

FMBS
FACILITIES MANAGEMENT BUSINESS SALES

Add-backs in an FM business

Cost the work you leave behind

2027 edition 10-minute read

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

A practical guide with a fillable FM add-back worksheet

Images are illustrative.

The whole guide on one page

An add-back removes an expense from the profit you present for discussion. Start with what the business paid, then show what running its contracts will cost after you leave.

Chapter	What good looks like	Ask for
1. Start with the reported figure	Each change traces to the accounts	Accounts, ledger and payroll
2. Put a cost against your duties	The replacement covers the actual job	Task list, scope and cost evidence
3. Test the work behind a one-off	The cost has an evidenced end	Invoice, reason and future plan
4. Keep contract delivery funded	Recurring duties remain in the cost base	Site schedules and subcontract terms
5. Match the claim to the operation	The same services and period are compared	Acquisition scope and period labels
6. Keep profit separate from price	One bridge, with no duplicated adjustment	Agreed schedule and offer definitions

Use the worksheet on page 9 to record one proposed adjustment at a time. Copy it for further items, then reconcile the accepted changes to the same starting profit.

Bring your hardest adjustment

Bring the worksheet and its supporting record to a free first conversation.

01285 704466

Start a conversation

1. Start with the reported figure

You may have taken a modest wage while covering several jobs. Explain that work, but begin with the amount actually charged in the accounts.

What good looks like

Tie the starting profit to a named accounts period, then trace each proposed change to a ledger entry.

This is a practical evidence test. Match each contract-related expense to its service schedule before deciding whether it ends.

Bramblewick Facilities Services

Illustrative example, not a real deal

Bramblewick is invented and its figures are illustrative. Its £1,200,000 annual revenue comprises £600,000 planned maintenance, £360,000 cleaning/site services and £240,000 reactive work. Reported operating profit is £180,000, after £40,000 owner pay.

Record	What it settles
Accounts and trial balance	Which profit measure and period you started from
Payroll and nominal ledger	Whether the proposed add-back was charged already
Adjustment schedule	Where the same item appears in the bridge

What the buyer is thinking

Can I trace the starting figure without guessing which costs are included? Show me the entry before asking me to remove it.

What to check

- [ ] Record the accounts period beside the reported profit.
- [ ] Give every adjustment a document reference.

2. Put a cost against your duties

Removing your pay does not answer who runs customer mobilisation, approves subcontractors or handles escalations. Write down the duties before choosing a replacement cost.

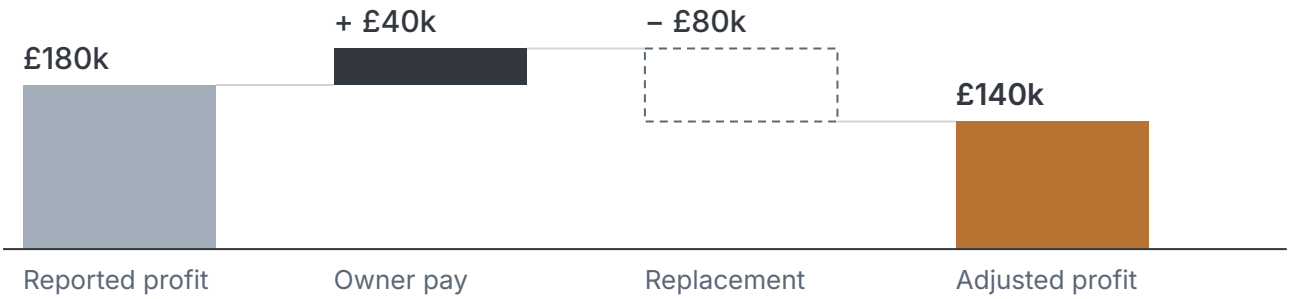
What good looks like

Match the proposed replacement's time, authority and cost to the duties in the customer service schedules.

Use a role description and cost evidence for that scope. Check any helpdesk or account-management cover already charged to the business.

Bramblewick's replacement cost stays in the bridge

Illustrative



Bramblewick: £180,000 + £40,000 less £80,000 = £140,000. The replacement management cost is a chosen input, not a pay benchmark.

Duty to cover	Evidence to gather
Customer mobilisation	Handover tasks, site dates and responsible person
Subcontract approval	Approval limits and capacity to check the work
Customer escalation	Named cover, access and decision authority

What the buyer is thinking

If my existing manager takes this work on, what capacity will it use? Put any saving I propose in a separate buyer plan so we can see the difference.

What to check

- [ ] Identify duties that continue after your departure.
- [ ] Compare the replacement scope with costs already in profit.

3. Test the work behind a one-off

A ledger description such as mobilisation or emergency cover does not settle an add-back. Follow the invoice through to the job and ask what happens next.

What good looks like

Show the invoice, its reason and evidence that the cost ends, then identify any work that still needs funding.

Read the actual service schedule and supplier commitment. Record the recurring element separately, rather than treating the whole invoice alike.

Bramblewick Facilities Services

Illustrative example, not a real deal

The worked bridge includes only owner pay and replacement management. No further one-off expense has been evidenced or added to Bramblewick's £140,000 adjusted profit.

Proposed claim	Documentary question
Customer mobilisation	Does the invoice cover a finished setup task or continuing site support?
Relief cover	What happens to the uncovered shifts after completion?
Equipment repair	Has the fault ended, and what maintenance remains?
Helpdesk setup	Which charges stop and which support charges continue?

What the buyer is thinking

I can follow a cost that ended. If the duty continues, show the person, equipment or supplier that will carry it out and where the cost sits.

