

Example Annual Report

This example
was prepared using



Pinnacle IFRS UK PLC

Company Number 01234567

IAS1(51)(a)

UK-CA406(1)(b)

Annual Report - 31 December 2024

Pinnacle IFRS UK PLC
Corporate directory
31 December 2024

Directors	Anthony Example Brad Example Christina Example Daniel Example	1
Company secretary	Fabian Example	2
Registered office	10th Floor Universal Administration Building 12 Highland Street London EC1 Phone: 020 1234 5678	
Principal place of business	5th Floor Pinnacle Business Centre 247 Edward Street London EC1 Phone: 020 9012 3456	
Share register	ShaReg United Kingdom Limited 3rd Floor AIR Tower 66 Hay Street London EC1 Phone: 020 7890 1234	
Auditor	Accounting Firm 123 Level 18 BLB Complex 312 Druitt Street London EC1	
Solicitors	Harrington Legal Level 3 Harrington United Building 12 Collins Street London EC1	
Bankers	Federation Bank Level 4 Federation Square 65 Market Street London EC1	
Website	www accurri.com	

The directors present their strategic report on the consolidated entity for the year ended 31 December 2024.

UK-CA414A

Principal activities

During the financial year the principal continuing activities of the consolidated entity consisted of:

- Computer manufacturing
- Computer retailing
- Computer distribution

The computer distribution division was significantly enhanced during the year with the acquisition of Pinnacle Carrier Limited.

Review of operations

UK-CA414C(2)(a)

The consolidated entity is a leading manufacturer and supplier of computer equipment, offering state of the art laptops, desktops, tablets and motion detection devices throughout the United Kingdom.

Across our business, we directly employ approximately 2,500 people and maintain over 35 retail outlets. Our manufacturing and central distribution function is based in Northampton, United Kingdom, and employs over 1,200 people. Our Pinnacle computers are offered from our 35 PinnacleTech branded retail outlets and 4 Pinnacle Business Centres. Our customers are largely represented by individual consumers, small to medium sized businesses and government departments.

The consolidated entity operates in highly competitive market that is constantly innovating. Our business strategy relies upon the following key elements:

- Efficient manufacturing and distribution process so that time between order and delivery is minimal.
- Customer contact points: Retail outlets have served as our primary customer contact point, however the extension of our Business Centres has seen full business solutions being sought by our increasing SME business base. Our increasing online presence provides for complete coverage across the United Kingdom.
- Innovative product: Our research and development teams continue to strive to produce better products through listening and analysing the needs of our growing customer base and identifying trends in international markets. Our consultants regularly provide feedback to our strategy team for new product ideas.
- Key relationships: In order to remain fluid in our design capabilities, we rely greatly on the cooperation of our Chinese material suppliers with which we have long term supply contracts.

The continued implementation of strategies to ensure that the business is capable of supporting our growth objectives, whilst maintaining a focus on both innovation and profitability across our divisions will benefit shareholders through continued payment of dividends and share price growth.

	2024 £'000	2023 £'000	Change £'000	Change %
Sales revenue	463,054	431,983	31,071	7%
Employee benefits expense	225,150	218,728	6,422	3%
EBITDA	108,899	56,855	52,044	92%
Profit after income tax	31,530	25,857	5,673	22%
Net current assets	22,800	27,156	(4,356)	(16%)
Total assets	625,335	299,170	326,165	109%
Total equity	215,243	222,563	(7,320)	(3%)
Average number of employees	2,574	2,511	63	3%

All three of the consolidated entity's divisions improved their profit results. The computer manufacturing division further increased its profit following the re-engineering of its processes, which has resulted in increased production and a reduction in product defects. The computer retailing division had a 7% increase in sales largely from higher value products. The computer distribution division benefited greatly from the final integration of the acquired Pinnacle Carrier Limited, which saw its existing administrative function better utilised.

Whilst less than 25% of sales are provided on credit, the consolidated entity has increased its monitoring of debt recovery as there is an increased probability of customers delaying payment or being unable to pay in the current environment. As a result, we have increased our allowance of expected credit losses as at 31 December 2024.

The financial position of the consolidated entity is strong with excellent liquidity and a large asset base, which is being fully utilised. With the predicted continued profitability of the consolidated entity, bank borrowings are expected to reduce significantly during the year ending 31 December 2025 from current cash on deposit and future earnings, without necessarily reducing dividend payments.

Principal risks and uncertainties

UK-CA414C(2)(b)

The following is a summary of material business risks that could adversely affect our financial performance and growth potential in future years and how we propose to mitigate such risks.

Competitive risks

The consolidated entity operates in a highly competitive market. Innovation is constant and superior products that may be released to the market places pricing pressures on our product and causes our product to be repositioned by the market. We manage this risk through maintaining product development teams that are highly experienced and remain abreast of latest technological advances and implications for our current and future products. We also continue to invest in our brand which continues to be well regarded within the United Kingdom.

Our strategy to expand our business customer base has led to four Business Centres now being open to provide full-range IT solutions to the SME business and government market segments. Greater sales leverage is achievable with business customers as multiple units and products are packaged. As individual consumer purchases increasingly move to online, we have sold our Ireland retail stores and redirected labour resources from retail stores to business centres.

Our online strategy has expanded our customer base and raised product awareness around the world. Sales can be generated without significant overhead and is this therefore a more attractive customer contact point when compared to costs associated with retail store expansion. We will be looking to increase the range of products available online once we can secure adequate levels of supply.

Environmental risks

The consolidated entity is subject to significant environmental regulation in respect of its manufacturing activities. Refer to the non-financial and sustainability information statement for more information.

Operational risks

The computer industry is a fast moving industry and the rate of technological change is astronomical. The main risk for the consolidated entity, and therefore the focus of management, is stock management. During the financial year the stock module of the management information system was updated to provide 'real time' information on stock turn and the identification of slow moving stock. This allows management to make special offers to customers to clear the stock before it becomes completely obsolete.

Unless we can successfully achieve lower production costs, we remain exposed to competitors with cheaper comparable product. Our strategy to establish a Chinese production base is well established and will be implemented from next year. Lower labour costs overseas will assist us to manage production costs.

During the financial year, the acquisition of Pinnacle Carrier Limited significantly increased the size of the distribution division. With a significant order book at the time of acquisition, sales to external customers from this division are expected to materially increase in the next financial year. Due to contractual confidentiality in relation to this acquisition, further details in relation to future business cannot be provided. Continued integration of this business into the existing structures and servicing of existing customers of that business will be profitable for the distribution division going forward. Our quick-delivery strategy has led to the creation of a secondary distribution centre in Brussels to channel product into Europe.

Financial risks

The consolidated entity's activities expose it to a variety of financial risks. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Use of derivatives

The consolidated entity has entered into forward foreign exchange contracts to reduce exposure to the variability of foreign exchange rates by fixing the rate of any material payments in a foreign currency.

Exposure to price, credit, liquidity and cash flow risk

The consolidated entity is not exposed to any significant price risk.

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral. The consolidated entity has a credit risk exposure with a major United Kingdom retailer, which as at 31 December 2024 owed the consolidated entity £10,680,000 (74% of trade receivables) (2023: £9,510,000 (72% of trade receivables)). This balance was within its terms of trade and no impairment was made as at 31 December 2024. There are no guarantees against this receivable but management closely monitors the receivable balance on a monthly basis and is in regular contact with this customer to mitigate risk.

Liquidity risk refers to the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly Cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

Likely future developments

UK-CA414C(7)(a)

There has been a squeeze on the margins of desktop and laptop computers and a strong demand for tablets and motion detection devices. Management plans to increase production of its high margin tablets and ramp up the research and development of its motion detection devices.

With the manufacturing facilities forecast to be at maximum capacity within the next 6 months, management are actively looking for new premises to house additional machines to increase capacity.

As the economic environment continues to improve and the new higher margin products being sold, management are confident that the prospects of the consolidated entity will continue to improve in the foreseeable future.

Gender diversity

UK-CA414C(8)(c)

The number of males and females in the consolidated entity as at 31 December 2024 is as follows:

	Male	Female	Total	
Directors	3	2	5	UK-CA414C(8)(c)(i)
Senior management	18	11	29	UK-CA414C(8)(c)(ii)
Employees	1,081	1,556	2,637	UK-CA414C(8)(c)(iii)

Non-financial and sustainability information statement

UK-CA414CB

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The following is a summary of non-financial and sustainability information.

The consolidated entity recognises that good governance is essential to delivering on our strategic and environmental goals. There are various processes, controls and procedures in place to ensure good governance, underpinned by the Code of Conduct and policies in place. These ensure that our employees understand the expectations on our business to meet employment standards, maintain a safe and healthy workplace, respect human rights and protect customers.

Environmental matters

The consolidated entity is subject to significant environmental regulation in respect of its manufacturing activities. The relevant authorities are kept updated and, to the best of the directors' knowledge and belief, all responsibilities under the regulations have been discharged and there have been no breaches of any environmental regulation.

Environmental matters are considered in our Pinnacle Planet plan, including:

- Our policies are designed to ensure employees comply with the relevant environmental legislation
- What natural resources are used in the consolidated entity's products, where they originate from, how they are sourced, if there is a synthetic alternative and the recyclable elements
- The waste management and pollution caused in the entire life cycle of our products
- The consolidated entity has science based targets for each region in which it operates, including the aim of halving emissions by 2030 (Scope 1) and achieving net zero by 2040 (Scope 2)
- Switch to renewable energy sources of electricity by 2027
- Energy efficiency targets are implemented at a local level
- How the consolidated entity and its suppliers will reduce the overall carbon footprint

During the financial year, the consolidated entity stopped using XYB Conductors, as their products contain heavy metals that have been found to contaminate soil when improperly disposed of.

The carbon dioxide emissions by the consolidated entity during the year ended 31 December 2024 were as follows:

	Consolidated 2024	Consolidated 2023
Fuel combustion	5,897	6,237
Facility operation	9,317	9,249
Scope 1 - Tonnes of carbon dioxide emitted	15,214	15,486
Scope 2 - Tonnes of carbon dioxide emitted	76,153	78,819
Scope 3 - Tonnes of carbon dioxide emitted	104,367	108,542

The future carbon dioxide emissions targets for the consolidated entity are as follows:

	2025	2026	2027	2030	2040
Scope 1 - Tonnes of carbon dioxide emitted	14,500	13,400	12,100	7,600	1,900
Scope 2 - Tonnes of carbon dioxide emitted	72,000	67,000	60,000	38,000	9,500
Scope 3 - Tonnes of carbon dioxide emitted	99,000	92,000	83,000	52,000	13,000

The greenhouse gas emissions are categorised as follows:

- Scope 1: Direct greenhouse gas emissions that occur from sources that are owned or controlled by an entity
- Scope 2: Indirect greenhouse gas emissions that occur from the generation of purchased electricity, heat or steam consumed by an entity
- Scope 3: Indirect emissions outside of Scope 2 emissions that occur in the value chain of an entity, including both upstream and downstream emissions

The waste produced and water consumed by the consolidated entity during the year ended 31 December 2024 was as follows:

	Consolidated	
	2024	2023
Landfill	988	1,167
Recycled	894	835
Secure paper recycled	797	896
	<hr/>	<hr/>
Tonnes of waste produced	2,679	2,898
	<hr/>	<hr/>
Kilolitres of water used	188,677	216,102
	<hr/>	<hr/>

Employees

The consolidated entity aims to ensure that it has a safe operating environment with an inclusive and diverse culture and the best talent and skills for our future success.

The following policies are in place:

- Code of Conduct
- Recruitment and retention
- Inclusion and diversity
- Parents returning to work
- Education and training
- Health and safety
- Whistleblowing

The proportion of females in the consolidated entity is as follows:

	Consolidated	
	2024	2023
	%	%
Directors	40.0%	40.0%
Senior management	37.9%	34.5%
Employees	59.1%	58.7%

The age diversity in the consolidated entity is as follows:

	Consolidated	
	2024	2023
	%	%
Under 25 years	7.1%	6.9%
25-34 years	32.3%	30.7%
35-44 years	32.5%	32.4%
45-54 years	18.6%	19.9%
55-64 years	8.1%	8.9%
Over 65 years	1.4%	1.2%

The other diversity dimensions in the consolidated entity are as follows:

	Consolidated	
	2024	2023
	%	%
Indigenous workforce (ancestry)	1.3%	1.2%
Employees who identify as having a disability	7.1%	6.5%
Employees who identify as LGBTIQ+	4.8%	4.9%
Employees who identify as non-binary	0.5%	0.4%

Information on disabled employees and employee engagement is disclosed in the directors' report.

Information on the Chief Executive Officer's pay ratio is disclosed in the directors' remuneration report.

Social matters

Social matters cover a vast range of potential issues including responsible business policies. Our policies set out our commitment to high social standards and the requirements for our supply chain.

The following policies are in place:

- Code of Conduct
- Corporate social responsibility
- Data protection and data privacy
- Information security
- Competition and anti-trust
- Conflicts of interest
- Privacy
- Disaster recovery and business continuity
- Tax strategy

The consolidated entity recognises that a social contribution is an important part of its role in society and it actively balances the needs of shareholders, employees, customers and communities in which it operates. The consolidated entity diverts free products and resources to communities via the 'Computers for the Community Charity' program, where hundreds of new computers are provided free-of-charge every year to community groups. There is always greater demand than supply, but the consolidated entity strives to lessen this gap over time.

Information on business relationships is disclosed in the directors' report.

Human rights

The consolidated entity is committed to operating in accordance with the International Bill of Human Rights and embraces, supports and respects the human rights of everyone it works with and complies with the appropriate human rights legislation in the countries in which it operates.

The following policies are in place:

- Human rights
- Modern slavery and human trafficking
- Discrimination and harassment

During the financial year, the consolidated entity stopped sourcing computer components from a Bodiland supplier who had breached the modern slavery and human trafficking policy.

Anti-bribery and corruption

It is important that the consolidated entity operates to high ethical standards and complies with all applicable laws. Employees and supply chain partners are made aware of the consolidated entity's strategy and how their behaviours affect delivery.

The following policies are in place:

- Anti-bribery and corruption
- Anti-money laundering

Section 172(1) statement

UK-CA414CZA

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The directors act in good faith to continually balance the success of the consolidated entity and the rewards to its shareholders against many other factors, including ensuring that:

- Business is conducted morally and ethically, in line with the consolidated entity's Code of Conduct
- Short-term gains do not have an adverse consequence on the consolidated entity's long-term strategy, success and benefits
- Employee welfare, training and interests are taken care of
- Customer and supplier relationships are strong, mutually beneficial and comply with the consolidated entity's policies (such as anti-bribery and corruption, anti-slavery and human trafficking and corporate social responsibility)
- Any community and environmental impacts as a result of the consolidated entity's operations are considered

During the financial year, the consolidated entity:

- Stopped sourcing computer components from a Bodiland supplier who had breached the anti-slavery and human trafficking policy
- Stopped using XYB Conductors, as their products contain heavy metals that have been found to contaminate soil when improperly disposed of
- Reduced the supplier payment terms from 45 days to 30 days
- Introduced a new training programme for parents returning to work
- Acquired Pinnacle Carrier Limited, with a long term view of insourcing all United Kingdom distribution
- Acted on feedback from its customer focus groups
- Continued its research and development on motion detection devices

This report is made in accordance with a resolution of directors.

UK-CA414D

On behalf of the directors

Brad Example
Director

Daniel Example
Director

UK-CA414D

24 February 2025

The directors present their report, together with the financial statements, on the consolidated entity (referred to hereafter as the 'consolidated entity') consisting of Pinnacle IFRS UK PLC (referred to hereafter as the 'company' or 'parent entity') and the entities it controlled at the end of, or during, the year ended 31 December 2024.

Directors

UK-CA416(1)(a) 5

The following persons were directors of Pinnacle IFRS UK PLC during the whole of the financial year and up to the date of this report, unless otherwise stated:

Anthony Example
Brad Example
Christina Example
Daniel Example
Elizabeth Example (resigned on 18 February 2025)

Foreign branches

UK-2008/410.Sch7.7(1)(d)

The consolidated entity has branches in France, Germany and the Republic of Ireland.

Dividends

UK-CA416(3) 6

Dividends paid during the financial year were as follows:

	Consolidated	
	2024	2023
	£'000	£'000
Final dividend for the year ended 31 December 2023 (2023: 31 December 2022) of 15 pence (2023: 8 pence) per ordinary share	22,037	11,744
Interim dividend for the year ended 31 December 2024 (2023: 31 December 2023) of 5 pence (2023: 4 pence) per ordinary share	7,346	5,872
	29,383	17,616

On [date] the directors declared a final dividend for the year ended 31 December 2024 of 17 pence per ordinary share to be paid on [date], a total estimated distribution of £24,975,000 based on the number of ordinary shares on issue as at [date].

Review of operations

UK-CA414C(2)(a)

The profit for the consolidated entity after providing for income tax and non-controlling interest amounted to £31,388,000 (31 December 2023: £17,433,000).

Information on the review of operations is disclosed in the strategic report

Going concern

UK-LR9.8.6(3)

The financial statements have been prepared on a going concern basis as there are reasonable grounds to believe that the consolidated entity will be able to pay its debts as and when they become due and payable.

Matters subsequent to the end of the financial year

UK-2008/410.Sch7.7(1)(a) 7

Apart from the dividend declared as discussed above, no other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Likely future developments

UK-2008/410.Sch7.7(1)(b)

Information on likely future developments of the consolidated entity are disclosed in the strategic report.

Research and development

UK-2008/410.Sch7.7(1)(c)

The current research and development focus is on motion detection devices, particularly the body motion device. Also on the horizon are the virtual keyboard and the eye-retina mouse, both of which can be deployed in a number of industries and for individuals with motion difficulties in their hands.

Financial instruments

UK-2008/410.Sch7.6

Information on the consolidated entity's financial instruments are disclosed in the strategic report.

Charitable and political donations

UK-2008/410.Sch7.3-5

No charitable or political donations were made during the year.

Disabled employees

UK-2008/410.Sch7.10

The consolidated entity gives full consideration to employment applications from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the consolidated entity's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

Employee engagement

UK-2008/410.Sch7.11

The consolidated entity operates a framework for employee information and consultation which complies with the requirements of the Information and Consultation of Employees Regulations 2004. During the year, the policy of providing employees with information about the consolidated entity has been continued through the newsletter 'Pinnacle News' in which employees have also been encouraged to present their suggestions and views on the consolidated entity's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas. Employees participate directly in the success of the business through the consolidated entity's profit sharing schemes and are encouraged to invest in the consolidated entity through participation in share option schemes.

Business relationships

UK-2008/410.Sch7.11B

The consolidated entity fosters business relationships with its customers by acting on feedback from its customer focus groups (such as the increased expiry of gift cards), reducing the delivery timeframes (which is why Pinnacle Carrier Limited was acquired) and offering advanced technology that customers desire (such as the play cube).

The consolidated entity fosters business relationships with its suppliers by working together to develop new products (research and development on motion detection devices continues), ensuring the relationship is mutually beneficial and paying invoices as quickly as possible (further reduced to within 30 days).

