



HVAC
BUSINESS SALES

Cash, stock, work in progress and retentions at completion

What the buyer of your HVAC
business actually receives

2027 edition 17-minute read

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A practical guide with a working capital estimator

Images are illustrative.

The whole guide on one page

A buyer's offer can assume your business arrives with enough in it to keep the jobs running. Eight lines of the balance sheet decide whether it does, and each one can be made ready before an offer arrives.

The line	What good looks like	Have ready
1. The deposit	Every deposit listed against the work still owed	Deposits held, by job
2. Work in progress	Each open job measured the same way every month	Price, work done, billed, cost to finish
3. Applications and invoices	Debts aged against their own contract terms	Aged debtors, with reasons
4. Retentions and their release	A release date for every retention	Amount, holder, date and trigger
5. Stock, including refrigerant	A count at cost, with gas by type and weight	The store and van count
6. Creditors and the supplier account	Supplier statements reconciled, nothing stretched	Aged creditors
7. Cash and debt at completion	Every debt-like item listed before an offer	Loans, van finance, tax owed
8. The working capital figure	Twelve month-end figures worked out one way	The completed estimator

Fill in the working capital estimator near the back as you go.

A first conversation with Simon is free: **01285 704466**. Bring your last balance sheet.

Money you have earned and cannot bank yet

4.8%

of the contract value: the average retention held from contractors by clients, in survey data reported by government in 2017.

Department for Business, Energy and Industrial Strategy [1]

The same paper describes the custom: half released when the project completes, half after a defects period of typically 12 to 24 months [1].

An installer lives with that. A buyer has to decide whether to pay for it. The same question hangs over deposits, half-finished jobs, the gas on the vans and the supplier account.

Term	In plain words
Working capital	What customers owe you, plus stock and unbilled work, less what you owe suppliers and customers
Work in progress	Work done that you have not yet invoiced
Retention	Part of the price the customer holds back until a later date
Cash-free and debt-free	A price that assumes the seller keeps the cash and clears the borrowings

These are general meanings. In your sale, each term means what the sale agreement says it means, and that wording is negotiated. Take advice from your own solicitor and accountant.

This guide follows one air-conditioning installation from deposit to retention release. At each step it shows where the money sits and what a buyer may ask.

Meet Brackenfold Climate Services

We follow one business, and one of its jobs, through the guide. Brackenfold is invented, and the figures for this business are illustrative.

When the £90,000 for one installation arrives

Illustrative



£18,000 plus £36,000 plus £33,750 plus £2,250 is the £90,000 price.

Brackenfold turns over £1.2m. Half is installation work. It has four engineers, and the owner is one of them.

Customers owe it £120,000. That includes £40,000 of retentions. It carries £30,000 of stock and owes its suppliers £50,000. It has £20,000 in the bank and £60,000 of borrowings.

The job. Air conditioning for two floors of an office, fitted for a main contractor, for £90,000 before VAT. The chart shows when the money arrives.

The contract lets the main contractor hold back 5% of the price, £4,500. Half comes back with the handover payment. The other £2,250 waits 12 months.

The question behind every chapter. If your sale completed today, which side of the line would each pound fall on?

You will see the job, and the business around it, in eight chapters. In each one the seller and the buyer can count the same pound differently.

1. The deposit

A deposit is paid for work you have not done yet.

What good looks like

Every deposit listed against its job, with the work still owed. In England, Wales and Scotland a party to a construction contract is entitled to stage payments unless the work is agreed or specified to take less than 45 days, and the two sides are free to agree the amounts [2]. Installing a heating, ventilation or air-conditioning system in a building counts as construction work under that Act, with some exceptions. A contract with someone for work on the house or flat they live in is outside it [2].

Brackenfold

Illustrative

The main contractor pays £18,000 on order. Next morning Brackenfold has £18,000 in the bank and owes £18,000 of work. At its accounts date it holds £15,000 of deposits on jobs not yet started.

