and supporting invoice

Has it been adjusted elsewhere?

Accountant's reconciliation

What the buyer is thinking

A bank payment alone does not tell me which period bears the cost. Show me the starting profit and the entry you want to change.

What to check

Mark the exact accounts line. Record the sign of each adjustment. Ask the accountant to reconcile differences before circulating a total.

2. Prove the expense stops

An invoice proves that something was bought. Your explanation must also show why the expense will not be needed again to serve the food sites, commercial customers and call-outs.

What good looks like

Use an evidence test: identify the entry in reported profit, explain the event, then check later records for recurrence or replacement spending. Keep the item unresolved until those checks agree.

Ternmead's isolated expense

Illustrative example, not a real deal

The model removes £10,000 as an isolated expense. In your own schedule, the invoice and explanation must support that treatment. Keep unsupported explanations out of the schedule.

A proposed adjustment

What settles it

Expense described as isolated

Invoice, event and later ledger entries

Vehicle repair

Whether replacement or continuing repair spending remains

Customer support cost

Which support work stops, and which continues

Stock-handling cost

Remaining work and who will do it

What the buyer is thinking

I can review the unusual event separately. I still need to understand what it costs to keep the service running afterwards.

What to check

Keep your explanation beside the evidence. If the cost only changes form, record the replacement before proposing the net adjustment.

3. Replace the owner's work

Write down the work before removing the pay.

What good looks like

Reconcile the owner's diary to named cover, available time and a cost basis. For technical activities, check the proposed person's competence separately from their job title.

Route decisions, customer reviews and escalation cover do not vanish with the owner's name from the accounts.

Ternmead's owner week

Illustrative example, not a real deal

Responsibility	Chosen hours
Administration and finance	20
Customer review and quoting	12
Scheduling and escalations	8
Total	40

Removing £50,000 owner employment cost and deducting £65,000 replacement total employment cost reduces profit by £15,000.

That replacement cost is an assumption, not a salary quotation.

What the buyer is thinking

Show me who can take the customer call, amend the route and resolve the open report. A vacant job with no cost is not a cover plan.

What to check

Map each duty to a proposed person.
Record their existing workload, required competence and evidence for the total employment cost. Keep any gap visible.

4. Keep the service costs

A course may be completed, but future competence evidence and customer reporting still need attention. Separate a past expense from the continuing activity it supports.

What good looks like

From January 2026, CRRU's professional-use rodenticide purchase evidence accepts approved certification within five years, or older approved certification plus current approved CPD membership. First-time CPD entrants complete the current year's criteria to be ready for the next year [2].

Cost being questioned	Evidence to review
Training and CPD	Certificate date, applicable route and current evidence
Reports and follow-up	Customer requirements, records and system cost
Vehicles and travel	Actual routes, access arrangements and running costs

Ternmead's delivery week

Illustrative example, not a real deal

Four technicians have 160 planned hours: 100 on site, 35 travelling, 15 on reports and follow-up, and 10 on training or other administration. This chosen schedule leaves those activities in the cost review.

What the buyer is thinking

Which activities are you asking me to stop paying for? Show how the remaining team and budget cover the actual service.

What to check

Use the existing competence rules for 2027 continuity. HSE's stewardship framework includes training, certification and auditing [3]; ask a competent practitioner which evidence applies to the work.

5. Separate support from dispute

Give the reader a supported total and a separate unresolved list.

What good looks like

Use one signed adjustment per line. Supported net adjustments equal supported additions less supported replacement deductions. Reconcile that total to reported profit and leave unresolved items outside it.

Do not hide a doubtful item inside a larger adjusted-profit number.

Ternmead's reconciled model

Illustrative example, not a real deal

Profit bridge	Amount
Reported operating profit	£120,000
Isolated expense removed	+ £10,000
Owner employment cost removed	+ £50,000
Replacement employment cost	– £65,000
Net adjustments	– £5,000
Adjusted profit	£115,000

These are the model's assumed adjustments. For your own business, classify each line as supported, unsupported or needing review before including it.

What the buyer is thinking

Let me see what is evidenced and what is still a proposal. I can then respond to the individual line without losing the starting figure.

What to check

Name the reviewer and next action for every unresolved item. Keep operating working capital, contractual price and seller cash outside this profit calculation.

A small team still needs a transition plan

One acquirer's announcement describes a West Sussex family pest-control business whose owners had decided to retire. It said a departing owner would remain as a technician consultant during transition [4].