Directors' interests

UK-LR9.8.6(1)

The directors' had the following interests in the issued capital of the company:

Name	At 1 January 2024	At 31 December 2024
Brad Example	4,246,200 ordinary shares	5,886,200 ordinary shares
Christina Example	39,569 ordinary shares	73,569 ordinary shares
Daniel Example	15,000,000 ordinary shares	20,500,000 ordinary shares
Elizabeth Example	2,550,000 ordinary shares	2,550,000 ordinary shares

Indemnity of directors

UK-CA232

The company has indemnified the directors of the company for costs incurred, in their capacity as a director, for which they may be held personally liable, except where there is a lack of good faith.

Purchase of own shares

UK-2008/410.Sch7.8-9

There are no agreements in place that allows the company to purchase its own shares.

Substantial shareholdings

UK-LR9.8.6(2)

Substantial shareholders in the company as at 31 December 2024 are set out below:

	Ordinary shares	
	Number held	% of total shares issued
Madison Capital	25,000,000	17.02
Daniel and Claire Example Superannuation Fund (Daniel Example)	20,500,000	13.95
Federation Bank AcTrade Limited	20,000,000	13.61
Passive Investment Limited	15,000,000	10.21
Manufacturers Credit Union Superannuation Fund	15,000,000	10.21
Blizzard Growth Solutions Limited	6,684,293	4.55
Andrew Brown Superannuation Fund	6,462,912	4.40
BE No 2 Superannuation Fund (Brad Example)	5,886,200	4.01
Egan and Forsyth Investments Limited	4,500,000	3.06

Controlling shareholder

UK-LR9.8.4(14)

The company does not have a controlling shareholder.

Contracts of significance

UK-LR9.8.4(10),(11)

During the financial year, payments for marketing services from BE Promotions Limited (director-related entity of Brad Example) of £81,000 were made. The current trade payable balance as at 31 December 2024 was £7,000. All transactions were made on normal commercial terms and conditions and at market rates.

The consolidated entity has not entered into any other contracts of significance.

Takeover Directive requirements

UK-2008/410.Sch7.13-14

There are no agreements in place between the consolidated entity and its directors and employees for compensation for loss of office or employment (whether through resignation, redundancy or otherwise) that occurs as a result of a takeover bid.

Greenhouse gas emissions

UK-2008/410.Sch7.15-20

Information on greenhouse gas emissions is disclosed in the strategic report.

Pinnacle IFRS UK PLC Directors' report 31 December 2024		UK-CA415	
Notice of annual general meeting The details of the annual general meeting of Pinnacle IFRS UK PLC are: 10th Floor Universal Administration Building 12 Highland Street London EC1 [time] on [day] [date]		UK-LR13.8.8(1)	
Disclosure of information to the auditors So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the consolidated entity's auditor, each director has taken all the steps that they are obliged to take as a director in order to made themselves aware of any relevant audit information and to establish that the auditor is aware of that information.		UK-CA418(2)	
Auditor The auditor Accounting Firm 123 continues in office. This report is made in accordance with a resolution of directors. On behalf of the directors		UK-CA489(1)	8
		UK-CA419	
_____ Brad Example Director 24 February 2025	_____ Daniel Example Director	UK-CA419	9

The directors present their remuneration report on the consolidated entity for the year ended 31 December 2024.

UK-CA420

Principles used to determine the nature and amount of remuneration

UK-2008/410.Sch8.24

The objective of the consolidated entity's executive reward framework is to ensure reward for performance is competitive and appropriate for the results delivered. The framework aligns executive reward with the achievement of strategic objectives and the creation of value for shareholders, and it is considered to conform to the market best practice for the delivery of reward. The Board of Directors ('the Board') ensures that executive reward satisfies the following key criteria for good reward governance practices:

- competitiveness and reasonableness
- acceptability to shareholders
- performance linkage / alignment of executive compensation
- transparency

The Nomination and Remuneration Committee is responsible for determining and reviewing remuneration arrangements for its directors and executives. The performance of the consolidated entity depends on the quality of its directors and executives. The remuneration philosophy is to attract, motivate and retain high performance and high quality personnel.

In consultation with external remuneration consultants, the Nomination and Remuneration Committee has structured an executive remuneration framework that is market competitive and complementary to the reward strategy of the consolidated entity.

The reward framework is designed to align executive reward to shareholders' interests. The Board have considered that it should seek to enhance shareholders' interests by:

- having economic profit as a core component of plan design
- focusing on sustained growth in shareholder wealth, consisting of dividends and growth in share price, and delivering constant or increasing return on assets as well as focusing the executive on key non-financial drivers of value
- attracting and retaining high calibre executives

Additionally, the reward framework should seek to enhance executives' interests by:

- rewarding capability and experience
- reflecting competitive reward for contribution to growth in shareholder wealth
- providing a clear structure for earning rewards

In accordance with best practice corporate governance, the structure of non-executive director and executive director remuneration is separate.

Non-executive directors remuneration

Fees and payments to non-executive directors reflect the demands and responsibilities of their role. Non-executive directors' fees and payments are reviewed annually by the Nomination and Remuneration Committee. The Nomination and Remuneration Committee may, from time to time, receive advice from independent remuneration consultants to ensure non-executive directors' fees and payments are appropriate and in line with the market. The chairman's fees are determined independently to the fees of other non-executive directors based on comparative roles in the external market. The chairman is not present at any discussions relating to the determination of his own remuneration. Non-executive directors do not receive share options or other incentives.

Executive remuneration

The consolidated entity aims to reward executives based on their position and responsibility, with a level and mix of remuneration which has both fixed and variable components.

The executive remuneration and reward framework has four components:

- base pay and non-monetary benefits
- short-term performance incentives
- share-based payments
- other remuneration such as superannuation and long service leave

The combination of these comprises the executive's total remuneration.

Fixed remuneration, consisting of base salary, superannuation and non-monetary benefits, are reviewed annually by the Nomination and Remuneration Committee based on individual and business unit performance, the overall performance of the consolidated entity and comparable market remunerations.

Executives may receive their fixed remuneration in the form of cash or other fringe benefits (for example motor vehicle benefits) where it does not create any additional costs to the consolidated entity and provides additional value to the executive.

The short-term incentives ('STI') program is designed to align the targets of the business units with the performance hurdles of executives. STI payments are granted to executives based on specific annual targets and key performance indicators ('KPI's') being achieved. KPI's include profit contribution, customer satisfaction, leadership contribution and product management.

The long-term incentives ('LTI') include long service leave and share-based payments. Shares are awarded to executives over a period of three years based on long-term incentive measures. These include increase in shareholders value relative to the entire market and the increase compared to the consolidated entity's direct competitors. The Nomination and Remuneration Committee reviewed the long-term equity-linked performance incentives specifically for executives during the year ended 31 December 2024.

Consolidated entity performance and link to remuneration

Remuneration for certain individuals is directly linked to the performance of the consolidated entity. A portion of cash bonus and incentive payments are dependent on defined earnings per share targets being met. The remaining portion of the cash bonus and incentive payments are at the discretion of the Nomination and Remuneration Committee. Refer to the section 'Link to performance' below for details of the earnings and total shareholders return for the last five years.

The Nomination and Remuneration Committee is of the opinion that the continued improved results can be attributed in part to the adoption of performance based compensation and is satisfied that this improvement will continue to increase shareholder wealth if maintained over the coming years.

Voting and comments made at the company's 2023 Annual General Meeting ('AGM')

UK-2008/410.Sch8.23

At the 2023 AGM, 91% of the votes received supported the adoption of the remuneration report for the year ended 31 December 2023. The company did not receive any specific feedback at the AGM regarding its remuneration practices.

Details of remuneration

Amounts of remuneration

Details of directors remuneration is set out below:

UK-2008/410.Sch8.4

	Cash salary and fees £'000	Cash bonus £'000	Non- monetary £'000	Super- annuation £'000	Long service leave £'000	Equity- settled £'000	Total £'000
2024							
<i>Non-Executive Directors:</i>							
Anthony Example (Chairman)	75	-	-	-	-	-	75
Daniel Example	40	-	-	-	-	-	40
Elizabeth Example	40	-	-	-	-	-	40
<i>Executive Directors:</i>							
Brad Example	326	150	13	19	9	100	617
Christina Example	196	45	1	19	4	85	350
	<u>677</u>	<u>195</u>	<u>14</u>	<u>38</u>	<u>13</u>	<u>185</u>	<u>1,122</u>

	Cash salary and fees £'000	Cash bonus £'000	Non- monetary £'000	Super- annuation £'000	Long service leave £'000	Equity- settled £'000	Total £'000
2023							
<i>Non-Executive Directors:</i>							
Anthony Example (Chairman)	70	-	-	-	-	-	70
Daniel Example	38	-	-	-	-	-	38
Elizabeth Example	38	-	-	-	-	-	38
<i>Executive Directors:</i>							
Brad Example	302	130	12	19	8	-	471
Christina Example	185	45	1	19	4	-	254
	<u>633</u>	<u>175</u>	<u>13</u>	<u>38</u>	<u>12</u>	<u>-</u>	<u>871</u>

Chief Executive Officer's pay ratio

The Chief Executive Officer's pay ratio in relation to employees is set out below:

UK-2008/410.Sch8.19C

Year	Method	25th percentile pay ratio	Median pay ratio	75th percentile pay ratio
31 December 2024	Option A	14:1	7:1	5:1
31 December 2023	Option A	11:1	5:1	4:1

The consolidated entity chose Option A as the information was readily available and it is more statistically accurate.

UK-
2008/410.Sch8.19E(a)

The employee pay details used to calculate the pay ratio is set out below:

UK-2008/410.Sch8.19F

Year	25th percentile		Median		75th percentile	
	Total pay and benefits £	Salary component £	Total pay and benefits £	Salary component £	Total pay and benefits £	Salary component £
31 December 2024	43,735	37,044	87,471	74,089	113,712	96,316
31 December 2023	43,554	36,896	87,108	73,793	113,240	95,930

The increase in the ratios from 2023 to 2024 is largely attributable to the equity-settled benefits received by the Chief Executive Officer. The consolidated entity believes that the median pay ratio is fair and reasonable, as 7:1 is not high compared to the expertise and risk of the Chief Executive Officer.

UK-2008/410.Sch8.19G

Service contracts

UK-2008/410.Sch8.30

Remuneration and other terms of employment for directors are formalised in service contracts. Details of these contracts are as follows:

Name: Brad Example
Title: Managing Director and Chief Executive Officer
Contract commenced: [date]
Term of contract: 5 years
Details: Base salary for the year ending 31 December 2025 of £350,000 plus superannuation, to be reviewed annually by the Nomination and Remuneration Committee. 6 month termination notice by either party, cash bonus of 5-50% as per Nomination and Remuneration Committee approval and KPI achievement, non-solicitation and non-compete clauses.

Name: Christina Example
Title: Finance Director
Contract commenced: [date]
Term of contract: 4 years
Details: Base salary for the year ending 31 December 2025 of £205,000 plus superannuation, to be reviewed annually by the Nomination and Remuneration Committee. 3 month termination notice by either party, cash bonus of 5-30% as per Nomination and Remuneration Committee approval and KPI achievement, non-solicitation and non-compete clauses.

Directors have no entitlement to termination payments in the event of removal for misconduct.

Share-based compensation

UK-2008/410.Sch8.14

Issue of shares

Details of shares issued to directors as part of compensation during the year ended 31 December 2024 are set out below:

Name	Date	Shares	Issue price	£
Brad Example	[date]	40,000	£2.50	100,000
Christina Example	[date]	34,000	£2.50	85,000

Options

There were no options over ordinary shares granted to or vested by directors as part of compensation during the year ended 31 December 2024.

Link to performance

The earnings of the consolidated entity for the five years to 31 December 2024 are summarised below:

	2024 £'000	2023 £'000	2022 £'000	2021 £'000	2020 £'000
Sales revenue	463,054	431,983	419,871	407,354	401,547
EBITDA	108,899	56,855	51,208	49,315	47,862
EBIT	56,623	34,641	29,874	26,573	24,142
Profit after income tax	31,530	25,857	19,417	17,496	15,740

The factors that are considered to affect total shareholders return ('TSR') are summarised below:

	2024	2023	2022	2021	2020
Share price at financial year end (£)	2.85	2.47	2.21	1.89	1.71
Total dividends declared (pence per share)	20.00	12.00	10.50	9.00	8.00
Basic earnings per share (pence per share)	21.37	18.18	13.37	11.29	10.18

Additional disclosures

Shareholding

UK-2008/410.Sch8.17

The number of shares in the company held during the financial year by each director of the consolidated entity, including their personally related parties, is set out below:

	Balance at the start of the year	Received as part of remuneration	Additions	Disposals/ other	Balance at the end of the year
Ordinary shares					
Brad Example	4,246,200	40,000	1,600,000	-	5,886,200
Christina Example	39,569	34,000	-	-	73,569
Daniel Example	15,000,000	-	5,500,000	-	20,500,000
Elizabeth Example	2,550,000	-	-	-	2,550,000
	21,835,769	74,000	7,100,000	-	29,009,769

This report is made in accordance with a resolution of directors.

UK-CA422

On behalf of the directors

Brad Example
Director

Daniel Example
Director

UK-CA422

24 February 2025

Pinnacle IFRS UK PLC
Directors' responsibilities statement
31 December 2024

The directors are responsible for preparing the strategic report, directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards ('IFRS'). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the consolidated entity and the profit or loss of the consolidated entity for that year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether International Financial Reporting Standards ('IFRS') have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the consolidated entity will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the consolidated entity's transactions and disclose with reasonable accuracy at any time the financial position of the consolidated entity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the consolidated entity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The following is a summary of our approach towards sustainability related issues across the consolidated entity.

Governance

IFRSS2(5)-(7)
IFRSS2(5)-(7)

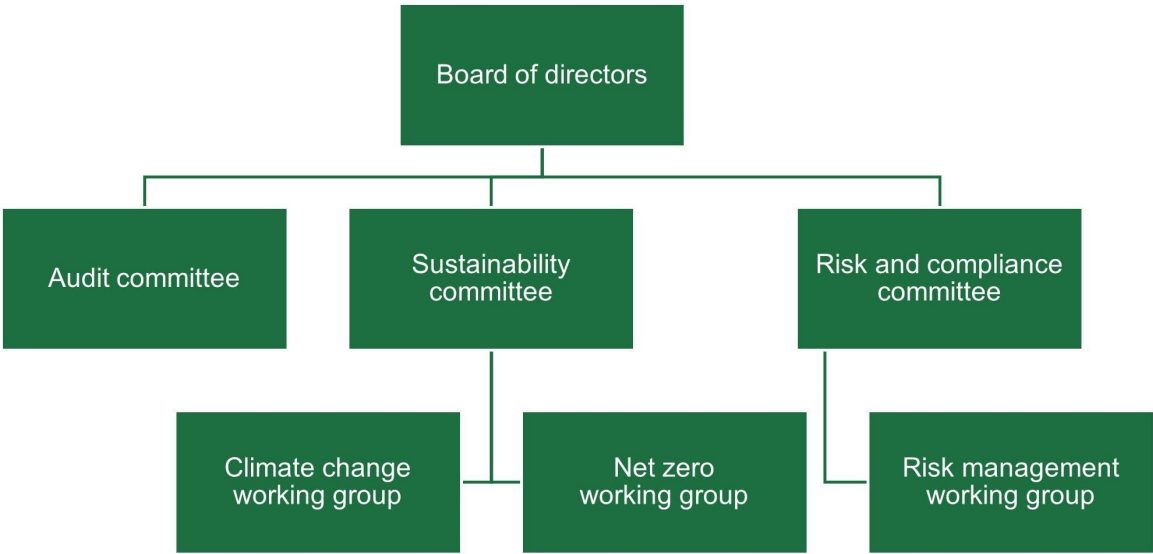
11

Governance processes, controls and procedures

The consolidated entity recognises that good governance is essential to delivering on our strategic and sustainability-related goals. There are various processes, controls and procedures in place to ensure good governance, underpinned by the Code of Conduct and policies in place. These ensure that our employees understand the expectations on our business to meet employment standards, maintain a safe and healthy workplace, respect human rights and protect customers.

The Planet Plan details the consolidated entity's climate-related risks and opportunities. It is reviewed, updated as required and approved by the Pinnacle IFRS UK PLC Board on an annual basis.

The diagram below demonstrates how climate-related information flows through the consolidated entity's governance structure. This allows for the integration of climate-related considerations in day-to-day operations and supports informed decision-making on material climate-related risks and opportunities across the organisation.



Board-level governance

IFRSS2(6)(a)

The Pinnacle IFRS UK PLC Board is the governance body responsible for the oversight and implementation of Pinnacle IFRS UK PLC's overall strategic and environmental goals, including oversight of climate-related risks and opportunities.

The Board sets, oversees and monitors progress against metrics and targets for managing climate-related risks and opportunities via the following processes:

- Quarterly meetings, which include discussion of updates on emerging climate-related risks and opportunities from relevant members of the Executive team
- Quarterly special purpose meetings, where strategy and specific governance matters are discussed with the relevant committees
- Review and discussion of updates on climate-related topics throughout the year via Board papers and training and focus sessions

The Board monitors its skills and competencies to identify any areas where further training, knowledge and/or expertise may be required to ensure that it can provide appropriate oversight of climate-related risks and opportunities relevant to the consolidated entity. The Board also commissions an external review of its performance and skills at least every three years.

The consolidated entity's climate-related disclosures are approved by the Board based on the recommendation of the sustainability committee, which assists the Board to oversee the integrity of the annual climate-related disclosures.

Executive-level governance

IFRSS2(6)(a)

The Executive team receives advice from employees, suppliers and customers regarding the impact of climate-related risks and opportunities, which is considered when making recommendations to the Board.

The risk management working group supports the risk and compliance committee and is responsible for the oversight of material risks across the consolidated entity, including climate-related risks. The risk management working group receives quarterly risk reporting, which includes updates on sustainability and climate-related risks, from the wider organisation.

The sustainability committee meets monthly. It provides recommendations to the Executive team and oversees the implementation of the climate-related targets in the Planet Plan. The sustainability committee has the authority to consider climate-related risks and opportunities including:

- Strategic direction in response to climate change and sustainability
- Decarbonisation and position statements
- Physical and transition climate risk modelling
- Climate risk appetite decisions relating to suppliers and customers with sustainability risk factors

Management-level governance

IFRSS2(6)(b)

The climate change working group supports the sustainability committee and advocates for climate action and increased awareness and capacity across the organisation. The group meets monthly and consists of key senior managers who implement sustainability initiatives.

The net zero working group supports the implementation of the consolidated entity's emissions reduction target. The group meets monthly and its membership consists of management and employees who work with suppliers and employees to influence the operational emissions.

Strategy

IFRSS2(8)-(23)

12

As the United Kingdom transitions to a low-carbon economy, the electronics industry has a large role to play. The consolidated entity's Strategic Plan contains the roadmap for its climate-related actions with a view to play an important part in that transition.

The consolidated entity understands that climate change will impact its operations, suppliers, customers and employees. This section outlines significant transition risks, physical risks and opportunities that have been identified based on the current understanding of its exposure to the impacts of climate change.