Deposit taken for	Ask yourself	A buyer may ask
Equipment on order	Has the supplier been paid?	Is the kit here, or still owed?
A boiler or heat pump for a homeowner	Is the money held, or spent?	What if the customer cancels?
A start date months away	How much work is owed?	Whose cash pays for that work?

What the buyer is thinking

That deposit is in your bank, and I will be doing the work. Leave the cash in the business, or count it as something you owe.

Rule of thumb

Total the deposits you hold for work not yet done. Whoever owns the business next has to deliver it.

2. Work in progress

Between the deposit and the next invoice your engineers are on site and the job is costing money. Work in progress is the value of what is done and not yet billed.

What good looks like

A schedule for every open job: price, work done, amount billed and cost to finish. In England and Wales, unless the work is agreed or specified to take less than 45 days, and where the two sides have not agreed the amounts, the statutory Scheme works out a stage payment from the value of the work done since the start, plus materials brought to site if the contract pays for them, less what has already been paid or fallen due [3].

Brackenfold

Illustrative

Six weeks in, the pipework and indoor units are fitted on one floor. Work worth £27,000 is done and only the £18,000 deposit has been billed. The £9,000 difference is work in progress.

On each open job

Have ready

Contract price and variations

The order and every signed variation

Work done to date

Engineer hours and materials booked to the job

Cost to finish

What commissioning and snagging will take

What the buyer is thinking

Work in progress is your estimate until someone certifies it. Show me how you measured it and what it will cost to finish.

Check this

- ☐ Book hours and materials to the job, not to the month.
- ☐ Ask your accountant how your accounts value unbilled work.

Rule of thumb

Measure work in progress the same way at every month end, so a buyer can follow it.

3. Applications and invoices

An application for payment and an invoice can run to different rules. Age each debt against the right one.

What good looks like

Debts listed by age against their own terms. In England, Wales and Scotland a clause making payment under a construction contract wait until the payer is paid by someone else is ineffective, unless that party, or one further up the chain, is insolvent [2].

Debt	The rule
Stage payment under the Scheme, where a construction contract has no adequate terms for when it is due (England and Wales)	Due 7 days after the payment period ends, or when you make a written claim if later. If the contract sets no final date, 17 days after it falls due [3]
Business-to-business invoice with no agreed payment date	Late 30 days after the customer gets the invoice, or after you deliver if later [4]
Payment date agreed between two businesses	GOV.UK: usually within 60 days; longer only if fair to both businesses [4]

Whether a planned maintenance contract counts as a construction contract is a question for your solicitor.

Brackenfold

Illustrative

First fix is signed off and Brackenfold applies for £36,000. It joins the £80,000 of invoiced debts. Of that, £52,000 is inside its terms and £28,000 is past them.

What the buyer is thinking

A debt past its terms is not a bad debt. Tell me why it is late before I pay you for it.

Rule of thumb

Set each debt's age against its own contract terms. Write down why anything is past them.

4. Retentions and their release

The job is commissioned and handed over, and part of the price is still on the other side of the table.

What good looks like

A retention ledger: the job, the amount, who holds it, the release date and its trigger. A 2017 government paper reported a survey average of 4.8% of contract value, and a custom of releasing half at completion and half after a defects period of typically 12 to 24 months [1].

When Brackenfold's £40,000 of retentions falls due

Illustrative



£16,000 plus £24,000 is the £40,000 of retentions inside the £120,000 owed.

Brackenfold

Illustrative

At handover the main contractor pays £33,750 and keeps £2,250 for 12 months. Brackenfold is owed £40,000 like it across nine jobs.

What the buyer is thinking

You want paying today for money that arrives in a year, if the main contractor is still there to pay it. Show me the dates.

A Bill before Parliament would ban retention clauses in construction contracts and cap payment terms at 60 days, with limited exemptions. On 12 October 2026 its third reading in the House of Lords was scheduled for 20 October 2026. It is not law, it has not been to the Commons and no start date is set [5].

What to check

- ☐ The release date and trigger for every retention.
- ☐ Whether the party holding each one is still trading.
- ☐ Who collects each one after the sale, and who keeps the money.

5. Stock, including refrigerant

Stock can sit in two places: the store and the vans. Some of it is gas in cylinders, which is worth counting on its own line.

