



PEST CONTROL
BUSINESS SALES

Working capital when a pest control business is sold

The cash collected and the visits still owed

2027 edition 9-minute read

By Simon Read, Founder & Managing Director

Prepared by Simon Read | Reads Advice Partners Ltd |
pestcontrolbusinessforsale.co.uk

A practical guide with a completion cash checklist

Images are illustrative.

The whole guide on one page

A full diary and a healthy bank balance answer different questions. Before agreeing completion figures, connect the balances in the accounts to the customers, visits and bills behind them.

The question	What good looks like	Ask for
1. Agree what the balance includes	Each item has one place in the calculation	Proposed definitions and a dated balance sheet
2. Find the visits already paid for	Customer receipts connect to service still owed	Receipt, service period and remaining visit schedule
3. Test invoices and stock separately	Collections and usable stock have evidence	Debtor ledger, receipts and a checked inventory
4. Put dates beside the balances	The cash calendar follows actual records	Monthly balances, collection dates and supplier terms

The worked example shows £30,000 of operating working capital. It is a chosen balance calculation, not a cash target for your business.

Use the two-page checklist near the back to record balances, service periods, exclusions and the dates you still need. Keep the supporting documents with it.

Bring the unanswered items to a free first conversation with Simon. The same contact route appears at the back.

Meet Ternmead Pest Control

Ternmead is an invented English business. Its figures are illustrative, not market evidence.

The annual service book

Illustrative example, not a real deal

Income stream	Annual income	Current signed terms
Food-premises servicing	£300,000	£300,000
Other commercial servicing	£220,000	£140,000
Domestic call-outs	£180,000	Individual jobs
Seasonal insect work	£100,000	Individual jobs
Total	£800,000	£440,000

The remaining £80,000 of other commercial income is repeat custom without evidence of current signed terms. The £440,000 classifies historical income; it is not future orders.

Three different figures

Illustrative example, not a real deal

Reported operating profit is £120,000. Add the £10,000 isolated expense and £50,000 owner cost, then deduct £65,000 replacement employment cost: adjusted profit is £115,000.

An illustrative three times adjusted profit gives £345,000 of operating-business value. The snapshot working-capital calculation later gives £30,000. Neither establishes the contractual price or seller cash.

For accounts using FRS 102, accrual accounting separates recognition from cash movement, except for cash-flow information [1]. Start by asking which period each balance belongs to.

1. Agree what the balance includes

Write down the proposed completion definition before putting figures into it. A different label can otherwise hide a different calculation.

What good looks like

Trace every included balance to the same accounts date. Mark each exclusion and ask the accountant and solicitor to confirm its treatment.

Ternmead's chosen operating calculation

Illustrative example, not a real deal

Snapshot balance	Add or deduct
Invoiced receivables	Add £80,000
Stock	Add £12,000
Operating prepayments paid	Add £8,000
Trade payables	Deduct £45,000
Customer prepayments received	Deduct £25,000
Operating working capital	£30,000
$£80,000 + £12,000 + £8,000 \text{ less } £45,000 \text{ less } £25,000 = £30,000.$	

Cash of £35,000, equipment carrying amount of £60,000 and borrowing of £50,000 sit outside this chosen calculation. The £30,000 is not automatically added to the £345,000 business value.

What the buyer is checking

Does the proposed price already assume an operating balance? Which definition will be used to compare that assumption with completion?

What to check

- ☐ Ask for an agreed inclusion and exclusion schedule.
- ☐ Mark any balance included elsewhere so it is counted once.

2. Find the visits already paid for

A food-site fee received in advance needs a service schedule beside it. The bank entry alone does not say what the customer is still owed.

What good looks like

Match the receipt to the service period and remaining work. FSA guidance says contracted services should meet the food business's requirements [2].

Ternmead's customer prepayments

Illustrative example, not a real deal

Fees received for future work	Assumed liability
Food-premises servicing	£15,000
Other commercial visits	£10,000
Total	£25,000

These fees remain unearned at the snapshot. They are neither the cost of making the visits nor another £25,000 to add to annual income.

Put the actual agreed visits, access arrangements and reports beside each receipt. Separate fees received from the firm's own £8,000 of operating prepayments paid to suppliers.

What the buyer is checking

Which visits remain after completion?
Who will provide the technician time, travel and materials, and how does the agreement treat that obligation?

What to check

- ☐ Reconcile advance receipts to each customer's service record.
- ☐ Ask the accountant to check recognition and the solicitor to check the completion wording.

3. Test invoices and stock separately

An unpaid commercial invoice and a box in the store need different evidence. Do not treat either as cash already available for the next route.

What good looks like

For each balance, keep the record that proves it and the question that could change it. Review stock with a competent practitioner.

Balance to inspect	Evidence to match	Question to resolve
Commercial debtors	Invoice, visit record, later receipt	Is payment disputed or still due?
Domestic receipts	Job record, invoice, bank entry	Has the receipt cleared the debtor?
Stock	Count, purchase record, age and condition	What amount belongs in the agreed schedule?
Supplier bills	Invoice, statement, payment	Is it unpaid at the snapshot?

Ternmead's evidence request

Illustrative example, not a real deal

Inspect the £80,000 invoiced receivables, £12,000 stock and £45,000 trade payables separately. No unbilled-income amount is added. No debtor ageing split is supplied: the actual records must provide it.

What the buyer is checking

Can the documents explain the balance without counting a collected invoice again? Does the stock review distinguish carrying amount from permission to use or sell it?