The target's filed accounts record an average of five persons employed in the year ended June 2021 [5]. This is historical small-team evidence, not a count of technicians at completion or a financial comparison with Ternmead.

Public evidence

Question for your schedule

Owner transition role announced

Which duties continue after the sale?

Historical average employment disclosed

Who actually performs each duty today?

No price or replacement cost established

What documents support your own cost estimate?

What the buyer is thinking

An agreed transition role and a permanent replacement are different inputs. Show the scope and cost of each, without charging for the same work twice.

Bring the adjustment you cannot yet support

Use your evidenced figures in the valuation calculator, which provides a guide rather than a promised sale price. Bring the worksheet to a free first conversation.

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Use the valuation route

Pest control add-backs worksheet

Start with the accounts period and reported operating profit. For each proposed change, record the invoice or ledger reference, why the cost stops or continues, and any replacement. Use signed amounts: additions positive, deductions negative.

Business, accounts period and reported operating profit (£)

Cost review	Signed amount (£)	Evidence and recurrence	Replacement cost and duty	Status
Isolated expense				
Owner cost removed				
Replacement cost deducted				
Training and CPD				
Reports and follow-up				
Vehicles and travel				
Stock handling or support				
Other proposed change				

Evidence file references, reviewer and date; status is supported, unsupported or review

Classify each line as supported, unsupported or review. Only supported net amounts go into the total on the next sheet. Add a separate schedule if you need more lines.

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.

Add-backs totals and review

Use with your evidence schedule. Add supported positive adjustments to reported operating profit, then deduct supported replacement and other negative adjustments. The PDF does not calculate. Keep unsupported and review items outside the supported total.

Business and accounts period

Reconciliation line	Amount (£)	Evidence, reviewer or next action
Reported operating profit		
Add supported positive adjustments		
Less supported replacement and other deductions		
Supported adjusted profit		
Unresolved positive proposals, excluded		
Unresolved replacement deductions, excluded		
Net unresolved proposals, excluded		
Unsupported items, excluded		

Check no cost is counted twice; identify outstanding documents and who will resolve each item

The second total records unresolved proposals only; it is not part of supported adjusted profit. Record the person who will resolve them and the evidence still needed. This worksheet does not establish tax treatment, a sale price or seller cash.

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. Financial Reporting Council: FRS 102, September 2024 edition, paragraph 2.48 and accrual-basis glossary. UK and Republic of Ireland standard; the statement applies to accounts using FRS 102. It does not prescribe these illustrative add-backs or transaction terms.
2. Campaign for Responsible Rodenticide Use UK: Training and certification. UK stewardship proof of competence for professional-use rodenticides, effective Jan 2026. No publication date displayed. Approved older certification plus current approved CPD is one route; CPD membership alone is insufficient. First-time joining criteria and certificate age need checking at the relevant date. No product-specific instructions are given.
3. Health and Safety Executive: Rodenticides, updated Jun 2025. UK stewardship and integrated pest management. GB BPR covers England, Scotland and Wales; EU BPR applies in Northern Ireland. Product conditions must be checked individually. Requested records are documentary checks, not a universal legal list or retention period.
4. Cleankill Pest Control: Cleankill increases foothold in West Sussex. Acquisition announcement concerning Des Bone Ltd, Ann and Richard Bone, and Richard's stated transition role. No publication or exact completion date displayed; no outcome, price or replacement cost established.
5. Des Bone Ltd: Filed accounts for the year ended June 2021, note 4, PDF page 8. Filed March 2022. Average persons employed during that year: five. Not full-time equivalents, technicians, acquisition-day or current staffing. The announcement and filing concern the same named target; financial comparability is not established.

Checked Oct 2026. We review every guide after the Autumn Budget in October 2026. Accounting, legal and technical questions belong with your advisers and competent practitioners against the actual records.

The example. Ternmead Pest Control is invented, not a Reads client or real deal. Its income, costs, hours and adjustments are chosen teaching inputs. No market pay, accepted adjustment, valuation multiple or tax outcome is asserted. The images are illustrative. The practical evidence tests are this guide's method, not measured buyer behaviour.

Bring the cost you cannot explain



A clear adjustment schedule starts a useful discussion. Bring the accounts, the supporting record and the duty that still needs covering.

Ask for a free first conversation. There is no obligation to go further.

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