What good looks like

A count on the day, at cost, in the store and on every van, with refrigerant listed by gas and weight. The law limits how much HFC refrigerant can be placed on the market in Great Britain [6], so list what you hold of each gas.

Brackenfold

Illustrative

The £30,000 of stock is £7,000 of refrigerant, £17,000 of parts and fittings and £6,000 of equipment bought for jobs not yet started. Some of the refrigerant is on the four vans.

Stock	Count it by	A buyer may ask
Refrigerant	Gas and kilograms, store and vans	Which gases, and how much of each?
Cylinders	Owned, or the supplier's	Which go back to the supplier?
Equipment for jobs	The job it was bought for	Is it already counted in that job?

What the buyer is thinking

I will pay for stock I can use. I will not pay twice for a condensing unit that is already inside a job's work in progress.

1 January 2027 The amount of HFC refrigerant that can be placed on the market in Great Britain falls from 31% to 24% of the baseline. It is a limit on supply, not a ban on existing units [6].

Rule of thumb

Count stock on the day and price it at what you paid. Mark anything that has not moved in a year.

6. Creditors and the supplier account

The equipment for an installation can land on your supplier account before the customer has paid for it. What you owe suppliers comes off working capital, so check it is all there and none is overdue.

What good looks like

Creditors listed by age against each supplier's terms, with nothing held back to flatter the bank balance. Where no payment date is agreed, a business payment is late 30 days after the customer gets the invoice, or after delivery if later. The supplier can then charge statutory interest of 8% plus the Bank of England base rate, unless the contract sets a different rate [4].

Brackenfold

Illustrative

The outdoor and indoor units cost £44,000 on a 30-day account. The £18,000 deposit covers part. Brackenfold funds the other £26,000 until the first-fix payment arrives. In all it owes suppliers £50,000: £39,000 inside terms and £11,000 past them.

Owed to

Have ready

A buyer may ask

Equipment distributor	Statement and credit limit	Will the account carry on after a sale?
Refrigerant wholesaler	Statement and cylinder record	What is owed on cylinders?

What the buyer is thinking

If you have stretched your suppliers to build up the bank balance, I inherit the bill. Show me the same list for the last two year ends.

Check this

- ☐ Reconcile every supplier statement to your own ledger.
- ☐ List the work subcontractors have done and not yet invoiced.

Rule of thumb

Divide what you owe suppliers by a year's purchases, times 365. Compare it with last year.

7. Cash and debt at completion

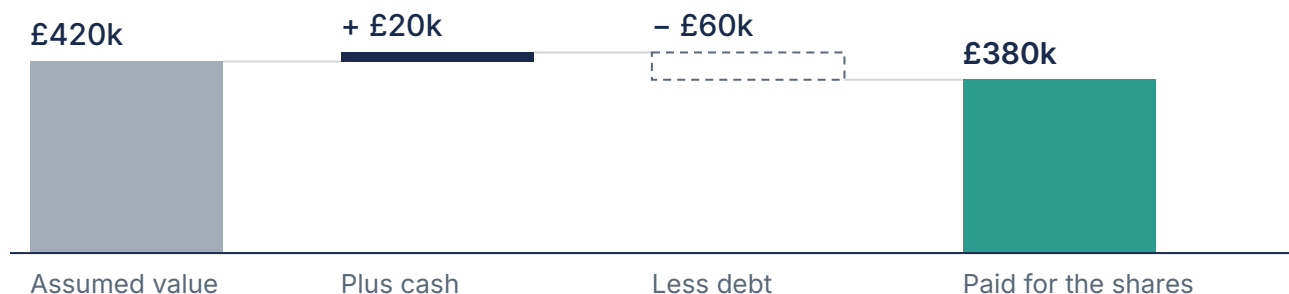
A cash-free, debt-free price is a price for the business with no cash in it and no borrowings. The seller keeps the cash and clears the debt. What counts as each is set by the sale agreement.

