INVESTMENT HEADROOM ACROSS 401 FILED BALANCE SHEETS

73.3% of 401 UK manufacturers could take on plant worth a tenth of their assets on hire purchase; paid from cash, 51.9% could

Question. Which owner-managed manufacturers can still carry another machine, and how does that change with the size of the machine and the share financed on hire purchase?

Answer. An investment worth 10% of total assets, financed on hire purchase with a 10% deposit, passes all three tests at 73.3% of the 401 companies. Paid from cash, the same investment passes at 51.9%. Where it fails, cash runs out first in 86.5% of cases. On hire purchase, the share that passes falls below half once the investment exceeds about 56.0% of total assets. Paid from cash, that point comes at about 11.0%. At 30% of total assets on hire purchase, 61.1% still pass.

Condition. This holds for balance sheets with year ends between 5 November 2024 and 4 November 2026, if they have not moved much since. Unused overdrafts and loan facilities are not visible in the filings and would raise every figure. The tests describe what a balance sheet can carry. They say nothing about whether a company wants to invest or whether a lender would approve it.

TERMS

Three tests. Cash stays at or above zero, current assets cover creditors due within one year, and equity stays at or above 24.8% of total assets. That is the lower quartile of the group. A company already below it is tested on cash and liquidity only.

Hire purchase. Our assumption: 10% deposit from cash, the rest in five annual instalments, one fifth due within one year.

Group. Active private companies with a manufacturing SIC code (divisions 10 to 33), total assets £0.5m to £20m, balance sheet tagged in iXBRL at Companies House. Built 2026-11-04.

Key figures of the group

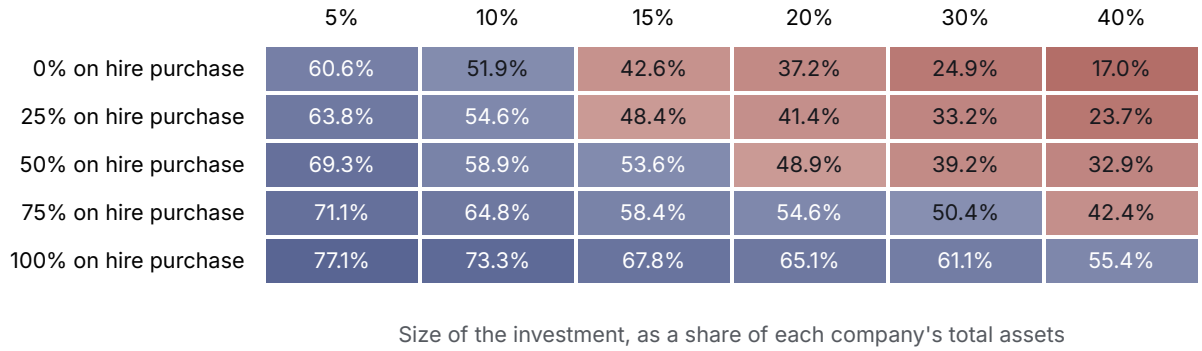
Measure	Value
Companies	401
Median total assets	£1.45m
Median equity / total assets	51.0%
Median current ratio	2.06x
Median cash / total assets	13.5%

Table 1. Size makes little difference; the way of paying makes most of it

Total assets	Companies	10% of assets, cash	10%, hire purchase	30%, hire purchase
£0.5m to £1m	139	55.4%	69.8%	60.4%
£1m to £2.5m	128	49.2%	75.8%	61.7%
£2.5m to £5m	81	49.4%	79.0%	61.7%
£5m to £20m	53	52.8%	67.9%	60.4%

Share of companies in each band that pass all three tests. Own calculation from filed balance sheets.

Figure 1. Share of companies whose balance sheet carries the investment



Blue cells: at least half pass. Red cells: fewer than half. Own calculation, method on page 2.

Method

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. Each company is tested at each cell of Figure 1, with I set as a share of its own total assets. The point at which fewer than half pass was found by bisection.

Inputs per company are current assets, creditors due within one year, cash, equity and fixed assets, as tagged in the latest accounts filed at Companies House. Where creditors due within one year are not tagged, they are derived as current assets minus net current assets. Companies are not named in this sample. Every row and every result is kept as data with this note.

What the filings cannot show

Unused facilities, covenants, order books, margins and the age of the plant are not in a filed balance sheet. The figures therefore show where a balance sheet sets a limit. They do not show which companies plan to invest.

What a regional cut adds

The same tests can be run for one SIC division and one region, with each company named, its filing linked and its limits for cash and hire purchase set out. Charges registered against it and the people who control it can sit beside each row.

This is a working sample from public records. It is not a credit opinion or investment advice.