What to check

- ☐ Reconcile the debtor list to the accounts and subsequent receipts.
- ☐ Record stock exceptions and refer product questions to the practitioner.

4. Put dates beside the balances

Choose dates from your records, not from a busy month that looks convenient. A service-book balance and a cash calendar do different jobs.

What good looks like

Compare dated balances on a consistent definition, then link expected receipts and payments to their supporting terms.

Ternmead's chosen annual pattern

Illustrative example, not a real deal

Quarter	Income
Q1	£150,000
Q2	£190,000
Q3	£260,000
Q4	£200,000
Annual total	£800,000

These amounts describe income, not quarterly receipts. They supply no collection dates or monthly working-capital balances. A busier Q3 therefore cannot establish a normal completion balance.

Request the dated monthly records, including customer advances, seasonal stock purchases and supplier settlements. Explain any unusual month before proposing a comparison period.

What the buyer is checking

What falls due after completion before the next customer payment arrives? Do the dates reflect the visits still owed and the people available to deliver them?

What to check

- ☐ Complete the blank date fields from invoices and service terms.
- ☐ Keep uncertain dates visible and assign someone to confirm them.

A small-team sale, with limits to the evidence

One acquirer's announcement describes a West Sussex family pest-control business whose owners had decided to retire. It said one owner would remain as a technician consultant during transition [3].

The target's filed accounts record an average of five persons employed during the year ended June 2021 [4].

Public evidence	Your completion question
A transition role was announced	What work will the departing owner still do?
Historical average employment was disclosed	Who can deliver the remaining prepaid visits?
Completion balances were not disclosed	Which customer and supplier schedules support your figures?

The announcement does not establish an exact completion date, price, working-capital treatment or financial comparability with Ternmead.

What to check

Link each outstanding service commitment to a named person, an agreed date and its financial treatment. Ask your advisers to resolve the gaps before treating the schedule as agreed.

Bring the missing schedule

Use the checklist to prepare for a free first conversation about the balances you still need to explain.

01285 704466

Speak with Simon

Pest control completion cash checklist

Record your business and snapshot date. Enter the amounts, evidence and agreed treatment for each balance. Use the actual proposed completion definition; the total is your calculation, not an automatic price adjustment.

Business and snapshot date

Balance	Amount (£)	Evidence and treatment	Checked
Invoiced receivables			☐
Stock			☐
Operating prepayments paid			☐
Trade payables			☐
Customer advances received			☐
Other agreed operating items			☐
Calculated working capital			☐
Cash / debt / equipment exclusions			☐

Reconciliation difference, exclusions, reviewer and next action

Add included operating assets and deduct included operating liabilities. Reconcile the result to the accounts, explain differences and record exclusions. The second sheet connects balances to service periods and cash dates.

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.

Service periods and cash dates

Complete one row per account or obligation; copy this sheet for more rows. For receipts and payments, enter the expected date and its supporting record. Mark uncertain dates for review.

Business, snapshot date and account or site reference

Record to complete	Your entry	Evidence / reviewer
Customer receipt: amount and date		
Service period and visits remaining		
Work dates, access and technician cover		
Unpaid invoice: amount and collection date		
Supplier bill: amount and payment date		
Stock exception and agreed treatment		
Completion inclusion or exclusion		

Unconfirmed date or treatment, person responsible and next action

Customer advances need a service period and visits remaining. A receipt date is separate from the work date. Ask your accountant about recognition and your solicitor about completion treatment. Product permissions remain a practitioner question.

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 financial reporting standard; used only for accounts to which FRS 102 applies.
2. Food Standards Agency, MyHACCP: [General requirements to be considered for each prerequisite](#), Contract services and Pest Control sections. Publication date not displayed. Guidance for food businesses, not a statutory contractor duty, compulsory outsourcing rule or fixed visit frequency.
3. Cleankill Pest Control: [Cleankill increases foothold in West Sussex](#). Acquirer's announcement about Des Bone Ltd, owners Ann and Richard Bone and Richard's proposed technician-consultant transition role. Publication and exact completion dates not displayed; no price or completion balances disclosed.
4. Des Bone Ltd: [Accounts for the year ended June 2021](#), note 4, PDF page 8. Filed March 2022; approved December 2021. Average persons employed during the year: five. Not technician count, full-time equivalents, current staffing or acquisition-day headcount.

Checked Oct 2026. We review every guide after the Autumn Budget in October 2026. No tax outcome or new 2027 rule is asserted here. Take accounting, legal and technical advice on your own transaction.

The example. Ternmead Pest Control is invented. It is not a Reads client or a real sale. The income, profit, snapshot and quarterly figures are chosen teaching assumptions, not market evidence. Its stock carrying amount establishes no permission to use, store, sell or dispose of a product. The images are illustrative.

The calculation. The working-capital definition belongs to this example. Cash, borrowing and equipment are separate; working capital is not automatically added to value. Actual recognition, contract provisions, customer data arrangements and completion terms require review. The blank calendar deliberately supplies no invented payment dates.

Bring the balances you cannot yet explain



Prepare your customer advances,
debtor list and stock questions for a
free first conversation with Simon.
There is no obligation to go further.

Simon Read
Founder & Managing Director

01285 704466

enquiries@pestcontrolbusinessforsale.co.uk
pestcontrolbusinessforsale.co.uk



Prepared by Simon Read | Reads Advice Partners Ltd | pestcontrolbusinessforsale.co.uk
The Alliston Centre, Stroud Rd, Cirencester GL7 6JR
01285 704466
Part of the Reads M&A Advisory Group
A division of Reads Advice Partners Ltd, Company No. 12124192