What to check

- [ ] Read the invoice alongside the service obligation.
- [ ] Leave an unsupported claim outside the agreed total.

4. Keep contract delivery funded

FM can combine directly delivered work with services organised through subcontractors. Trace each proposed saving to the customer promise it supports.

What good looks like

Use current contract clauses, service schedules, change notices and the named counterparty's position to test a claim.

This document test sets no general rule about consent or renewal. Ask what is signed and deliverable for the particular site.

Bramblewick Facilities Services

Illustrative example, not a real deal

Of £600,000 planned maintenance income, £420,000 is under signed terms still in date. Keep those labels distinct when matching management work to the contract book.

Service	Check before removing cost
Hard FM visits	Who schedules, supervises and checks completion?
Cleaning and site services	Who covers absence and confirms the agreed scope?
Subcontracted work	Who approves attendance, checks evidence and resolves gaps?
Helpdesk support	Who accepts requests and escalates missed visits?

What the buyer is thinking

Which duties am I taking on? If the service stays in the contract, identify its delivery cost even where you currently do the work yourself.

What to check

- [ ] Match each proposed saving to a named service and site.
- [ ] Record unresolved contract questions beside the adjustment.

5. Match the claim to the operation

An acquisition headline is not an add-back schedule. Read the acquired activity and reporting period before comparing its figures with your own.

What good looks like

Keep the acquired operation, transaction type and measurement period beside every public comparison.

A listed building-services group bought the trade and certain assets of a specialist high-level cleaning business in July 2014. Its annual report records £1,833,748 turnover from those operations from acquisition to the end of December 2014 [1].

Evidence	What it establishes
Completed asset transaction [1]	A smaller specialist service within the FM supply chain changed hands
Six months of acquired turnover [1]	A disclosed operating measure, not annual turnover
Your proposed add-back	A separate claim requiring your accounts and delivery records

This historical specialist-services example has a different service mix and reporting period from Bramblewick's £1,200,000 annual revenue; it is not an earnings or valuation benchmark.

What the buyer is thinking

Which part of your operation does this comparison describe? Show me the duties and costs in the business I am considering.

What to check

- [ ] Keep directly delivered work separate from subcontract management.
- [ ] Compare the same operation and period before drawing a conclusion.

6. Keep profit separate from price

Finish the earnings bridge before discussing what an offer includes. Keep a record of agreed items and disputed items so a change is not counted twice.

What good looks like

Recalculate the bridge from the same reported profit and give every accepted adjustment one place in the total.

Then read the offer's definitions separately: contractual price, cash, debt, working capital and fees each need their own treatment.

Bramblewick Facilities Services

Illustrative example, not a real deal

£180,000 reported operating profit plus £40,000 owner pay less £80,000 replacement management leaves £140,000 adjusted profit. Three times adjusted profit gives £420,000 illustrative business value. Three times is a chosen teaching assumption, not market evidence or a contractual price.

Figure	Keep it separate from
Adjusted profit	The amount paid for the business
Illustrative business value	A buyer's contractual offer
Working capital	Cash automatically added to a price
Seller cash	Profit or value before the deal adjustments

What the buyer is thinking

If a mobilisation cost has already reduced adjusted profit, where else have we allowed for it? Mark any overlap before we agree the treatment.

What to check

- [ ] Confirm accepted and disputed totals separately.
- [ ] Keep unresolved costs visible with an owner and next action.

FM add-back worksheet

Use one sheet per proposed adjustment. Name the accounts period and starting profit. Record the cost charged, the recurring part and the work that replaces it.

Business and accounts period

Record	Your answer and evidence reference
Reported operating profit (£)	
Proposed adjustment and reason	
Invoice or payroll reference	
Amount charged in the period (£)	
Amount proposed for removal (£)	
Recurring element and evidence	
Replacement duty and cost evidence	
Continuing cost to deduct (£)	
Net change and overlap check (£)	
Accepted or disputed; agreed total (£)	

Unresolved question, person responsible and next action

Work out the proposed net change yourself: amount removed less the continuing or replacement cost not already included. Add accepted changes once to the starting profit. Keep disputed items outside that total.

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. PTSG: Annual Report and Accounts 2014, note 27, printed page 45. Report period ended December 2014; exact publication day not established. Checked Oct 2026. The group purchased the trade and certain assets of Acescott Management Services Limited in July 2014. The acquired specialist high-level cleaning operations contributed £1,833,748 turnover from acquisition to the end of December 2014. UK company acquisition evidence. This is not a purchase of all shares or proof of finance terms, staff retention, customer continuity or seller motive. No annualisation or market multiple is inferred.

Checked Oct 2026. We review every guide after the Autumn Budget in October 2026.

The checks. The contract, role-cover, one-off expense and overlap tests are practical document questions designed for this guide. They are not statutory duties, market standards or a pay survey. Read actual contracts and ask the relevant adviser to resolve their effect for the proposed transaction.

The example. Bramblewick Facilities Services is invented. It is not a Reads client or a real sale. Its annual revenue, reported operating profit, owner pay and replacement cost are chosen teaching figures. The £80,000 replacement cost is not a salary benchmark. Three times adjusted profit is an illustrative value assumption, not evidence of a price a buyer will pay. No tax treatment is modelled. Images are illustrative.

Using the worksheet. It records your inputs and does no calculations automatically. Keep supporting documents with it and confirm the final financial treatment with your adviser.

Bring the cost you cannot explain



Bring your worksheet and the record behind one disputed adjustment to a free first conversation. We can start with what the business will need when you step away.

Taking more time to prepare, or keeping the business with clearer cover, remains a valid choice.

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