Climate-related risks and opportunities

IFRSS2(10)-(12)

Two major floods occurred during the financial year in the Yorkshire and West Midlands regions, both caused by unprecedented rainfall. These floods caused extensive damage to the region and the consolidated entity's property.

In addition, Cyclone Christoph impacted the majority of the East Coast, resulting in landslides, property damage and power outages.

Climate-related risks and opportunities are assessed across short-term (2025), medium-term (2030) and long-term (2050) horizons. The Planet Plan details the consolidated entity's response in delivering its strategic objectives and how it will ensure that capital is deployed to the right parts of the organisation to address climate-risks and opportunities and to accelerate the transition to a low-emissions, climate-resilient organisation.

IFRSS2(10)(d)

The organisational structure of the consolidated entity has been designed to ensure that climate-related considerations are embedded into its day-to-day operations with advice on material climate-related risks and opportunities being informed from across the organisation. This allows for informed decision-making processes including regarding funding and internal capital deployment.

Climate-related physical risks are risks that arise from climate change that can be event-driven (acute physical risk) or from longer-term shifts in climatic patterns (chronic physical risk). Acute physical risks arise from weather-related events such as storms, floods, drought or heatwaves, which are increasing in severity and frequency. Chronic physical risks arise from longer-term shifts in climatic patterns including changes in precipitation and temperature which could lead to sea level rise, reduced water availability, biodiversity loss and changes in soil productivity.

The consolidated entity has identified the following anticipated impacts of its climate-related physical risks:

IFRSS2(10)(a)-(c)

Source	Anticipated impacts of physical risk	Anticipated timeframe
Increase in frequency and intensity of adverse weather events (e.g. droughts, floods, storms)	Impact on physical asset carrying values	Long-term
Operational interruptions caused by extreme weather events	Decrease in margin/profit	Short-term
Decreased production capacity (e.g. transport difficulties, supply chain interruptions)	Reduced revenue due to reduced supply of goods	Medium-term
Supply and demand for resources impacted by adverse climate events	Increased operating costs associated with supply and demand	Medium-term
Increased claims made on insurers due to physical risks	Increased insurance premiums and potential for reduced availability of insurance on assets in high-risk locations	Short-term

Climate-related transition risks are risks that arise from transition to a lower-carbon economy. Transition risks include policy, legal, technological, market and reputational risks. These risks could carry financial implications for the consolidated entity such as increased operating costs or asset impairment due to new or amended climate-related regulations.

The consolidated entity has identified the following anticipated impacts of its climate-related transition risks:

IFRSS2(10)(a)-(c)

Source	Anticipated impacts of transition risk	Anticipated timeframe
Manufacturing facilities determined to be in 'at risk' locations	Impairment of plant and equipment highly exposed to transition risk	Long-term
Consumer preferences and expectations regarding 'green' investments	Concentration of credit exposure to carbon-related assets	Medium-term
Changing market/consumer preferences towards products seen as better for the environment	Revenue derived from sales to customers susceptible to transition risk	Medium-term
Inadequate market supply or price volatility in credible carbon credits	Risk of impairment in carbon credit financial statement recognition	Medium-term
Increased production costs due to changing input prices (e.g. energy, water) and output requirements (e.g. waste treatment)	Decrease in margin/profit	Medium-term

Responding to climate change provides opportunities for the consolidated entity as the technology industry and entire economy moves towards a low emissions, climate-resilient era. Opportunities to assist the community may emerge from resource efficiency and cost savings, development of new products and services and access to new markets.

The consolidated entity has identified the following anticipated impacts of its climate-related opportunities:

IFRSS2(10)(a)-(c)

Source	Anticipated impacts of opportunities	Anticipated timeframe
The United Kingdom's economy and transport system have been almost entirely electrified, resulting in new opportunities for low-emissions manufacturing, distribution and logistics	Diversified revenue streams and associated increases in profit	Short-term
Providing training and resources on climate change, the transition to a low emissions economy and our role in that transition to our customers and staff	Increased employee engagement and likelihood of quality recruitment	Medium-term
Engaging with high-emitting customers on their specific climate risks and opportunities and supporting their transition planning	Completeness of emissions profile	Medium-term
Integrating sustainability into our business and consumer product offerings	Reduced cost of decarbonisation and associated impact on profit	Long-term
Thought leadership through our participation in conferences, panels and partnerships	Positioning as a leader in sustainability and associated reputational advantages	Short-term

Business model and value chain

IFRSS2(13)

The current and anticipated effects of climate-related risks and opportunities on the consolidated entity's business model, without considering adaptation actions, include: value chain disruptions, dependency on specific suppliers, increase in the cost of components resulting in lower profitability, lower quality components and changes in the manufacturing process. The consolidated entity is constantly looking at ways to mitigate and manage these risks.

IFRSS2(13)(a)

The consolidated entity has a concentrated climate-related risk with a semiconductor supplier in Taiwan. If there was adverse weather affecting production of this supplier or transport issues from Taiwan, the consolidated entity's own manufacturing capabilities would be severely affected. The consolidated entity tries to mitigate this risk by stockpiling semiconductors, but these efforts are limited given the constant evolution of each generation of these components.

IFRSS2(13)(b)

Strategy and decision-making

IFRSS2(14)

The Planet Plan details the consolidated entity's objectives to transition to a zero emissions economy which supports the regeneration of the natural environment and builds climate resilience.

To achieve its objectives, the consolidated entity has set the transition planning objectives and key actions/targets outlined below.

Objectives	Key actions/targets
Transition the investment portfolio to net zero emissions by 2030	Develop an action plan to decarbonise the investment portfolio and increase investment in climate solutions
Support our customers to transition to low-emissions, climate-resilient technology	Innovate with new, targeted sustainability products technology and identify customer growth opportunities
Understand the climate-related risks and opportunities and support our customers to adapt and build resilience	Integrate climate change into the Risk Management Strategy and core risk and operational policies
Continue to actively reduce emissions across our operations and supply chain	Reduce operational emissions by 50% by the end of 2030

During the next year, the consolidated entity plans to evolve the Planet Plan to include further information on its response to climate change based on progress to date against its targets and how it needs to ensure capital is deployed to the right parts of the organisation to address climate risk and accelerate the transition to a low-emissions, climate-resilient economy.

Financial position, financial performance and cash flows

IFRSS2(15)-(21)
IFRSS2(15),(16)(a),(c),(d)

The effects and anticipated effects of climate-related risks and opportunities on the consolidated entity's financial position, financial performance and cash flows in the current reporting period and over the short, medium and long term are detailed as follows:

Source	Current financial effects £'000	Short-term financial effects (per annum) £'000	Medium-term financial effects (per annum) £'000	Long-term financial effects (per annum) £'000
<i>Financial position</i>				
Weather events - decrease in property, plant and equipment carrying values	-	500 - 1,000	500 - 3,000	0 - 12,000
Manufacturing facilities determined to be in 'at risk' locations - decrease in property, plant and equipment carrying values	-	300 - 500	200 - 1,000	1,000 - 3,000
<i>Financial performance</i>				
Weather events - decrease in margin/profit	(400)	100 - 500	1,000 - 3,500	1,000 - 5,000
Weather events - impairment of property, plant and equipment	-	500 - 1,000	500 - 3,000	0 - 12,000
Decreased production capacity - decrease in revenue	-	0 - 500	0 - 5,000	0 - 14,000
Changing market / consumer preferences - decrease in revenue	(200)	200 - 600	1,000 - 4,000	0 - 6,000
Increased production costs due to changing input prices and output requirements - decrease in margin/profit	-	500 - 1,000	1,000 - 3,000	1,000 - 5,000
Increased claims made on insurers - increase in insurance costs	(100)	100 - 200	500 - 1,000	1,000 - 2,000
<i>Cash flows</i>				
Weather events - decrease in net cash from operating activities	(400)	100 - 500	1,000 - 3,500	1,000 - 5,000
Decreased production capacity - decrease in net cash from operating activities	-	0 - 500	0 - 5,000	0 - 14,000
Decreased production capacity - decrease in net cash used in investing activities	-	0 - 2,000	0 - 17,000	0 - 40,000
Changing market / consumer preferences - decrease in net cash from operating activities	(150)	200 - 600	1,000 - 4,000	0 - 6,000
Increased production costs due to changing input prices and output requirements - decrease in net cash from operating activities	-	500 - 1,000	1,000 - 3,000	1,000 - 5,000
Increased claims made on insurers - decrease in net cash from operating activities	(50)	100 - 200	500 - 1,000	1,000 - 2,000

Based on these projections, the consolidated entity does not believe that there is a significant risk of a material adjustment to the carrying amounts of the reported assets and liabilities within the next 12 months as a result of the above events. ^{IFRSS2(16)(b)}

Climate resilience

^{IFRSS2(22)}

Climate scenario analysis is a strategy and risk management tool used to help the consolidated entity understand its climate resilience via climate-related risk and opportunities to its business model and value chain over time.

The consolidated entity has undertaken various scenario analysis projects using the three scenarios shown below.

	Scenario 1 Orderly +1.5C aligned	Scenario 2 Disorderly +1.7C aligned	Scenario 3 Hothouse +3.0C aligned
Key assumption	International and domestic policy settings aim to limit total warming by the end of this century to less than 1.5C. This entails halving greenhouse gas emissions by 2030 and reaching net zero emissions around 2050.	International and domestic policy settings aim to limit total warming to less than 1.5C in this century. However, decisive action is delayed. Global emissions peak in 2030, then drop sharply. As a result of delayed action, deeply destabilising policies are now required to keep total warming below potentially catastrophic levels.	A divided world that refuses to cooperate and confront the non-negotiable realities of planetary boundaries. Instead, countries focus on their short-term domestic best interests, resulting in persistent and worsening inequality and environmental degradation. International and domestic policy settings result in well over 3.0C warming by the end of this century.
Global warming trajectory	+1.4C global warming at 2100	+1.7C global warming at 2100	+3.9C global warming at 2100
Policy response	Immediate and smooth	Delayed	Indiscernible
Demand for technology change	Fast	Slow then fast	Slow
Physical risk	Low	Moderate	High
Transition risk	Moderate	High	Low

The Executive team participated in a series of workshops where the risks and opportunities of each scenario were considered and actions the consolidated entity could take were discussed and documented. The consolidated entity plans to conduct further scenario analysis workshops throughout the greater organisation.

Risk management

IFRSS2(24)-(26)

13

Risk management approach

The consolidated entity assesses climate-related transition and physical risks to the extent possible based on available data.

The Board approves the overarching Risk Management Strategy (RMS) following receipt of a recommendation from the risk and compliance committee.

The RMS policies are implemented through risk appetite metrics and matrices and sustainability checklists to ensure these are appropriately rolled out to and implemented across the organisation.

Risk identification

IFRSS2(25)(a)(i),(ii),(b)

The consolidated entity uses risk identification tools and methods to understand current and emerging risks. It also monitors and assesses current risks to manage these effectively within the recognised risk appetite. The consolidated entity continues to make progress on the use of tools and methods to integrate climate-related risk into the overall risk identification process, as more data and tools become available.

Examples of tools and methods used to identify the scope, size and potential impacts of climate-related risks are detailed below:

- Customer engagement: Sustainability checklists are completed to identify risks, including climate-related risk for customers who fall within defined sector criteria
- Stress testing: Every year, participation in the Institute of Technology stress testing assessment of flooding risks to technology companies. Stress test results are incorporated into the RMS
- Scenario analysis: Information on the approach to scenario analysis is included in the Strategy section of this report
- Regulatory change monitoring: The consolidated entity follows its existing regulatory change process for monitoring and identifying regulatory change relating to climate-related risk and where necessary, embeds required changes into the organisation

Climate-related risks are assessed across short-term (2025), medium-term (2030) and long-term (2050) horizons. The Planet Plan details the consolidated entity's response in delivering its strategic objectives and how it will ensure that capital is deployed to the right parts of the organisation to address climate-risks and opportunities and to accelerate the transition to a low-emissions, climate-resilient organisation.

Risk assessment

IFRSS2(25)(a)(iii),(b)

The consolidated entity uses annual stress testing and scenario analysis to assess risk, understand vulnerabilities and inform risk assessments and decision making. The impacts of climate-related risks across other relevant material risk categories, including credit risk and operational risk are also assessed monthly via the various climate-related working groups.

Due to the nature of understanding evolving climate-related impacts, data is limited in relation to some customers, sectors and suppliers. These limitations mean that there may be aspects of the value chain that are currently not included in the risk assessment processes detailed above.

Aspects of the value chain that are currently excluded are as follows:

- Emissions reporting of purchased goods and services
- The impact of physical risks on certain parts of the value chain

Risk management

IFRSS2(25)(a)(iv)-(vi), (b), (c)

The consolidated entity's approach to managing climate-related risk continues to evolve as its understanding of risk improves. The consolidated entity also acknowledges that its exposure to climate-related risk extends beyond its core business, impacting customers and communities.

The consolidated entity prioritises risks with the largest potential consequences and aims for proportionate risk management. Proportionate means risks are identified, assessed, evaluated and significant risks are treated in a timely and reasonably practicable ways.

Risk management options used to manage climate-related risks are as follows:

- Working with customers, counterparties and suppliers identified as having higher climate risks to manage and improve climate risk profiles
- Setting limits and applying other risk management measures to companies, economic sectors, geographical regions or segments of products or services that do not align with the consolidated entity's strategy or risk appetite
- The RMS policies detail high risk and sensitive categories for certain sectors which supply materials for manufacturing. The consolidated entity applies sector specific criteria when onboarding suppliers
- Encouraging suppliers and customers to implement adaptation or transition plans

Metrics and targets

IFRSS2(27)-(37)

14

Greenhouse gas emissions

The measurement approach, inputs and assumptions used to measure greenhouse gas (GHG) emissions are detailed below.

The consolidated entity measures its GHG inventory in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard. IFRSS2(29)(a)(i), (ii)

The greenhouse gas emissions are categorised as follows:

- Scope 1: Direct greenhouse gas emissions that occur from sources that are owned or controlled by an entity
- Scope 2: Indirect greenhouse gas emissions that occur from the generation of purchased electricity, heat or steam consumed by an entity
- Scope 3: Indirect emissions outside of Scope 2 emissions that occur in the value chain of an entity, including both upstream and downstream emissions

Location-based emissions

IFRSS2(29)(a)(v)

The location-based method is used to report Scope 2 emissions. It reflects the average emissions factors of the electricity grids on which the consolidated entity consumes electricity. IFRSS2(29)(a)(iii)

The Scope 1 and Scope 2 carbon dioxide emissions by the consolidated entity during the year ended 31 December 2024 were as follows:

	2024 mtCO₂e	2023 mtCO₂e
Fuel combustion	5,897	6,237
Facility operation	9,317	9,249
Total Scope 1 emissions	15,214	15,486
Total Scope 2 emissions (location-based)	76,153	78,819

The Scope 1 and Scope 2 carbon dioxide emissions by other investees (associates, joint ventures and unconsolidated subsidiaries) excluded from the consolidated entity's calculations during the year ended 31 December 2024 were as follows: IFRSS2(29)(a)(iv)

	2024 mtCO₂e	2023 mtCO₂e
Fuel combustion	2,433	1,896
Facility operation	4,579	4,627
Total Scope 1 emissions	7,012	6,523
Total Scope 2 emissions (location-based)	52,044	54,197

Scope 3 categories

IFRSS2(29)(a)(vi)(1)

In accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Scope 3 emissions are classified as upstream or downstream based on the financial transactions of the consolidated entity as follows:

- Upstream emissions are indirect greenhouse gas emissions related to purchased or acquired goods and services
- Downstream emissions are indirect greenhouse gas emissions related to sold goods and services

The Standard further classifies Scope 3 emissions into 15 distinct categories. Where relevant to the consolidated entity, Scope 3 emissions are reported according to these categories. The Scope 3 emissions of the consolidated entity were as follows:

	2024 mtCO ₂ e	2023 mtCO ₂ e
1. Purchased goods and services	10,371	10,428
2. Capital goods	2,693	1,872
4. Upstream transportation and distribution	6,390	7,421
6. Business travel	937	884
7. Employee commuting	1,263	1,455
Total upstream emissions	21,654	22,060
9. Downstream transportation and distribution	8,944	10,612
10. Processing of sold products	48,849	50,336
11. Use of sold products	22,369	23,447
15. Investments	2,551	2,087
Total downstream emissions	82,713	86,482
Total Scope 3 emissions	104,367	108,542

Greenhouse gas emissions intensity

IFRSS2(33)(g)

Intensity ratios express GHG emissions impact per unit of physical activity or unit of economic output.

The consolidated entity's emissions intensity performance was as follows:

	2024	2023
Operating revenue (gross mandatory mtCO ₂ e/£Millions)	3.34	3.61
Operating revenue (gross mtCO ₂ e/£Millions)	3.66	3.79

Financed emissions

IFRSS2(29)(a)(vi)(2)

As a result of participating in financial activities, the consolidated entity faces risks and opportunities related to the greenhouse gas emissions associated with those activities.

The consolidated entity has identified the following risks relating to its investments in listed and unlisted ordinary shares:

- Credit risk relating to investing in companies affected by increasingly stringent carbon taxes, fuel efficiency regulations and/or other policies
- Credit risk relating to investing in companies susceptible to technological shifts
- Reputational risk arising from investing in companies financing fossil-fuel projects

Climate-related transition risks

IFRSS2(29)(b)

The amount and percentage of the consolidated entity's assets or business activities vulnerable to climate-related transition risks are detailed as follows:

	2024 £'000	2023 £'000	2024 %	2023 %
Impairment of plant and equipment highly exposed to transition risk	29,680	32,487	28.3%	32.4%
Concentration of credit exposure to carbon-related assets	6,358	2,727	48.9%	56.1%
Revenue derived from sales to customers susceptible to transition risk	80,861	92,660	18.6%	22.9%
Inadequate market supply or price volatility in credible carbon credits	22,106	32,948	0.1%	0.1%
Increased production costs due to changing input prices (e.g. energy, water) and output requirements (e.g. waste treatment)	76,509	74,392	66.2%	67.7%

Climate-related physical risks

IFRSS2(29)(c)

The amount and percentage of the consolidated entity's assets or business activities vulnerable to climate-related physical risks are detailed as follows:

	2024 £'000	2023 £'000	2024 %	2023 %
Impact of damage from adverse weather on asset carrying values	116,698	128,129	18.7%	20.2%
Operational interruptions caused by extreme weather events	168,893	167,213	38.2%	40.6%
Reduced revenue from decreased production capacity (e.g. transport difficulties, supply chain interruptions)	98,594	108,729	22.3%	26.4%
Increased operating costs due to supply and demand for resources impacted by adverse climate events	14,458	17,367	12.5%	15.8%
Increased insurance premiums and potential for reduced availability of insurance on assets in high-risk locations	45	38	2.1%	1.7%

Climate-related opportunities

IFRSS2(29)(d)

The amount and percentage of the consolidated entity's assets or business activities aligned with climate-related opportunities are detailed as follows:

	2024 £'000	2023 £'000	2024 %	2023 %
The United Kingdom's economy and transport system have been almost entirely electrified, resulting in new opportunities for low-emissions manufacturing, distribution and logistics	39,525	43,048	6.3%	6.8%
Providing training and resources on climate change, the transition to a low emissions economy and our role in that transition to our customers and staff	12,170	11,616	1.9%	1.8%
Engaging with high-emitting customers on their specific climate-related risks and opportunities and supporting their transition planning	192,300	194,597	41.2%	44.7%
Integrating sustainability into our business and consumer product offerings	460,740	430,883	73.6%	68.1%
Thought leadership through participation in conferences, panels and partnerships	65,105	49,985	10.4%	7.9%

Capital deployment

IFRSS2(29)(e)

In 2025, the consolidated entity will commit to delivering £20.2 million in climate change solutions by 2030, addressing the risks and opportunities detailed above and in accordance with the Planet Plan and its commitment to allocating capital in a way that drives positive economic, social and environmental impacts.

