FREE CHAPTER

Chapter 1. What a British small business actually is

Buying a Small Business in Britain

Grig Lien · Provenance Diligence

Dan has been frying since he was nineteen. He can tell by the sound when the fat is right, and he knows the Friday queue by name.

What he does not know is what a chip shop costs. Or who sells them. Or why the one two streets over has been on the market since March, if it is doing the numbers the advert says.

This chapter answers them. Every figure below carries the day it was counted and the sample it rests on, so you can weigh each one before you repeat it to anybody.

A country of businesses with nobody in them

There were **5,690,265 private sector businesses** in the United Kingdom at the start of 2025.

In 4,272,535 of them, nobody works but the owner. No employees at all. That is **75 %** of every business in the country.

3.2 million of them — 57 % — are sole proprietorships: one person trading under their own name, with no company between them and the debt.

(Department for Business and Trade, Business Population Estimates 2025, position at the start of 2025.)

Three businesses in four are one person. That changes what you are buying. You are not buying a company with departments. You are buying somebody's job, with its keys, its fryer and its Friday queue. In a business with no employees, that somebody is the person selling it to you.

It means one thing: when the owner walks out, part of the business walks out with him, and the seller hands you no inventory with that part on it. The supplier who gave him thirty days. The customer who came for him. The price he knew how to argue down.

More than half the country is not in the register

The first thing about Britain is a subtraction.

The Office for National Statistics counts **2,734,615 businesses** registered for VAT or PAYE. The ONS takes that count from the government's own business register, snapshot of **14 March 2025**, published 24 September 2025.

The other count, the one above, is **5,690,265**.

⚠️ **The two do not describe the same thing, and the gap is not an error.** The Business Population Estimates say so directly: **2.6 million businesses (46 %) are registered for VAT or PAYE**, and **3.0 million (54 %) trade without being registered for either.**

Read that again, because it decides how you spend your evenings. **More than half the businesses in Britain are not in the registered count at all.** Too small for compulsory VAT, no staff on a payroll. They exist and they trade, and the official register does not list them.

Which half is the business you are looking at? You will know within a minute of asking, and Chapter 13 shows you where to look. For now: **if the seller is a sole trader, there is no company to look up.** No accounts, no filing history, no company number. What remains is what he shows you, plus the public checks that attach to the premises and the person: the VAT number, the licence, the hygiene rating, the planning register, and whether he is bankrupt or in an arrangement with his creditors, which the Individual Insolvency Register on gov.uk shows free for England and Wales, searchable by name or trading name.

How small is small

Of the 2,734,615 businesses the register does hold:

Employees	Businesses	Share
0–4	**2,137,200**	**78.2 %**
0–9	2,437,845	89.1 %
0–19	2,594,435	**94.9 %**

(ONS, UK business: activity, size and location, 2025 edition. Counts are rounded to the nearest 5 in the source, so the totals carry that rounding.)

Nineteen businesses in twenty have fewer than twenty people. When somebody says "the British small business market", this is what they mean: **four employees or fewer, in four cases out of five.**

The four shapes of a business, and which one this book measured

Trades are a poor way to sort a market for a buyer, because a barber and a care home have more in common with each other than either has with a plumber. What a buyer needs to know is the **shape** of the thing: whether there is a door, a van, a desk or a machine at the centre of it, because that decides which documents exist, which laws reach it and what the first quarter costs.

We put every class in the government's business census into one of four shapes.

Shape	Businesses with 0 to 19 employees	Share
A. A place people walk into: shops, cafés, pubs, salons, gyms, garages, hotels, care homes, nurseries, schools	714,270	**27.5 %**
B. Trades that go to the customer: builders, electricians, plumbers, cleaners, gardeners, hauliers, taxis, couriers	550,565	**21.2 %**
C. A desk and a phone: consultants, agencies, IT, professional services, online shops, letting your own property	910,135	**35.1 %**
D. A workshop or a warehouse: small manufacturers, wholesalers, repairers of machines	206,440	**8.0 %**
Left out of this book by design: farms, mines, power, finance, public bodies, households	210,075	8.1 %

(ONS, UK business: activity, size and location, 2025; our allocation of two-digit industry divisions to shapes, published with the data. Four shapes: 91.8 % of small businesses.)

🔴 **Now the limit of this book.** The twenty trades whose prices fill the tables below all have a door: they are shape A. Together they are **305,290** small businesses, **11.8 %** of the whole and **42.7 %** of shape A. So every asking price and every disclosure rate in this book is a shape A figure, and we say so where it matters. What the book says about the law, the staff, the tax, the register and the money reaches all four shapes, and each chapter ends by saying which. What it says about prices reaches one.

What is for sale, and for how much

On 12 September 2026 we read the listings on one British business-for-sale portal and took the asking prices one by one. Take it for what it is — **one portal out of at least five, read on one named day** — before you quote any of it as "the British market". This is what sellers were asking.