What good looks like

A list of everything the company owes that is not a supplier invoice, agreed with your accountant before an offer arrives. For a company with taxable profits of up to £1.5 million, the deadline for Corporation Tax is 9 months and 1 day after the end of its accounting period [7], so a year's bill can be unpaid on completion day.

From the example's assumed value to what is paid for the shares

Illustrative



The assumed value of £420,000 plus £20,000 cash, less £60,000 debt, is £380,000. After £20,000 of fees the seller has £360,000 before tax.

Brackenfold

Illustrative

It has £20,000 in the bank and owes £60,000: £35,000 of finance on two of its four vans and a £25,000 bank loan. The £420,000 is the example's assumption, three times its £140,000 adjusted profit, and not a market figure. It is not the £420,000 a year Brackenfold earns from maintenance contracts.

What the buyer is thinking

If the cash in the bank is customers' deposits, it is not spare cash. It stays in the business or it counts as debt.

Check this

☐

Ask your own solicitor and accountant which items the agreement treats as debt.

8. The working capital figure

Add the lines together and you have working capital: the money tied up in running the jobs. A sale agreement can set a normal amount that must arrive with the business. The question is what normal is.

What good looks like

Month-end working capital for at least the last 12 months, worked out the same way each time. If your work is seasonal, with heating installs before winter or air conditioning before summer, one month's figure says little.

Term	In plain words
Target, or normal level	The working capital the two sides agree the business should arrive with
Completion accounts	Accounts drawn up after completion, so the price can be adjusted to the real figures
Locked box	A price fixed on an earlier balance sheet, with the seller promising nothing has been taken out since

These are general meanings. The agreement's own definitions decide the sum, so ask your own solicitor and accountant.

Brackenfold Climate Services

Illustrative example, not a real deal

Over the last 12 month ends its working capital ran from £70,000 to £125,000 and averaged £95,000. Suppose the two sides agree £95,000 as the target and adjust the price pound for pound. At £100,000 on completion day the buyer pays £5,000 more. At £85,000 the seller receives £10,000 less.

What the buyer is thinking

Collect every debt and run the stock down before completion, and I will be funding next month's jobs myself.

Rule of thumb

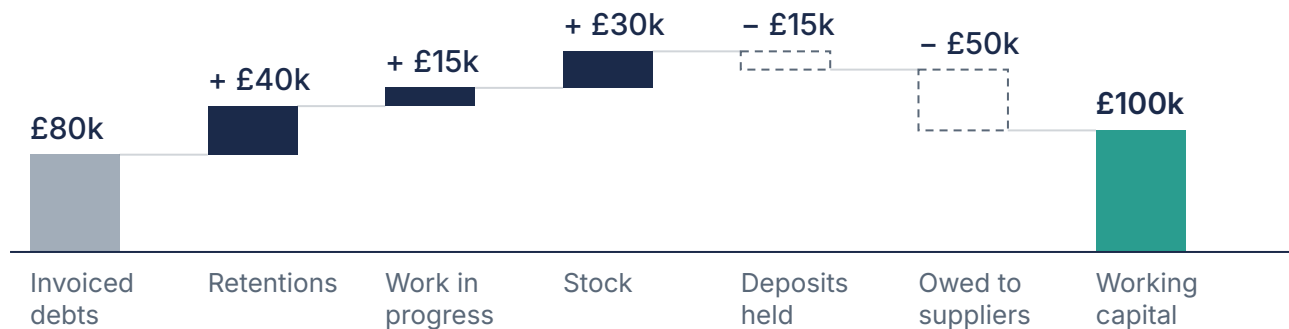
Work out working capital at each of your last 12 month ends. Note the highest, lowest and average.

Brackenfold's working capital in one picture

Of the £100,000, £40,000 is retentions, and £24,000 of that is more than a year away. A buyer may accept all of it, part of it or none. Have that conversation early, with the dates in front of you.

Brackenfold's working capital, line by line

Illustrative



£80,000 plus £40,000, £15,000 and £30,000, less £15,000 and £50,000, is £100,000.

Work in progress and deposits are both £15,000 at this date, so they cancel. A month later they may not.