Internal carbon price

IFRSS2(29)(f)

The consolidated entity acknowledges the importance of having an internal price of carbon that is supported by robust methodology and is regularly reviewed and has contracted an independent expert to assist in this process.

The independent expert provided three price path scenarios covering a high, mid and low-price path using current [NAME] prices as below:

	2024 £	2030 £	2050 £
High-price-path	69	271	426
Mid-price-path	69	178	291
Low-price-path	69	102	164

The consolidated entity currently uses the mid-price-path for internal risk management. This decision will continue to be reviewed and updated as required.

Impact of climate-related considerations on executive remuneration

IFRSS2(29)(g)

The consolidated entity's performance is assessed on the achievement of financial and climate-related measures as detailed in relevant Executive team scorecards. Scorecard measures are linked to the key strategic priorities, including risk, performance, climate-related targets and customer outcomes.

The Executive team performance and climate-related metrics are reviewed and approved annually by the Board. The Board determines progress and performance against outcomes against the metrics for each financial year as part of the consolidated entity's performance review process. For the year ended 31 December 2024, 5% of Executive management remuneration was linked to climate-related considerations.

Climate-related targets

IFRSS2(33)

The Planet Plan details the consolidated entity's objectives to transition to a zero emissions economy which supports the regeneration of the natural environment and builds climate resilience.

Details of decarbonisation targets that have been set across the consolidated entity are as follows:

Sector	Scope	Target type	Target objective	Target	Metric	Reference year	Interim target
Manufacturing	Scope 1, 2 and 3	Absolute emissions	Adaption	60% reduction by 2030	mtCO2e	2021	N/A
Retailing	Scope 1 and 2	Emissions intensity	Mitigation	42% reduction by 2030	kgCO2e	2022	N/A
Logistics	Scope 1, 2 and 3	Absolute emissions	Adaption	25% reduction by 2030	mtCO2e	2021	N/A

As per the scenario analysis included in the Strategy section of this report, the consolidated entity has analysed the risks and opportunities associated with the Orderly assumption whereby international and domestic policy settings aim to limit total warming by the end of this century to less than 1.5C. This entails halving greenhouse gas emissions by 2030 and reaching net zero emissions around 2050.

The following table provides details of the consolidated entity's GHG emissions targets.

IFRSS2(35)-(36)

Target	Gross/net target	Greenhouse gases covered	Sectoral decarbonisation approach	Metric	Performance against metric	Offset
Reduce operational CO2e by 50% (vs 2020) by 2030	Gross	Carbon dioxide (CO2)	Yes	Reduce scope 1, 2 and 3 mandatory emissions to 120,000 mtCO2e	18% reduction in 2024 vs 2020. Aided in part by a reduction in the national electricity emissions factor	Offset remaining emissions in line with the United Kingdom Net Zero framework certification
Convert vehicle fleet to 100% EV by 2030	Gross	Carbon dioxide (CO2) Methane (CH4) Nitrous oxide (N2O)	Yes	Number of electric vehicles in the fleet	68% (122) of the vehicle fleet is now EV/PHEVs as at 31 December 2024	No offsets used
Transition all cash investments to sustainable finance by 2030	Gross	Carbon dioxide (CO2)	Yes	Total monetary value of cash invested with finance institutions that have achieved global sustainable finance market standards	As at 31 December 2024 76% (74%) of cash investments are invested with verified sustainable finance providers	No offsets used
Achieve net zero whole of company operations by 2050	Gross	Carbon dioxide (CO2) Methane (CH4) Nitrous oxide (N2O)	Yes	Sector specific scope 1, 2 and 3 targets across manufacturing, logistics and retailing sectors	Net 20% reduction in 2024 vs 2020. Aided in part by a reduction in the national electricity emissions factor	Offsets are used only when deemed appropriate and in accordance with the criteria detailed in the Planet Plan

Metrics IFRSS2(35)

The following table provides an overview of the consolidated entity's performance against climate metrics.

	Baseline 2020 mtCO2e	2022 mtCO2e	2023 mtCO2e	2024 mtCO2e	Target 2030 mtCO2e
Scope 1	20,841	17,891	15,486	15,214	7,600
Scope 2	87,412	82,667	78,819	76,153	38,000
Scope 3	131,446	112,208	108,542	104,367	52,000
Total gross operational emissions against baseline	239,699	212,766	202,847	195,734	97,600

Additional information IFRSS2(29)(a)(iii),(33)(h)

The consolidated entity's operational emissions have been certified by Envirocare, in line with ISO 14064-3:2019 and the United Kingdom Net Zero framework for the 1 January 2024 to 31 December 2024 measurement period.

Organisational targets were set with reference to the methodology described in the GHG Protocol and ISO 14064-1:2018 standard. The operational control consolidation approach has been applied, which aligns with the direct operational footprint of all our businesses worldwide. This scope includes our corporate offices, manufacturing facilities, warehouses and retail spaces.

Data sources
Emissions factors for Scope 1 and Scope 2 were derived based on information from [NAME]. Where relevant, the global warming potential rate GWP100 has been used. This represents the average warming potential over 100 years.

Exclusions
There are a number of identified emissions sources that have been excluded from the inventory due to being de minimis or limitations in the availability or quality of the requisite data. These sources include Scope 1 direct emissions from refrigerants and mobile combustion from leased petrol vehicles.

Excluded Scope 3 items are now use of sold products, end-of-life treatment of sold products and investments. The Planet Plan details the adoption provision exemptions applied in the preparation of this report.

Events after the reporting period IFRSS1(68)

No transactions, other events or conditions have arisen since 31 December 2024 that need to be disclosed in this report.

Statement of compliance IFRSS1(72)

This report has been prepared in accordance with the requirements of the IFRS Sustainability Disclosure Standards.

Statement of profit or loss and other comprehensive income
Statement of financial position
Statement of changes in equity
Statement of cash flows
Notes to the financial statements
Independent auditor’s report to the members of Pinnacle IFRS UK PLC

General information

The financial statements cover Pinnacle IFRS UK PLC as a consolidated entity consisting of Pinnacle IFRS UK PLC and the entities it controlled at the end of, or during, the year. The financial statements are presented in Pound sterling, which is Pinnacle IFRS UK PLC’s functional and presentation currency.

Pinnacle IFRS UK PLC is a listed public company limited by shares, incorporated and domiciled in the United Kingdom. Its registered office and principal place of business are:

Registered office	Principal place of business
10th Floor Universal Administration Building 12 Highland Street London EC1	5th Floor Pinnacle Business Centre 247 Edward Street London EC1

A description of the nature of the consolidated entity's operations and its principal activities are included in the strategic report, which is not part of the financial statements.

The financial statements were authorised for issue, in accordance with a resolution of directors, on 24 February 2025. The directors have the power to amend and reissue the financial statements.

Pinnacle IFRS UK PLC
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2024

IAS1(10)(b),(81A) 16,17
IAS1(51)(c)

	Note	Consolidated			
		2024	2023		
		£'000	£'000		
Revenue	4	466,748	435,341	IAS1(82)(a)	
Share of profits of associates accounted for using the equity method	5	3,211	2,661	IAS1(82)(c)	
Other income	6	692	1,692		
Interest revenue calculated using the effective interest method		1,087	543	IAS1(82)(a)(i)	
Net gain on derecognition of financial assets at amortised cost		50	-	IAS1(82)(aa)	
Expenses				IAS1(97)	18
Changes in inventories		(3,523)	(782)		
Raw materials and consumables used		(127,025)	(121,050)		
Employee benefits expense	8	(225,150)	(218,728)		
Depreciation and amortisation expense	7	(52,276)	(52,411)		
Impairment of goodwill	7	(500)	-	IAS1(97)	
Impairment of receivables		(491)	(432)		
Net fair value loss on investment properties	7	(600)	-		
Other expenses		(4,513)	(4,252)		19
Finance costs	7	(18,930)	(21,092)	IAS1(82)(b)	
Profit before income tax expense		38,780	21,490		26
Income tax expense	10	(7,250)	(3,828)	IAS1(82)(d), IAS12(77)	27
Profit after income tax expense for the year		31,530	17,662	IAS1(81A)(a)	20,28
Other comprehensive income				IAS1(82A)	22
<i>Items that will not be reclassified subsequently to profit or loss</i>				IAS1(82A)(a)(i)	23
Gain on the revaluation of land and buildings, net of tax		-	1,600	IAS1(7)(a)	
Gain on the revaluation of equity instruments at fair value through other comprehensive income, net of tax		40	-	IAS1(7)(d)	
<i>Items that may be reclassified subsequently to profit or loss</i>				IAS1(82A)(a)(ii)	23
Cash flow hedges transferred to profit or loss, net of tax		-	(2)	IAS1(7)(e)	
Cash flow hedges transferred to inventory in the statement of financial position, net of tax		(3)	(7)	IAS1(7)(e)	
Net change in the fair value of cash flow hedges taken to equity, net of tax		(9)	(21)	IAS1(7)(e)	
Foreign currency translation		(257)	(218)	IAS1(7)(c)	
Other comprehensive income for the year, net of tax		(229)	1,352	IAS1(81A)(b)	24
Total comprehensive income for the year		31,301	19,014	IAS1(81A)(c)	21,25
Profit for the year is attributable to:					
Non-controlling interest		142	229	IAS1(81B)(a)(i)	
Owners of Pinnacle IFRS UK PLC	44	31,388	17,433	IAS1(81B)(a)(ii)	
		31,530	17,662		
Total comprehensive income for the year is attributable to:					
Non-controlling interest		142	369	IAS1(81B)(b)(i)	
Owners of Pinnacle IFRS UK PLC		31,159	18,645	IAS1(81B)(b)(ii)	
		31,301	19,014		
		Pence	Pence		
Basic earnings per share	62	21.37	12.37	IAS33(66)	
Diluted earnings per share	62	21.37	12.37	IAS33(66)	

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Pinnacle IFRS UK PLC
Statement of financial position
As at 31 December 2024

IAS1(10)(a),(54)
IAS1(51)(c)

29,30

	Note	Consolidated		
		2024 £'000	2023 £'000	
Assets				
Current assets				
Cash and cash equivalents	11	30,658	5,524	IAS1(60),(66) IAS1(54)(i)
Trade and other receivables	12	13,349	12,354	IAS1(54)(h)
Contract assets	13	2,617	2,144	IFRS15(105)
Inventories	14	39,525	43,048	IAS1(54)(g)
Financial assets at fair value through profit or loss	15	360	-	IAS1(54)(d)
Other	16	3,935	3,444	
		90,444	66,514	
Non-current assets classified as held for sale	17	6,000	-	IAS1(54)(j)
Total current assets		96,444	66,514	
Non-current assets				
Receivables	18	145	145	IAS1(60),(66) IAS1(54)(h)
Investments accounted for using the equity method	19	34,192	30,981	IAS1(54)(e)
Financial assets at fair value through other comprehensive income	20	170	-	IAS1(54)(d)
Investment properties	21	46,900	47,500	IAS1(54)(b)
Property, plant and equipment	22	117,139	128,883	IAS1(54)(a)
Right-of-use assets	23	305,485	332,116	IFRS16(47)(a)
Intangibles	24	12,170	11,616	IAS1(54)(c)
Deferred tax	25	10,382	8,373	IAS1(54)(o),(56)
Other	26	2,308	2,405	
Total non-current assets		528,891	562,019	
Total assets		625,335	628,533	
Liabilities				
Current liabilities				
Trade and other payables	27	20,004	17,306	IAS1(60),(69) IAS1(54)(k)
Contract liabilities	28	2,269	2,135	IFRS15(105)
Borrowings	29	4,500	3,273	IAS1(54)(m)
Lease liabilities	30	22,072	20,905	IFRS16(47)(b)
Derivative financial instruments	31	122	107	IAS1(54)(m)
Income tax	32	6,701	2,351	IAS1(54)(n)
Employee benefits	33	8,352	8,143	IAS1(54)(l)
Provisions	34	3,494	2,837	IAS1(54)(l)
Other	35	2,130	1,869	
		69,644	58,926	
Liabilities directly associated with assets classified as held for sale	36	4,000	-	IAS1(54)(p)
Total current liabilities		73,644	58,926	
Non-current liabilities				
Borrowings	37	19,000	19,000	IAS1(60),(69) IAS1(54)(m)
Lease liabilities	38	301,714	322,745	IFRS16(47)(b)
Deferred tax	39	3,110	2,888	IAS1(54)(o),(56)
Employee benefits	40	11,149	10,854	IAS1(54)(l)
Provisions	41	1,475	1,070	IAS1(54)(l)
Total non-current liabilities		336,448	356,557	
Total liabilities		410,092	415,483	
Net assets		215,243	213,050	

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The above statement of financial position should be read in conjunction with the accompanying notes

Pinnacle IFRS UK PLC
Statement of financial position
As at 31 December 2024

IAS1(10)(a),(54) 29,30
IAS1(51)(c)

	Note	Consolidated		
		2024 £'000	2023 £'000	
Equity				
Issued capital	42	182,811	182,536	IAS1(54)(r)
Reserves	43	3,456	3,685	IAS1(54)(r)
Retained profits	44	11,548	9,543	32
Equity attributable to the owners of Pinnacle IFRS UK PLC		197,815	195,764	IAS1(54)(r)
Non-controlling interest	45	17,428	17,286	IAS1(54)(q)
Total equity		215,243	213,050	33

Brad Example
Director

24 February 2025

Daniel Example
Director

UK-CA414

Pinnacle IFRS UK PLC
Statement of changes in equity
For the year ended 31 December 2024

IAS1(10)(c),(106)
IAS1(51)(c)

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Consolidated	Issued capital £'000	Reserves £'000	Retained profits £'000	Non-controlling interest £'000	Total equity £'000	
Balance at 1 January 2023	104,922	2,493	9,726	16,897	134,038	IAS1(106)(d)
Profit after income tax expense for the year	-	-	17,433	229	17,662	IAS1(106)(d)(i)
Other comprehensive income for the year, net of tax	-	1,192	-	160	1,352	IAS1(106)(d)(ii)
Total comprehensive income for the year	-	1,192	17,433	389	19,014	IAS1(106)(a)
<i>Transactions with owners in their capacity as owners:</i>						IAS1(106)(d)(iii)
Contributions of equity, net of transaction costs (note 42)	77,614	-	-	-	77,614	
Dividends paid (note 46)	-	-	(17,616)	-	(17,616)	IAS1(107)
Balance at 31 December 2023	182,536	3,685	9,543	17,286	213,050	IAS1(106)(d)

Consolidated	Issued capital £'000	Reserves £'000	Retained profits £'000	Non-controlling interest £'000	Total equity £'000	
Balance at 1 January 2024	182,536	3,685	9,543	17,286	213,050	IAS1(106)(d)
Profit after income tax expense for the year	-	-	31,388	142	31,530	IAS1(106)(d)(i)
Other comprehensive income for the year, net of tax	-	(229)	-	-	(229)	IAS1(106)(d)(ii)
Total comprehensive income for the year	-	(229)	31,388	142	31,301	IAS1(106)(a)
<i>Transactions with owners in their capacity as owners:</i>						IAS1(106)(d)(iii)
Contributions of equity, net of transaction costs (note 42)	25	-	-	-	25	
Share-based payments (note 63)	250	-	-	-	250	
Dividends paid (note 46)	-	-	(29,383)	-	(29,383)	IAS1(107)
Balance at 31 December 2024	182,811	3,456	11,548	17,428	215,243	IAS1(106)(d)

The above statement of changes in equity should be read in conjunction with the accompanying notes

Pinnacle IFRS UK PLC
Statement of cash flows
For the year ended 31 December 2024

IAS1(10)(d),(111) 35
IAS1(51)(c)

	Note	Consolidated			
		2024	2023		
		£'000	£'000		
Cash flows from operating activities				IAS7(10),(18)(a)	36
Receipts from customers		508,040	474,832	IAS7(14)(a)	
Payments to suppliers and employees		(401,934)	(390,936)	IAS7(14)(c),(d)	
		106,106	83,896		
Interest received		1,084	540	IAS7(31),(33)	
Other revenue		3,964	3,358	IAS7(14)(b)	
Interest and other finance costs paid		(18,845)	(21,030)	IAS7(31),(33)	
Income taxes paid		(4,620)	(5,641)	IAS7(14)(f),(35),(36)	
Net cash from operating activities		87,689	61,123		37
Cash flows from investing activities				IAS7(10),(21)	
Payment for purchase of business, net of cash acquired	55	(8,072)	(155)	IAS7(39)	
Payments for investments		(510)	-	IAS7(16)(a)	
Payments for property, plant and equipment		(6,215)	(3,048)	IAS7(16)(a)	
Proceeds from sale of investments		80	-	IAS7(16)(b)	
Proceeds from sale of property, plant and equipment		1,511	250	IAS7(16)(b)	
Proceeds from release of security deposits		155	-		
Net cash used in investing activities		(13,051)	(2,953)		38
Cash flows from financing activities				IAS7(10),(21)	
Proceeds from issue of shares		25	78,750	IAS7(17)(a)	
Proceeds from borrowings		12,000	-	IAS7(17)(c)	
Share issue transaction costs		-	(1,420)		
Dividends paid	46	(29,383)	(17,616)	IAS7(31),(34)	
Repayment of borrowings		(5,500)	(94,000)	IAS7(17)(d)	
Repayment of lease liabilities		(25,385)	(21,555)	IFRS16(53)(g)	
Net cash used in financing activities		(48,243)	(55,841)		39
Net increase in cash and cash equivalents		26,395	2,329		40
Cash and cash equivalents at the beginning of the financial year		4,251	1,914		
Effects of exchange rate changes on cash and cash equivalents		12	8	IAS7(28)	
Cash and cash equivalents at the end of the financial year	11	30,658	4,251		

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. Material accounting policy information

IAS1(112)(a),(117) 41

The accounting policies that are material to the consolidated entity are set out below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated. IAS8(13)

New or amended Accounting Standards and Interpretations adopted

IAS1(45)(a)

The consolidated entity has adopted all of the new or amended Accounting Standards and Interpretations issued by the International Accounting Standards Board ('IASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

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Basis of preparation

These general purpose financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and the Companies Act 2006, as appropriate for for-profit oriented entities. IAS1(16)