1,222 separate listings across twenty trades. Where a listing appeared in more than one trade, we counted it once.

Trade	Listings	With a price	Lower quartile	Median asking price	Upper quartile
Hotels and motels	100	94	£396,250	**£597,000**	£953,750
Guest houses and B&Bs	100	97	£395,000	**£550,000**	£875,000

Trade	**Listings**	**With a price**	**Lower quartile**	**Median asking price**	**Upper quartile**
Pubs	67	58	£76,238	**£250,000**	£400,000
Post offices	100	97	£120,000	**£245,000**	£495,000
Fish and chip shops	100	100	£77,461	**£125,000**	£221,246
Bars	100	84	£59,950	**£125,000**	£349,999
Convenience stores	88	84	£59,984	**£115,000**	£205,000
Nurseries	64	54	£50,000	**£100,000**	£623,750
Care homes	66	62	£45,000	**£100,000**	£487,500
Restaurants	66	60	£48,375	**£99,250**	£161,250
Takeaways	67	60	£41,875	**£95,000**	£146,250
Off-licences	100	93	£50,000	**£95,000**	£330,000
Cafés	66	62	£39,996	**£89,997**	£145,000
Bakeries	87	75	£45,000	**£89,995**	£149,995
Coffee shops	67	65	£43,500	**£79,950**	£149,995
Beauty salons	87	81	£28,000	**£74,950**	£154,999
Gyms	67	56	£47,461	**£72,250**	£186,500
Barber shops	81	70	£37,812	**£59,999**	£128,496
Hair and beauty salons	100	92	£34,999	**£59,995**	£119,996

Trade	Listings	With a price	Lower quartile	Median asking price	Upper quartile
Vehicle repair	65	52	£31,750	**£50,000**	£127,496

(Our count, one portal, 12 September 2026. Where the advert gives a range, we take its lower end. Sample and method: Appendix A10.)

Dan's chip shop sits in the middle of that table at **£125,000**, and the quartiles say the rest: a quarter of chip shops were asking under £77,461 and a quarter over £221,246. **A median this wide is the middle of a room, and the room runs from £77,461 to £221,246.**

Chip shops are also the one trade in the table where **every single listing named a price** — 100 out of 100. At the other end, vehicle repair: 52 out of 65 named a price, 13 did not.

What the seller tells you, and what he leaves out

Across the same 1,222 listings we counted how often each figure was printed.

Stated as a number	Listings	Share	Margin
Asking price	1,116	**91.3 %**	±1.6 points
Turnover	763	**62.4 %**	±2.7 points
Net profit	**210**	**17.2 %**	±2.1 points

⚠️ **Those margins cover only the randomness of the sample.** They do not cover the fact that we read one portal of five, that we took pages in the order the portal served them, or that what goes into an advert is decided by the seller. The number to hold onto is the shape, not the decimal.

Nine adverts in ten name a price. **Fewer than two in ten name a profit.**

And only **196 listings — sixteen in a hundred — name all three numbers.** Sixty-one name none of them at all.

Price is what gets you to call. Profit is what decides whether the price is sane, and it is the figure that most often is not there. When you catch yourself thinking a business looks cheap, check first whether you have been told what it earns — or only what it takes.

Where the price is absent, this is what stands in its place, out of 106 listings:

Instead of a price	Listings
"On request"	52
"Undisclosed"	43
a token figure under £5,000	5
"Offers Invited"	3
nothing at all	2
an asking price of **£1**	1

The pub that costs a pound

One listing in Leeds prints this, exactly as written:

> Asking Price: £1 · Turnover: £620,000

It is a gastro pub in the city centre. Ground floor trade area for a hundred, function room for forty, two-bedroom flat above. The turnover figure is stated. The price is one pound.

It is not a mistake in our reading — we went back to the page to check, because a pound against six hundred thousand of takings is not a price. **It is a placeholder**, put in a mandatory box by somebody who did not want to answer it yet.

Keep it in mind as the shape of the whole market you are about to walk into: the form requires fields, and the fields were filled in.

Price and takings do not move together

Look back at the table and put two trades side by side.

Trade	Median asking price	Median stated turnover	Listings naming turnover
Pubs	£250,000	**£480,000**	17 of 67
Hotels	£597,000	**£110,000**	30 of 100

A pub is asked at **about half its takings**. A hotel is asked at **more than five times** its takings. Same table, same day, opposite directions.

⚠️ Read those turnover figures with the sample beside them: only 17 pubs and 30 hotels named one at all. The direction is solid; the exact multiple is not.

The word "business" covers two different objects here. Of the 100 hotel adverts, 79 say freehold: the building is in the price. Of the 66 care home adverts, 29 say which, and 19 of those say leasehold: a business inside somebody else's building, and the building stays with its owner.

Which is why the first thing to find on a British listing is not the price at all.