What public records show. A press release or a register entry shows who took control. Neither of these shows how the working capital was settled.

In January 2026 Nordic Climate Group announced the acquisition of Allcool NW, a refrigeration, air-conditioning and service company near Blackpool, founded as a family-run business in 1977, with 40 employees [8].

Companies House shows that on 26 June 2025 KSX Holdings, a company incorporated on 1 April 2025, became a person with significant control of Elite Pacific. Elite Pacific's registered office is in Wakefield, and its website describes it as air conditioning and refrigeration specialists [9].

Neither source gives a price, a working capital figure or a word on retentions.

Bring your figures to a free first conversation

Fill in the estimator and bring it with your last balance sheet. We will go through the lines a buyer is most likely to question.

01285 704466

Working capital estimator

Use the figures from your latest month end, in pounds. Add the lines marked Add, take off the lines marked Less and write the result on the total line.

Your business, and the month end used

Working capital line	Add or less	Amount
Invoiced debts owed by customers, without retentions	Add	£
Retentions held by customers, due within 12 months	Add	£
Retentions held by customers, due later	Add	£
Work in progress: work done and not yet invoiced	Add	£
Stock at cost, without refrigerant	Add	£
Refrigerant at cost, in the store and on the vans	Add	£
Deposits received for work not yet done	Less	£
Owed to suppliers and subcontractors	Less	£
Working capital at this month end	Total	£

Lines a buyer may question, and the evidence you hold for each

Do it again for each of your last 12 month ends and you have the range a buyer may ask about. Type into the PDF and save it, or print the page.

Sources and validity

1. Department for Business, Energy and Industrial Strategy: [Retention payments in the construction industry](#), a consultation paper, 24 October 2017. The 4.8% is from a survey of the construction industry as a whole, not of HVAC firms. Statistic.
2. [Housing Grants, Construction and Regeneration Act 1996](#), sections 104 to 106, 109 and 113. Enacted law. England, Wales and Scotland.
3. [Scheme for Construction Contracts \(England and Wales\) Regulations 1998](#), Schedule, Part II, paragraphs 1 to 4, 8 and 12. Enacted law. England and Wales only.
4. GOV.UK: [Late commercial payments: charging interest and debt recovery](#), and its page [Interest on late commercial payments](#). Guidance describing the Late Payment of Commercial Debts (Interest) Act 1998, which covers contracts between businesses. UK.
5. UK Parliament: [Commercial Payments Bill \[HL\]](#), stages as published on 12 October 2026. Department for Business and Trade: [Commercial Payments Bill overview](#), 19 May 2026; [Late payment consultation, government response](#), updated 24 July 2026. Proposed, not law.
6. [Regulation \(EU\) No 517/2014 as it applies in Great Britain, Annex V](#). Enacted law. Great Britain.
7. GOV.UK: [Pay your Corporation Tax bill](#). UK.
8. Nordic Climate Group: [announcement](#), 15 January 2026.
9. Companies House: [Elite Pacific Limited](#), persons with significant control, change dated 26 June 2025, and [company overview](#), registered office; [KSX Holdings Limited](#), incorporated 1 April 2025. Elite Pacific: [company website](#), for its own description of its trade.

Checked 12 October 2026. We review every guide after the Autumn Budget on 28 October 2026. Tax, legal and accounting treatment depends on the deal in front of you, so take advice on yours from your own solicitor and accountant.

The terms. This guide explains working capital, work in progress, retention, cash-free and debt-free, target, completion accounts and locked box as general information. It gives no wording to use and is not legal, tax or accounting advice. In a sale each term means what the sale agreement says.

The example. Brackenfold Climate Services is invented. It is not a Reads client or a real sale. Its figures, the job, the assumed value of £420,000 at a multiple of three and the views given for its buyer are illustrative and are not market evidence. Figures leave out VAT. The two public records show who took control. Neither is evidence of a price or of terms. The images in this guide are illustrative.

Bring your last balance sheet



You do not need a finished pack for a first conversation. Bring the estimator and the lines you are least sure of.

A first conversation is free, and there is no obligation to go further.

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