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for, where applicable, the revaluation of financial assets and liabilities at fair value through profit or loss, financial assets at fair value through other comprehensive income, investment properties, certain classes of property, plant and equipment and derivative financial instruments. IAS1(117B)(b)

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Critical accounting estimates

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the consolidated entity's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 2. IAS1(122),(125)

Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Pinnacle IFRS UK PLC ('company' or 'parent entity') as at 31 December 2024 and the results of all subsidiaries for the year then ended. Pinnacle IFRS UK PLC and its subsidiaries together are referred to in these financial statements as the 'consolidated entity'. IFRS10(4),(B86)(a)

Subsidiaries are all those entities over which the consolidated entity has control. The consolidated entity controls an entity when the consolidated entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the consolidated entity. They are de-consolidated from the date that control ceases. IFRS10(5)-(7)

Intercompany transactions, balances and unrealised gains on transactions between entities in the consolidated entity are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the consolidated entity. IFRS10(B86)(c)

The acquisition of subsidiaries is accounted for using the acquisition method of accounting. A change in ownership interest, without the loss of control, is accounted for as an equity transaction, where the difference between the consideration transferred and the book value of the share of the non-controlling interest acquired is recognised directly in equity attributable to the parent. IFRS10(23),(B86)(b)

Non-controlling interest in the results and equity of subsidiaries are shown separately in the statement of profit or loss and other comprehensive income, statement of financial position and statement of changes in equity of the consolidated entity. Losses incurred by the consolidated entity are attributed to the non-controlling interest in full, even if that results in a deficit balance. IFRS10(22),(B94)

Where the consolidated entity loses control over a subsidiary, it derecognises the assets including goodwill, liabilities and non-controlling interest in the subsidiary together with any cumulative translation differences recognised in equity. The consolidated entity recognises the fair value of the consideration received and the fair value of any investment retained together with any gain or loss in profit or loss. IFRS10(25),(B97)-(B99)

Operating segments

Operating segments are presented using the 'management approach', where the information presented is on the same basis as the internal reports provided to the Chief Operating Decision Makers ('CODM'). The CODM is responsible for the allocation of resources to operating segments and assessing their performance. IFRS8(5)

Foreign currency translation

The financial statements are presented in Pound sterling, which is Pinnacle IFRS UK PLC's functional and presentation currency. IAS1(51)(d)

Foreign currency transactions

Foreign currency transactions are translated into Pound sterling using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. IAS21(21),(28)

Note 1. Material accounting policy information (continued)

Foreign operations

The assets and liabilities of foreign operations are translated into Pound sterling using the exchange rates at the reporting date. The revenues and expenses of foreign operations are translated into Pound sterling using the average exchange rates, which approximate the rates at the dates of the transactions, for the period. All resulting foreign exchange differences are recognised in other comprehensive income through the foreign currency reserve in equity. IAS21(32)

The foreign currency reserve is recognised in profit or loss when the foreign operation or net investment is disposed of. IAS21(32)

Revenue recognition

The consolidated entity recognises revenue as follows:

Revenue from contracts with customers

Revenue is recognised at an amount that reflects the consideration to which the consolidated entity is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the consolidated entity: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised. IFRS15(119),(126)

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability. IFRS15(119),(126)

Sale of goods

Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery. IFRS15(119)(a)

Rendering of services

Revenue from a contract to provide services is recognised over time as the services are rendered based on either a fixed price or an hourly rate. IFRS15(119)(a),(124)

Interest

Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. IFRS9(5.4.1)

Rent

Rent revenue from investment properties is recognised on a straight-line basis over the lease term. Lease incentives granted are recognised as part of the rental revenue. Contingent rentals are recognised as income in the period when earned.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable. IAS12(46)

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for: IAS12(15),(24),(47)

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. IAS12(24),(34)

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset. IAS12(56)

Note 1. Material accounting policy information (continued)

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously. IAS12(74)

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification. IAS1(60)

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current. IAS1(66)

A liability is classified as current when: it is either expected to be settled in the consolidated entity's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no right at the end of the reporting period to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current. IAS1(69)

Deferred tax assets and liabilities are always classified as non-current. IAS1(56)

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. For the statement of cash flows presentation purposes, cash and cash equivalents also includes bank overdrafts, which are shown within borrowings in current liabilities on the statement of financial position. IAS7(6),(8),(46) 46

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days. IFRS9(5.1.3) 47

The consolidated entity has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue. IFRS7(35F)(c)

Other receivables are recognised at amortised cost, less any allowance for expected credit losses. IFRS9(5.1.1)

Contract assets

Contract assets are recognised when the consolidated entity has transferred goods or services to the customer but where the consolidated entity is yet to establish an unconditional right to consideration. Contract assets are treated as financial assets for impairment purposes. IFRS15(107),(117)

Customer acquisition costs

Customer acquisition costs are capitalised as an asset where such costs are incremental to obtaining a contract with a customer and are expected to be recovered. Customer acquisition costs are amortised on a straight-line basis over the term of the contract. IFRS15(91),(92),(127)

Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained or which are not otherwise recoverable from a customer are expensed as incurred to profit or loss. Incremental costs of obtaining a contract where the contract term is less than one year is immediately expensed to profit or loss. IFRS15(93),(94)

Customer fulfilment costs

Customer fulfilment costs are capitalised as an asset when all the following are met: (i) the costs relate directly to the contract or specifically identifiable proposed contract; (ii) the costs generate or enhance resources of the consolidated entity that will be used to satisfy future performance obligations; and (iii) the costs are expected to be recovered. Customer fulfilment costs are amortised on a straight-line basis over the term of the contract. IFRS15(95),(127)

Right of return assets

Right of return assets represents the right to recover inventory sold to customers and is based on an estimate of customers who may exercise their right to return the goods and claim a refund. Such rights are measured at the value at which the inventory was previously carried prior to sale, less expected recovery costs and any impairment. IFRS15(126)(d)

Inventories

Raw materials, work in progress and finished goods are stated at the lower of cost and net realisable value on a 'first in first out' basis. Cost comprises of direct materials and delivery costs, direct labour, import duties and other taxes, an appropriate proportion of variable and fixed overhead expenditure based on normal operating capacity, and, where applicable, transfers from cash flow hedging reserves in equity. Costs of purchased inventory are determined after deducting rebates and discounts received or receivable. IAS2(36)(a) 48
IAS2(9),(10),(25)

Note 1. Material accounting policy information (continued)

Stock in transit is stated at the lower of cost and net realisable value. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable. IAS2(9)

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. IAS2(6)

Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. IFRS9(5.5.1)

Cash flow hedges

Cash flow hedges are used to cover the consolidated entity's exposure to variability in cash flows that is attributable to particular risks associated with a recognised asset or liability or a firm commitment which could affect profit or loss. The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income through the cash flow hedges reserve in equity, whilst the ineffective portion is recognised in profit or loss. Amounts taken to equity are transferred out of equity and included in the measurement of the hedged transaction when the forecast transaction occurs. IAS39(95),(97),(98)

Cash flow hedges are tested for effectiveness on a regular basis both retrospectively and prospectively to ensure that each hedge is highly effective and continues to be designated as a cash flow hedge. If the forecast transaction is no longer expected to occur, the amounts recognised in equity are transferred to profit or loss. IAS39(AG105), (AG106)

If the hedging instrument is sold, terminated, expires, exercised without replacement or rollover, or if the hedge becomes ineffective and is no longer a designated hedge, the amounts previously recognised in equity remain in equity until the forecast transaction occurs. IAS39(101)

Non-current assets or disposal groups classified as held for sale

Non-current assets and assets of disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continued use. They are measured at the lower of their carrying amount and fair value less costs of disposal. For non-current assets or assets of disposal groups to be classified as held for sale, they must be available for immediate sale in their present condition and their sale must be highly probable. IFRS9(6),(15)

An impairment loss is recognised for any initial or subsequent write down of the non-current assets and assets of disposal groups to fair value less costs of disposal. A gain is recognised for any subsequent increases in fair value less costs of disposal of a non-current assets and assets of disposal groups, but not in excess of any cumulative impairment loss previously recognised. IFRS5(20)-(22)

Non-current assets are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of assets held for sale continue to be recognised. IFRS5(25)

Non-current assets classified as held for sale and the assets of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current assets. The liabilities of disposal groups classified as held for sale are presented separately on the face of the statement of financial position, in current liabilities. IFRS5(38)

Associates

Associates are entities over which the consolidated entity has significant influence but not control or joint control. Investments in associates are accounted for using the equity method. Under the equity method, the share of the profits or losses of the associate is recognised in profit or loss and the share of the movements in equity is recognised in other comprehensive income. Investments in associates are carried in the statement of financial position at cost plus post-acquisition changes in the consolidated entity's share of net assets of the associate. Goodwill relating to the associate is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment. Dividends received or receivable from associates reduce the carrying amount of the investment. IAS28(10),(32)

When the consolidated entity's share of losses in an associate equals or exceeds its interest in the associate, including any unsecured long-term receivables, the consolidated entity does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate. IAS28(38),(39)

The consolidated entity discontinues the use of the equity method upon the loss of significant influence over the associate and recognises any retained investment at its fair value. Any difference between the associate's carrying amount, fair value of the retained investment and proceeds from disposal is recognised in profit or loss. IAS28(22)

Investments and other financial assets

Investments and other financial assets are initially measured at fair value. Transaction costs are included as part of the initial measurement, except for financial assets at fair value through profit or loss. Such assets are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on both the business model within which such assets are held and the contractual cash flow characteristics of the financial asset unless an accounting mismatch is being avoided. IFRS9(5.1.1)

Note 1. Material accounting policy information (continued)

Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the consolidated entity has transferred substantially all the risks and rewards of ownership. When there is no reasonable expectation of recovering part or all of a financial asset, its carrying value is written off. ^{IFRS9(3.2.3)}

Financial assets at fair value through profit or loss

Financial assets not measured at amortised cost or at fair value through other comprehensive income are classified as financial assets at fair value through profit or loss. Typically, such financial assets will be either: (i) held for trading, where they are acquired for the purpose of selling in the short-term with an intention of making a profit, or a derivative; or (ii) designated as such upon initial recognition where permitted. Fair value movements are recognised in profit or loss. ^{IFRS9(4.1.4)}

Financial assets at fair value through other comprehensive income

Financial assets at fair value through other comprehensive income include equity investments which the consolidated entity intends to hold for the foreseeable future and has irrevocably elected to classify them as such upon initial recognition. ^{IFRS9(4.1.2A), IFRS7(11A)(b)}

Impairment of financial assets

The consolidated entity recognises a loss allowance for expected credit losses on financial assets which are either measured at amortised cost or fair value through other comprehensive income. The measurement of the loss allowance depends upon the consolidated entity's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain. ^{IFRS9(5.5.1),(5.5.9)}

Where there has not been a significant increase in exposure to credit risk since initial recognition, a 12-month expected credit loss allowance is estimated. This represents a portion of the asset's lifetime expected credit losses that is attributable to a default event that is possible within the next 12 months. Where a financial asset has become credit impaired or where it is determined that credit risk has increased significantly, the loss allowance is based on the asset's lifetime expected credit losses. The amount of expected credit loss recognised is measured on the basis of the probability weighted present value of anticipated cash shortfalls over the life of the instrument discounted at the original effective interest rate. ^{IFRS9(5.5.3)}

For financial assets mandatorily measured at fair value through other comprehensive income, the loss allowance is recognised in other comprehensive income with a corresponding expense through profit or loss. In all other cases, the loss allowance reduces the asset's carrying value with a corresponding expense through profit or loss. ^{IFRS9(5.5.2)}

Investment properties

Investment properties principally comprise of freehold land and buildings held for long-term rental and capital appreciation that are not occupied by the consolidated entity. Investment properties are initially recognised at cost, including transaction costs, and are subsequently remeasured annually at fair value. Movements in fair value are recognised directly to profit or loss. ^{IAS40(75)(a)}

Investment properties are derecognised when disposed of or when there is no future economic benefit expected. ^{IAS40(66)}

Transfers to and from investment properties to property, plant and equipment are determined by a change in use of owner-occupation. The fair value on the date of change of use from investment properties to property, plant and equipment are used as deemed cost for the subsequent accounting. The existing carrying amount of property, plant and equipment is used for the subsequent accounting cost of investment properties on the date of change of use. ^{IAS40(57)}

Investment properties also include properties under construction for future use as investment properties. These are carried at fair value, or at cost where fair value cannot be reliably determined and the construction is incomplete.

Property, plant and equipment

Land and buildings are shown at fair value, based on periodic, at least every 3 years, valuations by external independent valuers, less subsequent depreciation and impairment for buildings. The valuations are undertaken more frequently if there is a material change in the fair value relative to the carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Increases in the carrying amounts arising on revaluation of land and buildings are credited in other comprehensive income through to the revaluation surplus reserve in equity. Any revaluation decrements are initially taken in other comprehensive income through to the revaluation surplus reserve to the extent of any previous revaluation surplus of the same asset. Thereafter the decrements are taken to profit or loss. ^{IAS16(73)(a)}

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. ^{IAS16(73)(a)}

Depreciation is calculated on a straight-line basis to write off the net cost of each item of property, plant and equipment (excluding land) over their expected useful lives as follows: ^{IAS16(73)(b),(c)}

Buildings	40 years
Leasehold improvements	3-10 years
Plant and equipment	3-7 years

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date. ^{IAS16(51)}

Note 1. Material accounting policy information (continued)

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated useful life of the assets, whichever is shorter.

An item of property, plant and equipment is derecognised upon disposal or when there is no future economic benefit to the consolidated entity. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss. Any revaluation surplus reserve relating to the item disposed of is transferred directly to retained profits. IAS16(67)

Right-of-use assets

A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset. IFRS16(23),(24)

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the consolidated entity expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any remeasurement of lease liabilities. IFRS16(30),(32)

The consolidated entity has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred. IFRS16(5),(6)

Intangible assets

Intangible assets acquired as part of a business combination, other than goodwill, are initially measured at their fair value at the date of the acquisition. Intangible assets acquired separately are initially recognised at cost. Indefinite life intangible assets are not amortised and are subsequently measured at cost less any impairment. Finite life intangible assets are subsequently measured at cost less amortisation and any impairment. The gains or losses recognised in profit or loss arising from the derecognition of intangible assets are measured as the difference between net disposal proceeds and the carrying amount of the intangible asset. The method and useful lives of finite life intangible assets are reviewed annually. Changes in the expected pattern of consumption or useful life are accounted for prospectively by changing the amortisation method or period. IAS38(24),(33),(74),(89)

Goodwill

Goodwill arises on the acquisition of a business. Goodwill is not amortised. Instead, goodwill is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed. IFRS3(18),(32), IAS36(10), IAS38(107)

Research and development

Research costs are expensed in the period in which they are incurred. Development costs are capitalised when it is probable that the project will be a success considering its commercial and technical feasibility; the consolidated entity is able to use or sell the asset; the consolidated entity has sufficient resources and intent to complete the development; and its costs can be measured reliably. Capitalised development costs are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years. IAS38(54),(57), (118)(a),(b)

Patents and trademarks

Significant costs associated with patents and trademarks are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 10 years. IAS38(118)(a),(b)

Customer contracts

Customer contracts acquired in a business combination are amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years. IAS38(118)(a),(b)

Software

Significant costs associated with software are deferred and amortised on a straight-line basis over the period of their expected benefit, being their finite life of 5 years. IAS38(118)(a),(b)

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. IAS36(9),(10)

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit. IAS36(18),(66)

Note 1. Material accounting policy information (continued)

Trade and other payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition. IFRS9(5.1.1)

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Contract liabilities

Contract liabilities represent the consolidated entity's obligation to transfer goods or services to a customer and are recognised when a customer pays consideration, or when the consolidated entity recognises a receivable to reflect its unconditional right to consideration (whichever is earlier) before the consolidated entity has transferred the goods or services to the customer. IFRS15(106),(117)

Refund liabilities

Refund liabilities are recognised where the consolidated entity receives consideration from a customer and expects to refund some, or all, of that consideration to the customer. A refund liability is measured at the amount of consideration received or receivable for which the consolidated entity does not expect to be entitled and is updated at the end of each reporting period for changes in circumstances. Historical data is used across product lines to estimate such returns at the time of sale based on an expected value methodology. IFRS15(126)(d)

Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method. IFRS9(5.1.1)

Lease liabilities

A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the consolidated entity's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred. IFRS16(26),(27),(38)

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of-use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down. IFRS16(39),(40),(42)

Finance costs

Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred. IAS23(8)

Provisions

Provisions are recognised when the consolidated entity has a present (legal or constructive) obligation as a result of a past event, it is probable the consolidated entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. If the time value of money is material, provisions are discounted using a current pre-tax rate specific to the liability. The increase in the provision resulting from the passage of time is recognised as a finance cost. IAS37(14),(36),(45),(47),(60)

Employee benefits

Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled. IAS19(11),(13)

Other long-term employee benefits

The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows. IAS19(154)

Share-based payments

Equity-settled and cash-settled share-based compensation benefits are provided to employees.

Equity-settled transactions are awards of shares, or options over shares, that are provided to employees in exchange for the rendering of services. Cash-settled transactions are awards of cash for the exchange of services, where the amount of cash is determined by reference to the share price.

Note 1. Material accounting policy information (continued)

The cost of equity-settled transactions are measured at fair value on grant date. Fair value is independently determined using either the Binomial or Black-Scholes option pricing model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option, together with non-vesting conditions that do not determine whether the consolidated entity receives the services that entitle the employees to receive payment. No account is taken of any other vesting conditions. ^{IFRS2(16)}

The cost of equity-settled transactions are recognised as an expense with a corresponding increase in equity over the vesting period. The cumulative charge to profit or loss is calculated based on the grant date fair value of the award, the best estimate of the number of awards that are likely to vest and the expired portion of the vesting period. The amount recognised in profit or loss for the period is the cumulative amount calculated at each reporting date less amounts already recognised in previous periods. ^{IFRS2(10)}

The cost of cash-settled transactions is initially, and at each reporting date until vested, determined by applying either the Binomial or Black-Scholes option pricing model, taking into consideration the terms and conditions on which the award was granted. The cumulative charge to profit or loss until settlement of the liability is calculated as follows: ^{IFRS2(30)}

- during the vesting period, the liability at each reporting date is the fair value of the award at that date multiplied by the expired portion of the vesting period.
- from the end of the vesting period until settlement of the award, the liability is the full fair value of the liability at the reporting date.