Freehold, leasehold, or neither

On the same portal, on the same day, two adverts in three said which of the two they were offering, and one in three did not. Chapter 4 has the count and what it means. For now: it is your first question on the phone, before turnover, before profit, before why they are selling, because the answer decides which chapters you read next. If it is freehold, Chapters 5 to 8 are background reading. If it is leasehold, read them before you read anything else about the business, because the lease decides whether you still have a business in three years, and in Scotland it decides it very differently from England.

Why buy a working business at all

One figure answers that.

Of the businesses born in the UK in 2019, **38.4 % were still trading five years later.**

(ONS, Business Demography 2024, published 20 November 2025.)

In the same year, **317,000 businesses were born and 280,000 died** — birth rate 11.1 %, death rate 9.8 %.

Fewer than four new British businesses in ten reach their fifth birthday. Buying one that already trades is arithmetic: somebody else has already paid the five-year entry fee, and what you are negotiating is how much of that you hand back.

But it works only if the thing you buy is the thing that survived. That is the rest of this book.

One in 190

There were **23,938 registered company insolvencies in England and Wales in 2025**:

Procedure	**Companies**
Creditors’ voluntary liquidations	18,525
Compulsory liquidations	3,730
Administrations	1,495
Company voluntary arrangements	186
Receivership appointments	2

(Insolvency Service, Company Insolvency Statistics, December 2025 release. England and Wales; Scotland is counted separately by the Accountant in Bankruptcy.)

The Insolvency Service puts it as a rate: **one company in 190 on the register entered insolvency in 2025** — 52.5 per 10,000, the same as in 2024.

⚠️ **That rate counts companies, not businesses.** The 3.2 million sole traders are not in it, because a sole trader does not go into liquidation — the person goes bankrupt, and that is counted somewhere else. When somebody quotes you an insolvency rate for “British business”, ask which of the two counts they are using, before you repeat the rate.

Find your trade in this book

If your trade is in the table above, its numbers are there and its chapter is below. If it is not, read anyway: the mechanisms are the same, and only the prices change.

If you are buying	**The chapter that will cost you money if you skip it**
a pub, bar, restaurant, café, takeaway, chip shop	5–8 the lease · 9–10 the staff · 12 the licence
a hotel, guest house, B&B	4 what you are actually buying · 13 the register
a shop, off-licence, post office	5–8 the lease · 11 the VAT number
a salon, barber shop, gym	9–10 the staff · 5–8 the lease
a care home, a nursery	12 the permissions · 9–10 the staff
a garage	9–10 the staff · 11 the VAT number
a builder, electrician, plumber, cleaner, gardener, haulier (shape B)	2b the money · 9 who is an employee · 13b the van, the tools and CIS · 17 what the customer promised
a consultancy, an agency, an online shop, anything run from a desk (shape C)	2b the money · 13 the register · 13b the unpaid invoices · 17 the customer contracts
a workshop, a small factory, a wholesaler (shape D)	5–8 the lease on the unit · 13b stock and machinery · 16 the going concern · 17 the order book

What surprises people about this market

That the register is free. In Britain you can pull a company's filing history, its charges, its accounts and its former names in about a minute, for nothing, before you have said a word to the seller. A buyer who does not know this pays a professional to do it after he has made an offer. Chapter 13.

That the staff come with the business whether or not anybody mentions them. We read 114 listings on the same portal line by line, on 9 September. **Eighty of them talk about staff. One names the law that transfers them to you.** Chapters 9 and 10.

That the licence does not come with it. The premises licence stays with the person named on it, and you apply for a transfer. Chapter 12.

That you can take on the seller's tax debt by asking for a convenience. There is a box you can tick to keep his VAT number so the invoices do not change. Tick it and his unpaid VAT is yours. Chapter 11.

Before you open another listing

This week, in this order, and none of it costs anything:

1. **Decide freehold or leasehold before you look at price.** They are different purchases with different risks, and comparing their prices to each other tells you nothing.
2. **Look up the seller's company on the public register.** It is free and needs no account. If there is no company to look up, you have learned something equally important: he is one of the 3.2 million, and there will be no accounts.

3. **Write down the asking price, the turnover and the profit for every listing you like.** You will find that the third column is empty about eight times in ten. That empty column is the subject of the next chapter.

Where the price stops helping you

Everything in this chapter is what sellers **ask**. Not one figure here is a price anybody **paid**.

We have no source for British sale prices. Nor does anybody else we could find, because a small business sale is a private contract between two people and is filed nowhere. When you see “average sale price” quoted for British small businesses, ask where it came from; the answer, wherever we have traced it, was the same listings we counted.

So the price tells you what the seller hopes for. From here on, this book is about the things that decide whether that hope is your problem or his: the lease, the staff, the tax, the licence, and what the register will tell you about him for free.

Chapter 2 starts where the empty column started: what these businesses take, and what is left of it by the time it reaches the owner.

The whole book — every chapter, every source with its address — is on Amazon.

https://www.amazon.co.uk/dp/B0HJQZKNSM