INVESTMENT HEADROOM · BALANCE SHEET AT 31 DECEMBER 2025

The balance sheet carries up to about £47k of new plant paid from cash, and £470k on hire purchase

Question. How much new plant and equipment can the balance sheet carry, and does it matter whether it is paid from cash or on hire purchase?

Answer. Paid from cash, the balance sheet at 31 December 2025 carries new plant and equipment up to about £47k. Above that, the cash would run out. Financed on hire purchase with a 10% deposit, the limit rises to about £470k. Above that, the cash for the deposits would run out. Equity stays above 30.1% of total assets, the lower quartile of 243 UK manufacturers of similar size, whose median is 56.2%, as long as no more than about £2.6m is financed.

Condition. A snapshot of the balance sheet at 31 December 2025, with the plant paid for on delivery and hire purchase on a 10% deposit over five annual instalments.

Not tested. Interest, debt service, a minimum cash balance and any unused bank lines. Testing them needs your management accounts and is the work of a full assessment.

TERMS

Current ratio. Current assets divided by creditors due within one year. Below 1.00x the short-term debts are larger than the assets that turn into cash within the year.

Hire purchase. Our assumption: 10% deposit from cash, the rest repaid in five annual instalments. One fifth of the financed amount counts as due within one year.

Threshold for equity. 30.1% of total assets, the lower quartile of 243 UK manufacturers whose total assets are between a third and three times this company's. Their median is 56.2%. Accounts filed at Companies House, year ends 5 Nov 2024 to 4 Nov 2026.

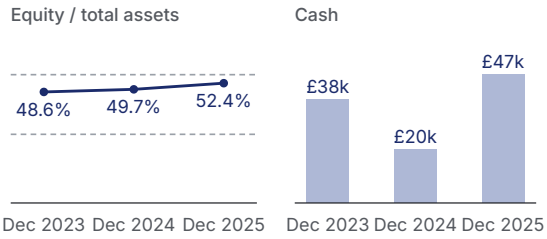
Position. The balance sheet on the day the plant arrives, before any trading result. Existing loans and hire purchase stay as filed.

Key figures from the filed accounts

	Dec 2023	Dec 2024	Dec 2025
Total assets	£3.32m	£3.36m	£3.24m
Equity	£1.61m	£1.67m	£1.70m
Equity / total assets	48.6%	49.7%	52.4%
Cash	£38k	£20k	£47k
Current ratio	2.02x	1.99x	2.00x

Source: accounts filed at Companies House, year ends as in the column heads, values as tagged in each filing. Equity / total assets and current ratio are calculated. Page 2 lists the latest year.

Figure 1. Equity as a share of assets has risen over three years, and cash has risen



Source: as the key figures, year ends as shown. Dashed lines: peer median 56.2% (upper) and lower quartile 30.1% (lower), see Terms.

Table 1. Four ways to pay for an investment of £500k

Option	Cash after delivery	Current ratio	Equity / total assets	All three tests
0 No investment (null case)	£47k	2.00x	52.4%	holds
1 Pay from cash	−£453k	1.67x	52.4%	breaks
2 Hire purchase, 10% deposit	−£2,517	1.86x	46.0%	breaks
3 Half cash, half hire purchase	−£228k	1.77x	49.0%	breaks

Tests: cash at least zero, current ratio at least 1.00x, equity at least 30.1% of total assets. £500k is an illustration between the two limits, our choice. Source: own calculation from the balance sheet at 31 December 2025, page 2.

Figure 2. The larger the share on hire purchase, the larger the investment the balance sheet carries

	£200k	£400k	£600k	£800k	£1.00m	£1.20m
0% on hire purchase	1.87x C	1.74x C	1.60x C	1.47x C	1.34x C	1.21x C
25% on hire purchase	1.89x C	1.77x C	1.66x C	1.55x C	1.45x C	1.34x C
50% on hire purchase	1.91x C	1.81x C	1.72x C	1.63x C	1.55x C	1.46x C
75% on hire purchase	1.92x C	1.85x C	1.78x C	1.71x C	1.64x C	1.57x C
100% on hire purchase	1.94x	1.88x	1.83x C	1.78x C	1.73x C	1.68x C

Size of the investment in new plant

Each cell shows the current ratio on delivery. Blue cells pass every test, red cells fail at least one: C cash below zero, L current ratio below 1.00x, E equity below 30.1%. Source: own calculation from the balance sheet at 31 December 2025, page 2.

Where every figure comes from

Each input below is a value tagged in the accounts filed at Companies House. The tag and the document are shown, so each figure can be found in the filing. Creditors due within one year are £1,512,673. Total assets are fixed assets plus current assets, £3,241,754. The same items for the two earlier year ends are kept with this note, as is a list that ties every figure printed here to its calculation.

Item	Value	iXBRL tag or calculation	Filing
Current assets	£3,026,894	CurrentAssets	Dec 2025
Creditors due within one year	£1,512,673	Creditors	Dec 2025
Net current assets	£1,514,221	NetCurrentAssetsLiabilities	Dec 2025
Cash at bank and in hand	£47,483	CashBankOnHand	Dec 2025
Net assets / equity	£1,698,657	NetAssetsLiabilities	Dec 2025
Fixed assets	£214,860	FixedAssets	Dec 2025
Tangible fixed assets	£114,760	PropertyPlantEquipment	Dec 2025
Depreciation charge	£38,710	IncreaseFromDepreciationChargeForYearPropertyPlantEquipment	Dec 2025
Bank loans and overdrafts < 1 year	£93,772	BankBorrowingsOverdrafts	Dec 2025
Bank loans > 1 year	£16,424	BankBorrowingsOverdrafts	Dec 2025

How the limits are calculated

For an investment I, with a share f on hire purchase, cash falls by (1 − f) × I plus the 10% deposit on f × I. Creditors due within one year rise by one fifth of the financed amount. Total assets rise by the financed amount. The limit is the largest I at which cash stays at or above zero, the current ratio at or above 1.00x and equity at or above the threshold. It has a closed form for each test, and the smallest of the three binds.

Table 2. Limits for each test before rounding, balance sheet at 31 December 2025

Financing	Cash test	Current ratio test	Equity test	Rounded down
Paid from cash	£47,483	£1,514,221	not applied	£47k
On hire purchase	£474,830	£5,407,932	£2,672,131	£470k

Paying from cash leaves total assets unchanged, so the equity test does not apply to it. The smallest of the three tests binds. On hire purchase the equity test alone allows up to £2,672,131, shown on page 1 as about £2.6m. Source: own calculation, formulas above.

Rounding. Amounts are rounded to the nearest £1k below £1m and to the nearest £10k above it, and amounts under £10k are shown to the pound. Percentages have one decimal place and ratios two. Limits are always rounded down to two significant figures, so the balance sheet carries at least the amount shown. Table 2 gives them before rounding.

The peer group was built on 2026-11-04 from accounts filed at Companies House. It contains active private companies with a manufacturing SIC code (divisions 10 to 33) and a balance sheet tagged in iXBRL. Of these, 243 UK manufacturers have total assets between a third and three times this company's. Their lower quartile of equity to total assets is 30.1% and their median is 56.2%. The company itself is excluded. The peers are not split by business model.

What the accounts cannot show

The filing has no figures on hours sold, margins, order book or the terms of a finance offer. It also cannot show whether existing facilities have headroom or covenants. These decide whether an investment pays for itself and on what terms it can be financed. This note therefore shows where the balance sheet sets a limit and leaves the investment case open.

This is a working note from public records. It is not a credit opinion, a valuation, or tax, legal or investment advice.