All changes in the liability are recognised in profit or loss. The ultimate cost of cash-settled transactions is the cash paid to settle the liability. ^{IFRS2(30)}

Market conditions are taken into consideration in determining fair value. Therefore any awards subject to market conditions are considered to vest irrespective of whether or not that market condition has been met, provided all other conditions are satisfied. ^{IFRS2(21)}

If equity-settled awards are modified, as a minimum an expense is recognised as if the modification has not been made. An additional expense is recognised, over the remaining vesting period, for any modification that increases the total fair value of the share-based compensation benefit as at the date of modification. ^{IFRS2(27)}

If the non-vesting condition is within the control of the consolidated entity or employee, the failure to satisfy the condition is treated as a cancellation. If the condition is not within the control of the consolidated entity or employee and is not satisfied during the vesting period, any remaining expense for the award is recognised over the remaining vesting period, unless the award is forfeited. ^{IFRS2(28)(a)}

If equity-settled awards are cancelled, it is treated as if it has vested on the date of cancellation, and any remaining expense is recognised immediately. If a new replacement award is substituted for the cancelled award, the cancelled and new award is treated as if they were a modification. ^{IFRS2(28)}

Fair value measurement

When an asset or liability, financial or non-financial, is measured at fair value for recognition or disclosure purposes, the fair value is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date; and assumes that the transaction will take place either: in the principal market; or in the absence of a principal market, in the most advantageous market. ^{IFRS13(9),(16)}

Fair value is measured using the assumptions that market participants would use when pricing the asset or liability, assuming they act in their economic best interests. For non-financial assets, the fair value measurement is based on its highest and best use. Valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, are used, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. ^{IFRS13(22),(27),(61)}

Assets and liabilities measured at fair value are classified into three levels, using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. Classifications are reviewed at each reporting date and transfers between levels are determined based on a reassessment of the lowest level of input that is significant to the fair value measurement. ^{IFRS13(72),(95)}

For recurring and non-recurring fair value measurements, external valuers may be used when internal expertise is either not available or when the valuation is deemed to be significant. External valuers are selected based on market knowledge and reputation. Where there is a significant change in fair value of an asset or liability from one period to another, an analysis is undertaken, which includes a verification of the major inputs applied in the latest valuation and a comparison, where applicable, with external sources of data. ^{IFRS13(93)(g)}

Issued capital

Ordinary shares are classified as equity. ^{IAS32(11)}

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. ^{IAS32(35),(37)}

Note 1. Material accounting policy information (continued)

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments^{IFRS3(4)} or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued^{IFRS3(37),(B44)} or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for^{IFRS3(10)} appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest^{IFRS3(42)} in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent^{IFRS3(39),(40)} changes in the fair value of the contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest^{IFRS3(32)} in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional^{IFRS3(45)} amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to the owners of Pinnacle IFRS UK PLC, excluding^{IAS33(10)} any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the financial year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the^{IAS33(31)} after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

Value-Added Tax ('VAT') and other similar taxes

Revenues, expenses and assets are recognised net of the amount of associated VAT, unless the VAT incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of VAT receivable or payable. The net amount of VAT recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The VAT components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of VAT recoverable from, or payable to, the tax authority.^{IAS37(41)}

Rounding of amounts

Amounts in this report have been rounded off to the nearest thousand pounds, or in certain cases, the nearest pound.^{IAS1(51)(e)}

Note 1. Material accounting policy information (continued)

New Accounting Standards and Interpretations not yet mandatory or early adopted

Accounting Standards that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2024. The consolidated entity's assessment of the impact of these new or amended Accounting Standards and Interpretations, most relevant to the consolidated entity, are set out below. IAS8(30) 51

IFRS 18 Presentation and Disclosure in Financial Statements

This standard is applicable to annual reporting periods beginning on or after 1 January 2027 and early adoption is permitted. The standard replaces IAS 1 'Presentation of Financial Statements', with many of the original disclosure requirements retained and there will be no impact on the recognition and measurement of items in the financial statements. But the standard will affect presentation and disclosure in the financial statements, including introducing five categories in the statement of profit or loss and other comprehensive income: operating, investing, financing, income taxes and discontinued operations. The standard introduces two mandatory sub-totals in the statement: 'Operating profit' and 'Profit before financing and income taxes'. There are also new disclosure requirements for 'management-defined performance measures', such as earnings before interest, taxes, depreciation and amortisation ('EBITDA') or 'adjusted profit'. The standard provides enhanced guidance on grouping of information (aggregation and disaggregation), including whether to present this information in the primary financial statements or in the notes. The consolidated entity will adopt this standard from 1 January 2027 and it is expected that there will be a significant change to the layout of the statement of profit or loss and other comprehensive income.

Note 2. Critical accounting judgements, estimates and assumptions

IAS1(122),(125)

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The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below. 53,54

Sustainability-related disclosures

IFRSS1(74)

The operations of the consolidated entity are exposed to climate-related risks and opportunities. Judgement has been exercised in considering the impacts that climate-related risks and opportunities have had, or may have, on the consolidated entity based on known information. The consolidated entity discloses estimates of the anticipated financial effects of these risks and opportunities in the sustainability report, which is not part of the financial statements. Other than as addressed in the sustainability report, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the consolidated entity unfavourably as at the reporting date or subsequently as a result of climate-related risks and opportunities.

Share-based payment transactions

The consolidated entity measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by using either the Binomial or Black-Scholes model taking into account the terms and conditions upon which the instruments were granted. The accounting estimates and assumptions relating to equity-settled share-based payments would have no impact on the carrying amounts of assets and liabilities within the next annual reporting period but may impact profit or loss and equity.

Revenue from contracts with customers involving sale of goods

When recognising revenue in relation to the sale of goods to customers, the key performance obligation of the consolidated entity is considered to be the point of delivery of the goods to the customer, as this is deemed to be the time that the customer obtains control of the promised goods and therefore the benefits of unimpeded access. IFRS15(123),(125)

Determination of variable consideration

Judgement is exercised in estimating variable consideration which is determined having regard to past experience with respect to the goods returned to the consolidated entity where the customer maintains a right of return pursuant to the customer contract or where goods or services have a variable component. Revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised under the contract will not occur when the uncertainty associated with the variable consideration is subsequently resolved. IFRS15(123),(125)

Allowance for expected credit losses

The allowance for expected credit losses assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent sales experience, historical collection rates and forward-looking information that is available. The allowance for expected credit losses, as disclosed in note 12, is calculated based on the information available at the time of preparation. The actual credit losses in future years may be higher or lower. IFRS9(5.5.17)

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Fair value measurement hierarchy

The consolidated entity is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined by the use of valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Estimation of useful lives of assets

The consolidated entity determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Goodwill and other indefinite life intangible assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets

Deferred tax assets are recognised for deductible temporary differences only if the consolidated entity considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Lease term

The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the consolidated entity's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The consolidated entity reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate

Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the consolidated entity estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision

As discussed in note 1, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 2. Critical accounting judgements, estimates and assumptions (continued)

Lease make good provision

A provision has been made for the present value of anticipated costs for future restoration of leased premises. The provision includes future cost estimates associated with closure of the premises. The calculation of this provision requires assumptions such as application of closure dates and cost estimates. The provision recognised for each site is periodically reviewed and updated based on the facts and circumstances available at the time. Changes to the estimated future costs for sites are recognised in the statement of financial position by adjusting the asset and the provision. Reductions in the provision that exceed the carrying amount of the asset will be recognised in profit or loss.

Warranty provision

In determining the level of provision required for warranties the consolidated entity has made judgements in respect of the expected performance of the products, the number of customers who will actually claim under the warranty and how often, and the costs of fulfilling the conditions of the warranty. The provision is based on estimates made from historical warranty data associated with similar products and services.

Business combinations

As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Note 3. Operating segments

Identification of reportable operating segments

The consolidated entity is organised into three operating segments based on differences in products and services provided: computer manufacturing, computer retailing and computer distribution. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. There is no aggregation of operating segments.

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58,59

Other segments represent the investment property holdings and rental income of the consolidated entity.

IFRS8(16)

The CODM reviews EBITDA (earnings before interest, tax, depreciation and amortisation). The accounting policies adopted for internal reporting to the CODM are consistent with those adopted in the financial statements.

IFRS8(23)

The information reported to the CODM is on a monthly basis.

Types of products and services

The principal products and services of each of these operating segments are as follows:

IFRS8(22)(b)

Computer manufacturing	the manufacture and wholesaling of computers in the United Kingdom
Computer retailing	the retailing of computers predominately in the United Kingdom
Computer distribution	the freight and cartage of computers to customers in the United Kingdom

Intersegment transactions

IFRS8(27)(a)

Intersegment transactions were made at market rates. The computer retailing operating segment purchases finished goods from the computer manufacturing operating segment and pays for freight costs to the computer distribution operating segment. Intersegment transactions are eliminated on consolidation.

Intersegment receivables, payables and loans

IFRS8(27)(a)

Intersegment loans are initially recognised at the consideration received. Intersegment loans receivable and loans payable that earn or incur non-market interest are not adjusted to fair value based on market interest rates. Intersegment loans are eliminated on consolidation.

Major customers

IFRS8(34)

During the year ended 31 December 2024 approximately £69,400,000 (2023: £77,800,000) of the consolidated entity's external revenue was derived from sales to a major United Kingdom retailer through the computer retailing and computer distribution operating segments.

Note 3. Operating segments (continued)

Operating segment information

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	Computer manufacturing £'000	Computer retailing £'000	Computer distribution £'000	Other segments £'000	Total £'000	
Consolidated - 2024						
Revenue						
Sales to external customers	26,465	432,893	3,696	-	463,054	IFRS8(23)(a)
Intersegment sales	200,017	-	8,905	-	208,922	IFRS8(23)(b)
Total sales revenue	226,482	432,893	12,601	-	671,976	
Other revenue	-	-	-	3,694	3,694	
Total segment revenue	226,482	432,893	12,601	3,694	675,670	
Intersegment eliminations					(208,922)	
<i>Unallocated revenue:</i>						
Interest revenue					1,087	
Total revenue					467,835	IFRS8(28)(a)
EBITDA						
	13,181	91,985	3,609	124	108,899	IFRS8(21)(b)
Depreciation and amortisation					(52,276)	IFRS8(23)(e)
Interest revenue					1,087	IFRS8(23)(c)
Finance costs					(18,930)	IFRS8(23)(d)
Profit before income tax expense					38,780	IFRS8(28)(b)
Income tax expense					(7,250)	IFRS8(23)(h)
Profit after income tax expense					31,530	IFRS8(28)(b)
<i>Material items include:</i>						
Share of profits of associates	3,211	-	-	-	3,211	IFRS8(23)(g)
Write off of inventories	(212)	(326)	-	-	(538)	IFRS8(23)(f)
Net fair value loss on investment properties	-	-	-	(600)	(600)	IFRS8(23)(f)
Assets						
Segment assets	156,907	421,190	21,405	-	599,502	IFRS8(21)(b)
Intersegment eliminations					(16,652)	
<i>Unallocated assets:</i>						
Cash and cash equivalents					23,073	
Ordinary shares					530	
Land and buildings					8,500	
Deferred tax asset					10,382	
Total assets					625,335	IFRS8(28)(c)
<i>Total assets includes:</i>						
Investments in associates	34,192	-	-	-	34,192	IFRS8(24)(a)
Acquisition of non-current assets	365	5,027	9,091	-	14,483	IFRS8(24)(b)
Liabilities						
Segment liabilities	41,390	359,682	6,861	-	407,933	IFRS8(21)(b)
Intersegment eliminations					(16,652)	
<i>Unallocated liabilities:</i>						
Provision for income tax					6,701	
Bank loans					9,000	
Deferred tax liability					3,110	
Total liabilities					410,092	IFRS8(28)(d)

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Note 3. Operating segments (continued)

	Computer manufacturing £'000	Computer retailing £'000	Computer distribution £'000	Other segments £'000	Total £'000	
Consolidated - 2023						
Revenue						
Sales to external customers	24,339	403,776	3,868	-	431,983	IFRS8(23)(a)
Intersegment sales	191,423	-	2,808	-	194,231	IFRS8(23)(b)
Total sales revenue	215,762	403,776	6,676	-	626,214	
Other revenue	-	-	-	3,358	3,358	
Total segment revenue	215,762	403,776	6,676	3,358	629,572	
Intersegment eliminations					(194,231)	
<i>Unallocated revenue:</i>						
Interest revenue					543	
Total revenue					435,884	IFRS8(28)(a)
EBITDA	11,835	79,356	1,232	2,027	94,450	IFRS8(21)(b)
Depreciation and amortisation					(52,411)	IFRS8(23)(e)
Interest revenue					543	IFRS8(23)(c)
Finance costs					(21,092)	IFRS8(23)(d)
Profit before income tax expense					21,490	IFRS8(28)(b)
Income tax expense					(3,828)	IFRS8(23)(h)
Profit after income tax expense					17,662	IFRS8(28)(b)
<i>Material items include:</i>						
Share of profits of associates	2,661	-	-	-	2,661	IFRS8(23)(g)
Write off of inventories	(45)	(67)	-	-	(112)	IFRS8(23)(f)
Assets						
Segment assets	169,272	450,538	8,245	-	628,055	IFRS8(21)(b)
Intersegment eliminations					(17,255)	
<i>Unallocated assets:</i>						
Cash and cash equivalents					860	
Land and buildings					8,500	
Deferred tax asset					8,373	
Total assets					628,533	IFRS8(28)(c)
<i>Total assets includes:</i>						
Investments in associates	30,981	-	-	-	30,981	IFRS8(24)(a)
Acquisition of non-current assets	230	4,436	716	-	5,382	IFRS8(24)(b)
Liabilities						
Segment liabilities	38,899	377,913	1,687	-	418,499	IFRS8(21)(b)
Intersegment eliminations					(17,255)	
<i>Unallocated liabilities:</i>						
Provision for income tax					2,351	
Bank loans					9,000	
Deferred tax liability					2,888	
Total liabilities					415,483	IFRS8(28)(d)

Geographical information

IFRS8(33)

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	Sales to external customers		Geographical non-current assets	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
United Kingdom	424,034	399,416	179,882	192,376
Ireland	39,020	32,567	441	754
	463,054	431,983	180,323	193,130

The geographical non-current assets above are exclusive of, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.

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Note 4. Revenue

	Consolidated	
	2024	2023
	£'000	£'000
<i>Revenue from contracts with customers</i>		IFRS15(113)(a)
Sale of goods	459,358	428,115
Rendering of services	3,696	3,868
	<u>463,054</u>	<u>431,983</u>
<i>Other revenue</i>		
Rent from investment properties	3,623	3,310
Other revenue	71	48
	<u>3,694</u>	<u>3,358</u>
Revenue	<u><u>466,748</u></u>	<u><u>435,341</u></u>

Disaggregation of revenue

The disaggregation of revenue from contracts with customers is as follows:

	Computer manufacturing £'000	Computer retailing £'000	Computer distribution £'000	Total £'000	
Consolidated - 2024					
<i>Major product lines</i>					IFRS15(115)
Laptops	13,395	360,009	3,292	376,696	
Desktops	4,214	47,226	404	51,844	
Components	8,856	25,658	-	34,514	
	<u>26,465</u>	<u>432,893</u>	<u>3,696</u>	<u>463,054</u>	
<i>Geographical regions</i>					IFRS15(115)
United Kingdom	22,938	383,312	3,696	409,946	
Ireland	2,293	36,727	-	39,020	
Rest of the World	1,234	12,854	-	14,088	
	<u>26,465</u>	<u>432,893</u>	<u>3,696</u>	<u>463,054</u>	
<i>Timing of revenue recognition</i>					IFRS15(115)
Goods transferred at a point in time	26,465	432,893	-	459,358	
Services transferred over time	-	-	3,696	3,696	
	<u>26,465</u>	<u>432,893</u>	<u>3,696</u>	<u>463,054</u>	
Consolidated - 2023					
<i>Major product lines</i>					IFRS15(115)
Laptops	12,114	328,816	3,355	344,285	
Desktops	4,842	53,566	513	58,921	
Components	7,383	21,394	-	28,777	
	<u>24,339</u>	<u>403,776</u>	<u>3,868</u>	<u>431,983</u>	
<i>Geographical regions</i>					IFRS15(115)
United Kingdom	21,614	363,978	3,868	389,460	
Ireland	1,911	30,656	-	32,567	
Rest of the World	814	9,142	-	9,956	
	<u>24,339</u>	<u>403,776</u>	<u>3,868</u>	<u>431,983</u>	
<i>Timing of revenue recognition</i>					IFRS15(115)
Goods transferred at a point in time	24,339	403,776	-	428,115	
Services transferred over time	-	-	3,868	3,868	
	<u>24,339</u>	<u>403,776</u>	<u>3,868</u>	<u>431,983</u>	

Note 5. Share of profits of associates accounted for using the equity method

	Consolidated	
	2024	2023
	£'000	£'000
Share of profit - associates	3,211	2,661

Note 6. Other income

	Consolidated	
	2024	2023
	£'000	£'000
Net fair value gain on investment properties	-	1,500
Net gain on disposal of property, plant and equipment	422	192
Insurance recoveries	270	-
Other income	692	1,692

IAS1(97)
IAS1(98)
IAS1(97)

Note 7. Expenses

	Consolidated	
	2024	2023
	£'000	£'000
Profit before income tax includes the following specific expenses:		
<i>Cost of sales</i>		
Cost of sales	284,451	277,984
		IAS2(36)(d)
<i>Depreciation</i>		
Leasehold improvements	5,281	5,721
Plant and equipment	12,199	13,414
Buildings right-of-use assets	13,582	13,582
Plant and equipment right-of-use assets	18,570	17,468
		IAS16(75)(a)
		IFRS16(53)(a)
		IFRS16(53)(a)
Total depreciation	49,632	50,185
<i>Amortisation</i>		
Development	321	321
Patents and trademarks	32	32
Customer contracts	229	-
Software	22	22
Customer acquisition costs	1,288	1,164
Customer fulfilment costs	752	687
		IFRS15(128)(b)
		IFRS15(128)(b)
Total amortisation	2,644	2,226
Total depreciation and amortisation	52,276	52,411
<i>Impairment</i>		
Goodwill	500	-
		IAS36(130)(b)
<i>Finance costs</i>		
Interest and finance charges paid/payable on borrowings	1,799	3,021
Interest and finance charges paid/payable on lease liabilities	17,046	18,009
Unwinding of the discount on provisions	85	62
		IFRS7(20)(b)
		IFRS16(53)(b)
		IAS37(60)
Finance costs expensed	18,930	21,092
<i>Net foreign exchange loss</i>		
Net foreign exchange loss	13	6
		IAS21(52)(a)
<i>Net fair value loss</i>		
Net fair value loss on investment properties	600	-
		IAS1(97)
<i>Cash flow hedge ineffectiveness</i>		
Cash flow hedge ineffectiveness	4	2
		IFRS7(24C)(b)(ii)
<i>Leases</i>		
Variable lease payments	1,167	1,098
Short-term lease payments	102	127
Low-value assets lease payments	135	119
		IFRS16(53)(e)
		IFRS16(53)(c)
		IFRS16(53)(d)
	1,404	1,344
<i>Research costs</i>		
Research costs	124	107
		IAS38(126)
<i>Write off of assets</i>		
Inventories	538	112
		IAS1(98)
<i>Expenses on investment properties</i>		
Direct operating expenses from property that generated rental income	61	59
Direct operating expenses from property that did not generate rental income	8	3
		IAS40(75)(f)(ii)
		IAS40(75)(f)(iii)
Total expenses on investment properties	69	62

Note 8. Average number of employees and employee benefits expense

UK-CA411

The average number of employees during the year was as follows:

	Consolidated	
	2024	2023
Manufacturing	1,064	1,018
Retailing	1,408	1,417
Distribution	52	28
Administration	50	48
Average number of employees	<u>2,574</u>	<u>2,511</u>

The employee benefits expense during the year was as follows:

	Consolidated	
	2024	2023
	£'000	£'000
Wages and salaries	190,705	185,293
Social security costs	19,253	18,867
Other pension costs	14,942	14,568
Share-based payments	250	-
Total employee benefits expense	<u>225,150</u>	<u>218,728</u>

Note 9. Directors' remuneration

UK-CA412

Details of directors' remuneration is set out below:

	Consolidated	
	2024	2023
Number of directors who exercised share options	2	1
Number of directors who received shares under long-term incentive schemes in respect of qualifying services	2	2
Number of directors accruing benefits under pension schemes in respect of qualifying services	3	3
Number of directors accruing benefits under money purchase schemes in respect of qualifying services	1	1
	Consolidated	
	2024	2023
	£'000	£'000
Aggregate remuneration in respect of qualifying services	1,149	892
Aggregate gains made by directors on the exercise of share options	61	32
Aggregate amounts received or receivable under long-term incentive schemes in respect of qualifying services	185	76
Aggregate amounts of contributions to pension schemes in respect of qualifying services	65	61
Aggregate amounts of contributions to money purchase schemes in respect of qualifying services	50	42
Highest paid director - aggregate remuneration	641	491
Highest paid director - accrued pension at the end of the year	43	39
Highest paid director - accrued lump sum at the end of the year	195	152

Note 10. Income tax expense

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	Consolidated		
	2024	2023	
	£'000	£'000	
<i>Income tax expense</i>			IAS12(79)
Current tax	9,064	5,842	IAS12(80)(a)
Deferred tax - origination and reversal of temporary differences	(1,745)	(2,014)	IAS12(80)(c)
Adjustment recognised for prior periods	(69)	-	IAS12(80)(b)
	<u>7,250</u>	<u>3,828</u>	
Aggregate income tax expense			
Deferred tax included in income tax expense comprises:			
Increase in deferred tax assets (note 25)	(1,707)	(2,327)	67
Increase/(decrease) in deferred tax liabilities (note 39)	(38)	313	68
	<u>(1,745)</u>	<u>(2,014)</u>	
Deferred tax - origination and reversal of temporary differences			
<i>Numerical reconciliation of income tax expense and tax at the statutory rate</i>			IAS12(81)(c)(i)
Profit before income tax expense	38,780	21,490	
Tax at the statutory tax rate of 20%	7,756	4,298	
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:			
Entertainment expenses	22	27	
Impairment of goodwill	100	-	
Share-based payments	50	-	
Share of profits - associates	(642)	(532)	
Sundry items	33	35	
	<u>7,319</u>	<u>3,828</u>	
Adjustment recognised for prior periods	(69)	-	IAS12(80)(b)
Income tax expense	<u>7,250</u>	<u>3,828</u>	66

	Consolidated		
	2024	2023	
	£'000	£'000	
<i>Amounts charged/(credited) directly to equity</i>			IAS12(81)(a)
Deferred tax assets (note 25)	(3)	(291)	
Deferred tax liabilities (note 39)	10	400	
	<u>7</u>	<u>109</u>	

Note 11. Current assets - cash and cash equivalents

	Consolidated		
	2024	2023	
	£'000	£'000	
Cash on hand	123	107	IAS7(45)
Cash at bank	18,635	5,017	IAS7(45)
Cash on deposit	11,900	400	IAS7(45)
	<u>30,658</u>	<u>5,524</u>	
<i>Reconciliation to cash and cash equivalents at the end of the financial year</i>			
The above figures are reconciled to cash and cash equivalents at the end of the financial year as shown in the statement of cash flows as follows:			IAS7(45)
Balances as above	30,658	5,524	
Bank overdraft (note 29)	-	(1,273)	
Balance as per statement of cash flows	<u>30,658</u>	<u>4,251</u>	

Note 12. Current assets - trade and other receivables

	Consolidated	
	2024	2023
	£'000	£'000
Trade receivables	14,344	13,181
Less: Allowance for expected credit losses	(1,062)	(874)
	<u>13,282</u>	<u>12,307</u>
Other receivables	60	43
Interest receivable	7	4
	<u>13,349</u>	<u>12,354</u>

Allowance for expected credit losses

The consolidated entity has recognised a loss of £491,000 in profit or loss in respect of the expected credit losses for the year ended 31 December 2024. IFRS15(113)(b)

The ageing of the receivables and allowance for expected credit losses provided for above are as follows: IFRS7(35N)

	Expected credit loss rate		Carrying amount		Allowance for expected credit losses	
	2024	2023	2024	2023	2024	2023
Consolidated	%	%	£'000	£'000	£'000	£'000
Not overdue	2%	1%	7,334	6,793	147	68
0 to 3 months overdue	7%	5%	5,128	3,951	359	198
3 to 6 months overdue	14%	10%	1,353	1,762	189	176
Over 6 months overdue	50%	50%	734	863	367	432
			<u>14,549</u>	<u>13,369</u>	<u>1,062</u>	<u>874</u>

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The consolidated entity has increased its monitoring of debt recovery as there is an increased probability of customers delaying payment or being unable to pay, due to the current environment. As a result, the calculation of expected credit losses has been revised as at 31 December 2024 and rates have increased in each category up to 6 months overdue.

Movements in the allowance for expected credit losses are as follows: IFRS7(35H)

	Consolidated	
	2024	2023
	£'000	£'000
Opening balance	874	659
Additional provisions recognised	491	432
Receivables written off during the year as uncollectable	(287)	(209)
Unused amounts reversed	(16)	(8)
Closing balance	<u>1,062</u>	<u>874</u>

Note 13. Current assets - contract assets

	Consolidated	
	2024	2023
	£'000	£'000
Contract assets	<u>2,617</u>	<u>2,144</u>

Reconciliation

Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below: IFRS15(118)

Opening balance	2,144	2,511
Additions	5,687	4,788
Cumulative catch-up adjustments	1,531	1,374
Transfer to trade receivables	(6,745)	(6,529)
Closing balance	<u>2,617</u>	<u>2,144</u>

Note 14. Current assets - inventories

	Consolidated		
	2024	2023	
	£'000	£'000	
Raw materials	6,817	6,081	IAS2(36)(b)
Work in progress	16,040	17,434	IAS2(36)(b)
Finished goods	16,464	19,346	IAS2(36)(c)
Stock in transit	204	187	IAS2(36)(b)
	<u>39,525</u>	<u>43,048</u>	

Note 15. Current assets - financial assets at fair value through profit or loss

IFRS7(8)(a)

	Consolidated		
	2024	2023	
	£'000	£'000	
Listed ordinary shares - designated at fair value through profit or loss	82	-	IFRS7(6)
Listed ordinary shares - held for trading	278	-	
	<u>360</u>	<u>-</u>	

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	-	-
Additions	310	-
Revaluation increments	50	-
	<u>360</u>	<u>-</u>

Refer to note 48 for further information on fair value measurement.

Note 16. Current assets - other

	Consolidated		
	2024	2023	
	£'000	£'000	
Prepayments	1,110	903	
Security deposits	65	35	
Customer acquisition costs	1,417	1,274	IFRS15(128)(a)
Customer fulfilment costs	672	614	IFRS15(128)(a)
Right of return assets	671	618	IFRS15(B21)(c)
	<u>3,935</u>	<u>3,444</u>	

Note 17. Current assets - non-current assets classified as held for sale

IFRS5(38)

	Consolidated		
	2024	2023	
	£'000	£'000	
Land	<u>6,000</u>	<u>-</u>	

The vacant land situated at 22 Smith Street, Westminster is currently for sale and is expected to be sold within five months from the reporting date through an auction process. The proposed development of a head office building on the site has been abandoned and the land is now surplus to requirements. The land is not allocated to an operating segment. IFRS5(41)(a)

Note 18. Non-current assets - receivables

	Consolidated		
	2024	2023	
	£'000	£'000	
Other receivables	<u>145</u>	<u>145</u>	IFRS7(6)

Note 18. Non-current assets - receivables (continued)

The other receivables are due to be repaid by 31 December 2027 and the effect of discounting is considered not to be material. This receivable is not past due nor impaired.

Note 19. Non-current assets - investments accounted for using the equity method

	Consolidated	
	2024	2023
	£'000	£'000
Investment in associate	34,192	30,981

IAS28(27)

Refer to note 57 for further information on interests in associates.

Note 20. Non-current assets - financial assets at fair value through other comprehensive income

IFRS7(8)(h)

	Consolidated	
	2024	2023
	£'000	£'000
Unlisted ordinary shares	170	-

IFRS7(11A)(a),(c)

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

Opening fair value	-	-
Additions	200	-
Disposals	(80)	-
Revaluation increments	50	-
Closing fair value	170	-

Refer to note 48 for further information on fair value measurement.

Note 21. Non-current assets - investment properties

	Consolidated	
	2024	2023
	£'000	£'000
Investment properties - at independent valuation	46,900	47,500

IAS40(76)

Reconciliation

Reconciliation of the fair values at the beginning and end of the current and previous financial year are set out below:

IAS40(76)

Opening fair value	47,500	46,000
Revaluation increments	-	1,500
Revaluation decrements	(600)	-
Closing fair value	46,900	47,500

Refer to note 48 for further information on fair value measurement.

Note 21. Non-current assets - investment properties (continued)

Lessor commitments

IFRS16(97)

	Consolidated	
	2024	2023
	£'000	£'000
Minimum lease commitments receivable but not recognised in the financial statements:		
1 year or less	3,723	3,580
Between 1 and 2 years	3,872	3,723
Between 2 and 3 years	4,027	3,872
Between 3 and 4 years	4,188	4,027
Between 4 and 5 years	4,356	4,188
Over 5 years	14,140	18,496
	<u>34,306</u>	<u>37,886</u>

Note 22. Non-current assets - property, plant and equipment

	Consolidated	
	2024	2023
	£'000	£'000
Land and buildings - at independent valuation	52,500	58,500
Leasehold improvements - at cost	33,585	27,185
Less: Accumulated depreciation	(18,401)	(13,120)
	<u>15,184</u>	<u>14,065</u>
Plant and equipment - at cost	105,607	100,362
Less: Accumulated depreciation	(56,152)	(44,044)
	<u>49,455</u>	<u>56,318</u>
	<u>117,139</u>	<u>128,883</u>

Reconciliations

IAS16(73)(e)

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Land and buildings £'000	Leasehold improvements £'000	Plant and equipment £'000	Total £'000
Balance at 1 January 2023	56,500	17,478	69,050	143,028
Additions	-	2,308	740	3,048
Disposals	-	-	(58)	(58)
Revaluation increments	2,000	-	-	2,000
Depreciation expense	-	(5,721)	(13,414)	(19,135)
Balance at 31 December 2023	58,500	14,065	56,318	128,883
Additions	-	6,400	365	6,765
Additions through business combinations (note 55)	-	-	6,060	6,060
Classified as held for sale (note 17)	(6,000)	-	-	(6,000)
Disposals	-	-	(1,089)	(1,089)
Depreciation expense	-	(5,281)	(12,199)	(17,480)
Balance at 31 December 2024	<u>52,500</u>	<u>15,184</u>	<u>49,455</u>	<u>117,139</u>

Land and buildings stated under the historical cost convention

IAS16(77)(e)

If land and buildings were stated under the historical cost convention, the amounts would be as follows:

	Consolidated	
	2024	2023
	£'000	£'000
Land and buildings - at cost	46,000	52,000
Less: Accumulated depreciation	(1,059)	(1,007)
	<u>44,941</u>	<u>50,993</u>

Note 23. Non-current assets - right-of-use assets

72,73

	Consolidated		
	2024	2023	
	£'000	£'000	
Land and buildings - right-of-use	271,636	271,636	74
Less: Accumulated depreciation	(37,350)	(23,768)	
	<u>234,286</u>	<u>247,868</u>	IFRS16(53)(j)
Plant and equipment - right-of-use	126,363	120,842	74
Less: Accumulated depreciation	(55,164)	(36,594)	
	<u>71,199</u>	<u>84,248</u>	IFRS16(53)(j)
	<u>305,485</u>	<u>332,116</u>	

Additions to the right-of-use assets during the year were £5,521,000.

IFRS16(53)(h)

The consolidated entity leases land and buildings for its offices, warehouses and retail outlets under agreements of between five to fifteen years with, in some cases, options to extend. The leases have various escalation clauses. On renewal, the terms of the leases are renegotiated. The consolidated entity also leases plant and equipment under agreements of between three to seven years.

IFRS16(59)

The consolidated entity leases office equipment under agreements of less than two years. These leases are either short-term or low-value, so have been expensed as incurred and not capitalised as right-of-use assets.

IFRS16(60)

Note 24. Non-current assets - intangibles

	Consolidated		
	2024	2023	
	£'000	£'000	
Goodwill	9,908	9,500	IAS38(118)(c)
Less: Impairment	(500)	-	IAS38(118)(c)
	<u>9,408</u>	<u>9,500</u>	
Development - at cost	3,208	3,208	IAS38(118)(c)
Less: Accumulated amortisation	(1,605)	(1,284)	IAS38(118)(c)
	<u>1,603</u>	<u>1,924</u>	
Patents and trademarks - at cost	320	320	IAS38(118)(c)
Less: Accumulated amortisation	(224)	(192)	IAS38(118)(c)
	<u>96</u>	<u>128</u>	
Customer contracts - at cost	1,250	-	IAS38(118)(c)
Less: Accumulated amortisation	(229)	-	IAS38(118)(c)
	<u>1,021</u>	<u>-</u>	
Software - at cost	108	108	IAS38(118)(c)
Less: Accumulated amortisation	(66)	(44)	IAS38(118)(c)
	<u>42</u>	<u>64</u>	
	<u>12,170</u>	<u>11,616</u>	

Note 24. Non-current assets - intangibles (continued)

Reconciliations

IAS38(118)(e)

Reconciliations of the written down values at the beginning and end of the current and previous financial year are set out below:

Consolidated	Goodwill £'000	Development £'000	Patents and trademarks £'000	Customer contracts £'000	Software £'000	Total £'000
Balance at 1 January 2023	9,500	2,245	160	-	86	11,991
Amortisation expense	-	(321)	(32)	-	(22)	(375)
Balance at 31 December 2023	9,500	1,924	128	-	64	11,616
Additions through business combinations (note 55)	408	-	-	1,250	-	1,658
Impairment of assets	(500)	-	-	-	-	(500)
Amortisation expense	-	(321)	(32)	(229)	(22)	(604)
Balance at 31 December 2024	9,408	1,603	96	1,021	42	12,170

Impairment testing

Goodwill acquired through business combinations have been allocated to the following cash-generating units:

IAS36(134)(a)

	Consolidated	
	2024	2023
	£'000	£'000
Computer retailing	8,700	9,200
Computer distribution	708	300
	<u>9,408</u>	<u>9,500</u>

The recoverable amount of the consolidated entity's goodwill has been determined by a value-in-use calculation using a discounted cash flow model, based on a 2 year projection period approved by management and extrapolated for a further 3 years using a steady rate, together with a terminal value.

IAS36(130)(e),(134)(c)

Key assumptions are those to which the recoverable amount of an asset or cash-generating units is most sensitive.

The following key assumptions were used in the discounted cash flow model for the computer retailing division:

- 18% (2023: 18%) pre-tax discount rate;
- 2% (2023: 5%) per annum projected revenue growth rate;
- 5% (2023: 8%) per annum increase in operating costs and overheads.

The discount rate of 18% pre-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital adjusted for the computer retailing division, the risk free rate and the volatility of the share price relative to market movements.

Management believes the projected 2% revenue growth rate is prudent and justified, based on the general slowing in the market.

Compared to prior years, management have reduced their estimation of the increase in operating costs and overheads, due to the lower inflation rate and also an effort by the consolidated entity to contain costs.

There were no other key assumptions for the computer retailing division.

Based on the above, an impairment charge of £500,000 has been applied as the carrying amount of goodwill exceeded its recoverable amount for the computer retailing division.

The following key assumptions were used in the discounted cash flow model for the computer distribution division:

- 17% (2023: 18%) pre-tax discount rate;
- 5% (2023: 5%) per annum projected revenue growth rate.

The discount rate of 17% pre-tax reflects management's estimate of the time value of money and the consolidated entity's weighted average cost of capital adjusted for the computer distribution division, the risk free rate and the volatility of the share price relative to market movements.

Management have estimated a 5% growth in accordance with the acquisition strategy and have no reason to revise this estimation based on current performance.

Note 24. Non-current assets - intangibles (continued)

There were no other key assumptions for the computer distribution division.

Based on the above, the recoverable amount of the computer distribution division exceeded the carrying amount by £1,250,000.

Sensitivity

IAS36(134)(f)

As disclosed in note 2, the directors have made judgements and estimates in respect of impairment testing of goodwill. Should these judgements and estimates not occur the resulting goodwill carrying amount may decrease. The sensitivities are as follows:

- Revenue would need to decrease by more than 1% for the computer distribution division before goodwill would need to be impaired, with all other assumptions remaining constant.
- The discount rate would be required to increase by 1% for the computer distribution division before goodwill would need to be impaired, with all other assumptions remaining constant.

Management believes that other reasonable changes in the key assumptions on which the recoverable amount of computer distribution division's goodwill is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

If there are any negative changes in the key assumptions on which the recoverable amount of goodwill is based, this would result in a further impairment charge for the computer retailing division's goodwill.

Note 25. Non-current assets - deferred tax

75,76

	Consolidated	
	2024	2023
	£'000	£'000
<i>Deferred tax asset comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Allowance for expected credit losses	197	165
Property, plant and equipment	274	-
Contract liabilities	454	427
Employee benefits	3,900	3,799
Leases	3,932	2,569
Provision for legal claims	12	-
Provision for lease make good	341	214
Provision for warranties	641	567
Accrued expenses	229	185
Refund liabilities	197	189
	<u>10,177</u>	<u>8,115</u>
Amounts recognised in equity:		
Transaction costs on share issue	180	237
Derivative financial instruments	25	21
	<u>205</u>	<u>258</u>
Deferred tax asset	<u>10,382</u>	<u>8,373</u>
		IAS12(81)(g)(i)
<i>Movements:</i>		
Opening balance	8,373	5,755
Credited to profit or loss (note 10)	1,707	2,327
Credited to equity (note 10)	3	291
Additions through business combinations (note 55)	299	-
	<u>10,382</u>	<u>8,373</u>
		IAS12(81)(g)(ii) 77
		IAS12(81)(a) 78

Note 26. Non-current assets - other

	Consolidated		
	2024	2023	
	£'000	£'000	
Security deposits	1,260	1,445	
Customer acquisition costs	564	517	IFRS15(128)(a)
Customer fulfilment costs	484	443	IFRS15(128)(a)
	<u>2,308</u>	<u>2,405</u>	

Note 27. Current liabilities - trade and other payables

	Consolidated		
	2024	2023	
	£'000	£'000	
Trade payables	18,070	15,711	IFRS7(6)
Other payables	1,934	1,595	IFRS7(6)
	<u>20,004</u>	<u>17,306</u>	

Refer to note 47 for further information on financial instruments.

Note 28. Current liabilities - contract liabilities

	Consolidated		
	2024	2023	
	£'000	£'000	
Contract liabilities	<u>2,269</u>	<u>2,135</u>	IFRS15(116)(a)
Reconciliation			
Reconciliation of the written down values at the beginning and end of the current and previous financial year are set out below:			IFRS15(118)
Opening balance	2,135	1,974	
Payments received in advance	1,441	1,473	
Cumulative catch-up adjustments	174	249	
Transfer to revenue - included in the opening balance	(1,141)	(1,236)	IFRS15(116)(b)
Transfer to revenue - performance obligations satisfied in previous periods	(208)	(178)	IFRS15(116)(c)
Transfer to revenue - other balances	<u>(132)</u>	<u>(147)</u>	
Closing balance	<u>2,269</u>	<u>2,135</u>	

Unsatisfied performance obligations

IFRS15(120)

The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was £3,891,000 as at 31 December 2024 (£3,507,000 as at 31 December 2023) and is expected to be recognised as revenue in future periods as follows:

	Consolidated		
	2024	2023	
	£'000	£'000	
Within 6 months	1,482	1,344	
6 to 12 months	1,128	1,032	
12 to 18 months	874	817	
18 to 24 months	<u>407</u>	<u>314</u>	
	<u>3,891</u>	<u>3,507</u>	

Note 29. Current liabilities - borrowings

	Consolidated	
	2024	2023
	£'000	£'000
Bank overdraft	-	1,273
Bank loans	4,500	2,000
	<u>4,500</u>	<u>3,273</u>

IFRS7(8)(g)

IFRS7(8)(g)

Refer to note 37 for further information on assets pledged as security and financing arrangements.

Refer to note 47 for further information on financial instruments.

Note 30. Current liabilities - lease liabilities

	Consolidated	
	2024	2023
	£'000	£'000
Lease liability	22,072	20,905

Refer to note 47 for further information on financial instruments.

Note 31. Current liabilities - derivative financial instruments

	Consolidated	
	2024	2023
	£'000	£'000
Forward foreign exchange contracts - cash flow hedges	122	107

IFRS7(24A)(a)

Refer to note 47 for further information on financial instruments.

Refer to note 48 for further information on fair value measurement.

Note 32. Current liabilities - income tax

	Consolidated	
	2024	2023
	£'000	£'000
Provision for income tax	6,701	2,351

Note 33. Current liabilities - employee benefits

	Consolidated	
	2024	2023
	£'000	£'000
Employee benefits	8,352	8,143

Amounts not expected to be settled within the next 12 months

IAS1(61)

The current provision for employee benefits includes all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount is presented as current, since the consolidated entity does not have an unconditional right to defer settlement. However, based on past experience, the consolidated entity does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months.

The following amounts reflect leave that is not expected to be taken within the next 12 months:

	Consolidated	
	2024	2023
	£'000	£'000
Employee benefits obligation expected to be settled after 12 months	1,603	1,292

Note 34. Current liabilities - provisions

	Consolidated	
	2024	2023
	£'000	£'000
Lease make good	230	-
Legal claims	60	-
Warranties	3,204	2,837
	<u>3,494</u>	<u>2,837</u>

Lease make good

IAS37(85)

The provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms.

Legal claims

IAS37(85)

The provision represents a claim by a customer of the computer retailing division. This claim is expected to be settled in the next financial year and the outcome of this claim is not expected to exceed the amount provided for, based on independent legal advice.

Warranties

IAS37(85)

The provision represents the estimated warranty claims in respect of products sold which are still under warranty at the reporting date. The provision is estimated based on historical warranty claim information, sales levels and any recent trends that may suggest future claims could differ from historical amounts.

Movements in provisions

IAS37(84)

Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Lease make good £'000	Legal claims £'000	Warranties £'000
Consolidated - 2024			
Carrying amount at the start of the year	-	-	2,837
Additional provisions recognised	-	60	503
Amounts transferred from non-current	230	-	-
Amounts used	-	-	(91)
Unused amounts reversed	-	-	(45)
	<u>230</u>	<u>60</u>	<u>3,204</u>

Note 35. Current liabilities - other

	Consolidated	
	2024	2023
	£'000	£'000
Accrued expenses	1,143	927
Refund liabilities	987	942
	<u>2,130</u>	<u>1,869</u>

IFRS15(B21)(b)

Note 36. Current liabilities - liabilities directly associated with assets classified as held for sale

IFRS5(38)

	Consolidated	
	2024	2023
	£'000	£'000
Bank loans	4,000	-

The liabilities identified above represents the bank loan secured over the vacant land currently for sale. Refer to note 17 for further information.

Note 37. Non-current liabilities - borrowings

	Consolidated	
	2024	2023
	£'000	£'000
Bank loans	19,000	19,000

IFRS7(8)(g)

Note 37. Non-current liabilities - borrowings (continued)

Refer to note 47 for further information on financial instruments.

Total secured liabilities

The total secured liabilities (current and non-current) are as follows:

	Consolidated	
	2024	2023
	£'000	£'000
Bank overdraft	-	1,273
Bank loans	27,500	21,000
	<u>27,500</u>	<u>22,273</u>

Assets pledged as security

The bank overdraft and loans are secured by first mortgages over the consolidated entity's land and buildings.

IFRS7(14)(a)

Financing arrangements

Unrestricted access was available at the reporting date to the following lines of credit:

IFRS7(39)(c)

	Consolidated	
	2024	2023
	£'000	£'000
Total facilities		
Bank overdraft	5,000	5,000
Bank loans	40,000	25,000
	<u>45,000</u>	<u>30,000</u>
Used at the reporting date		
Bank overdraft	-	1,273
Bank loans	27,500	21,000
	<u>27,500</u>	<u>22,273</u>
Unused at the reporting date		
Bank overdraft	5,000	3,727
Bank loans	12,500	4,000
	<u>17,500</u>	<u>7,727</u>

IAS7(50)(a)

Loan covenants

The bank loans are subject to certain financial covenants and these are assessed at the end of each quarter. The loans will be repayable immediately if the covenants are breached. The consolidated entity is not aware of any facts or circumstances that indicate that it may have difficulty complying with the covenants within 12 months after the reporting period.

IAS1(76ZA)(a),(b)

Note 38. Non-current liabilities - lease liabilities

	Consolidated	
	2024	2023
	£'000	£'000
Lease liability	<u>301,714</u>	<u>322,745</u>

Refer to note 47 for further information on financial instruments.

Note 39. Non-current liabilities - deferred tax

82

	Consolidated	
	2024	2023
	£'000	£'000
<i>Deferred tax liability comprises temporary differences attributable to:</i>		
Amounts recognised in profit or loss:		
Financial assets at fair value through profit or loss	10	-
Prepayments	201	152
Development costs	321	385
Customer contracts	204	-
Net fair value gain on investment properties	180	300
Contract assets	123	59
Customer acquisition costs	396	358
Customer fulfilment costs	231	211
Right of return assets	134	123
	<u>1,800</u>	<u>1,588</u>
Amounts recognised in equity:		
Revaluation of property, plant and equipment	1,300	1,300
Revaluation of financial assets at fair value through other comprehensive income	10	-
	<u>1,310</u>	<u>1,300</u>
Deferred tax liability	<u>3,110</u>	<u>2,888</u>
		IAS12(81)(g)(i)
<i>Movements:</i>		
Opening balance	2,888	2,175
Charged/(credited) to profit or loss (note 10)	(38)	313
Charged to equity (note 10)	10	400
Additions through business combinations (note 55)	250	-
	<u>3,110</u>	<u>2,888</u>

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Note 40. Non-current liabilities - employee benefits

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	Consolidated	
	2024	2023
	£'000	£'000
Employee benefits	<u>11,149</u>	<u>10,854</u>

Note 41. Non-current liabilities - provisions

	Consolidated	
	2024	2023
	£'000	£'000
Lease make good	<u>1,475</u>	<u>1,070</u>

Lease make good IAS37(85)
The provision represents the present value of the estimated costs to make good the premises leased by the consolidated entity at the end of the respective lease terms.

Movements in provisions IAS37(84)
Movements in each class of provision during the current financial year, other than employee benefits, are set out below:

	Lease make good £'000
Consolidated - 2024	
Carrying amount at the start of the year	1,070
Additional provisions recognised	550
Amounts transferred to current	(230)
Unwinding of discount	85
Carrying amount at the end of the year	<u>1,475</u>

Note 42. Equity - issued capital

	2024 Shares	Consolidated 2023 Shares	2024 £'000	2023 £'000	
Ordinary shares - fully paid	<u>146,910,000</u>	<u>146,800,000</u>	<u>182,811</u>	<u>182,536</u>	IAS1(79)(a)(ii)

Movements in ordinary share capital

IAS1(79)(a)(iv)

Details	Date	Shares	Issue price	£'000
Balance	1 January 2023	111,800,000		104,922
Issue of shares	[date]	35,000,000	£2.25	78,750
Share issue transaction costs, net of tax	[date]			<u>(1,136)</u>
Balance	31 December 2023	146,800,000		182,536
Issue of shares on the exercise of options	[date]	10,000	£2.50	25
Issue of shares to key management personnel	[date]	100,000	£2.50	<u>250</u>
Balance	31 December 2024	<u>146,910,000</u>		<u>182,811</u>

Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital. IAS1(79)(a)(i),(iii),(v)

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote. IAS1(79)(a)(v)

Share buy-back

There is no current on-market share buy-back.

Capital risk management

The consolidated entity's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital. IAS1(134)

Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents. IAS1(135)(a)

In order to maintain or adjust the capital structure, the consolidated entity may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. IAS1(135)(a)

The consolidated entity would look to raise capital when an opportunity to invest in a business or company was seen as value adding relative to the current company's share price at the time of the investment. The consolidated entity is not actively pursuing additional investments in the short term as it continues to integrate and grow its existing businesses in order to maximise synergies. IAS1(135)(a)

The consolidated entity is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year. IAS1(135)(d)

The capital risk management policy remains unchanged from the 31 December 2023 Annual Report. IAS1(135)(c)

Note 43. Equity - reserves

	Consolidated 2024 £'000	2023 £'000	
Revaluation surplus reserve	4,275	4,275	
Financial assets at fair value through other comprehensive income reserve	40	-	
Foreign currency reserve	(769)	(512)	IAS21(52)(b)
Hedging reserve - cash flow hedges	<u>(90)</u>	<u>(78)</u>	
	<u>3,456</u>	<u>3,685</u>	

Revaluation surplus reserve

IAS1(79)(b)

The reserve is used to recognise increments and decrements in the fair value of land and buildings, excluding investment properties.

Note 43. Equity - reserves (continued)

Financial assets at fair value through other comprehensive income reserve

IAS1(79)(b)

The reserve is used to recognise increments and decrements in the fair value of financial assets at fair value through other comprehensive income.

Foreign currency reserve

IAS1(79)(b)

The reserve is used to recognise exchange differences arising from the translation of the financial statements of foreign operations to Pound sterling. It is also used to recognise gains and losses on hedges of the net investments in foreign operations.

Hedging reserve - cash flow hedges

IAS1(79)(b)

The reserve is used to recognise the effective portion of the gain or loss of cash flow hedge instruments that is determined to be an effective hedge.

Movements in reserves

Movements in each class of reserve during the current and previous financial year are set out below:

	Revaluation surplus £'000	Financial assets at fair value through OCI £'000	Foreign currency £'000	Hedging £'000	Total £'000	
Consolidated						
Balance at 1 January 2023	2,835	-	(294)	(48)	2,493	
Revaluation - gross	1,800	-	-	(38)	1,762	IAS1(106A)
Deferred tax	(360)	-	-	8	(352)	IAS1(90), IAS12(81)(ab)
Foreign currency translation	-	-	(218)	-	(218)	
Balance at 31 December 2023	4,275	-	(512)	(78)	3,685	
Revaluation - gross	-	50	-	(15)	35	IAS1(106A)
Deferred tax	-	(10)	-	3	(7)	IAS1(90), IAS12(81)(ab)
Foreign currency translation	-	-	(257)	-	(257)	
Balance at 31 December 2024	4,275	40	(769)	(90)	3,456	

Note 44. Equity - retained profits

87,88

	Consolidated		
	2024	2023	
	£'000	£'000	
Retained profits at the beginning of the financial year	9,543	9,726	89
Profit after income tax expense for the year	31,388	17,433	
Dividends paid (note 46)	(29,383)	(17,616)	
Retained profits at the end of the financial year	11,548	9,543	90

Note 45. Equity - non-controlling interest

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	Consolidated		
	2024	2023	
	£'000	£'000	
Issued capital	16,000	16,000	
Reserves	520	520	
Retained profits	908	766	
	17,428	17,286	

The non-controlling interest has a 10% (2023: 10%) equity holding in Pinnacle Manufacturing Limited.

Note 46. Equity - dividends

Dividends paid during the financial year were as follows:

	Consolidated	
	2024	2023
	£'000	£'000
Final dividend for the year ended 31 December 2023 (2023: 31 December 2022) of 15 pence (2023: 8 pence) per ordinary share	22,037	11,744
Interim dividend for the year ended 31 December 2024 (2023: 31 December 2023) of 5 pence (2023: 4 pence) per ordinary share	7,346	5,872
	29,383	17,616

On [date] the directors declared a final dividend for the year ended 31 December 2024 of 17 pence per ordinary share to be paid on [date], a total estimated distribution of £24,975,000 based on the number of ordinary shares on issue as at [date].

Note 47. Financial instruments

Financial risk management objectives

The consolidated entity's activities expose it to a variety of financial risks: market risk (including foreign currency risk, price risk and interest rate risk), credit risk and liquidity risk. The consolidated entity's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the consolidated entity. The consolidated entity uses derivative financial instruments such as forward foreign exchange contracts to hedge certain risk exposures. Derivatives are exclusively used for hedging purposes, i.e. not as trading or other speculative instruments. The consolidated entity uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, ageing analysis for credit risk and beta analysis in respect of investment portfolios to determine market risk.

Risk management is carried out by senior finance executives ('finance') under policies approved by the Board of Directors ('the Board'). These policies include identification and analysis of the risk exposure of the consolidated entity and appropriate procedures, controls and risk limits. Finance identifies, evaluates and hedges financial risks within the consolidated entity's operating units. Finance reports to the Board on a monthly basis.

Market risk

Foreign currency risk

The consolidated entity undertakes certain transactions denominated in foreign currency and is exposed to foreign currency risk through foreign exchange rate fluctuations.

Foreign exchange risk arises from future commercial transactions and recognised financial assets and financial liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

In order to protect against exchange rate movements, the consolidated entity has entered into forward foreign exchange contracts. These contracts are hedging highly probable forecasted cash flows for the ensuing financial year. Management has a risk management policy to hedge between 30% and 80% of anticipated foreign currency transactions for the subsequent 4 months.

The maturity, settlement amounts and the average contractual exchange rates of the consolidated entity's outstanding forward foreign exchange contracts at the reporting date were as follows:

	Sell Pound sterling		Average exchange rates	
	2024	2023	2024	2023
	£'000	£'000		
Buy US dollars				
Maturity:				
0 - 3 months	121	89	1.2724	1.4751
3 - 6 months	34	23	1.2963	1.4558
Buy Euros				
Maturity:				
0 - 3 months	274	207	1.1407	1.3858
3 - 6 months	86	49	1.1521	1.3644
Buy Chinese yuan				
Maturity:				
0 - 3 months	182	163	8.5273	9.8685
3 - 6 months	107	71	8.7448	9.8489

Note 47. Financial instruments (continued)

The carrying amount of the consolidated entity's foreign currency denominated financial assets and financial liabilities at the reporting date were as follows: ^{IFRS7(34)(a)}

Consolidated	Assets		Liabilities	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
US dollars	35	18	64	69
Euros	7	21	82	74
Chinese yuan	45	32	61	52
	87	71	207	195

The consolidated entity had net liabilities denominated in foreign currencies of £120,000 (assets of £87,000 less liabilities of £207,000) as at 31 December 2024 (2023: £124,000 (assets of £71,000 less liabilities of £195,000)). Based on this exposure, had the Pound sterling weakened by 10%/strengthened by 5% (2023: weakened by 5%/strengthened by 5%) against these foreign currencies with all other variables held constant, the consolidated entity's profit before tax for the year would have been £12,000 lower/£6,000 higher (2023: £6,000 lower/£6,000 higher) and equity would have been £8,000 lower/£4,000 higher (2023: £4,000 lower/£4,000 higher). The percentage change is the expected overall volatility of the significant currencies, which is based on management's assessment of reasonable possible fluctuations taking into consideration movements over the last 6 months each year and the spot rate at each reporting date. The actual foreign exchange loss for the year ended 31 December 2024 was £13,000 (2023: loss of £6,000). ^{IFRS7(40)}

Price risk

The consolidated entity is not exposed to any significant price risk. ^{IFRS7(33)(a),(34)(a)}

Interest rate risk

The consolidated entity's main interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the consolidated entity to interest rate risk. Borrowings obtained at fixed rates expose the consolidated entity to fair value risk. The policy is to maintain approximately 60% of current borrowings at fixed rates using interest rate swaps to achieve this when necessary. ^{IFRS7(33)(a),(b)}

The consolidated entity's bank loans outstanding, totalling £27,500,000 (2023: £21,000,000), are principal and interest payment loans. Monthly cash outlays of approximately £180,000 (2023: £140,000) per month are required to service the interest payments. An official increase/decrease in interest rates of 100 (2023: 100) basis points would have an adverse/favourable effect on profit before tax of £275,000 (2023: £210,000) per annum. The percentage change is based on the expected volatility of interest rates using market data and analysts forecasts. In addition, minimum principal repayments of £8,500,000 (2023: £2,000,000) are due during the year ending 31 December 2025 (2023: 31 December 2024). ^{IFRS7(40)}

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the consolidated entity. The consolidated entity has a strict code of credit, including obtaining agency credit information, confirming references and setting appropriate credit limits. The consolidated entity obtains guarantees where appropriate to mitigate credit risk. The maximum exposure to credit risk at the reporting date to recognised financial assets is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the statement of financial position and notes to the financial statements. The consolidated entity does not hold any collateral. ^{IFRS7(35K)}

The consolidated entity has adopted a lifetime expected loss allowance in estimating expected credit losses to trade receivables through the use of a provisions matrix using fixed rates of credit loss provisioning. These provisions are considered representative across all customers of the consolidated entity based on recent sales experience, historical collection rates and forward-looking information that is available. As disclosed in note 12, due to the current environment, the calculation of expected credit losses has been revised as at 31 December 2024 and rates have increased in each category up to 6 months overdue. ^{IFRS7(35G)}

The consolidated entity has a credit risk exposure with a major United Kingdom retailer, which as at 31 December 2024 owed the consolidated entity £10,680,000 (74% of trade receivables) (2023: £9,510,000 (72% of trade receivables)). This balance was within its terms of trade and no impairment was made as at 31 December 2024. There are no guarantees against this receivable but management closely monitors the receivable balance on a monthly basis and is in regular contact with this customer to mitigate risk. ^{IFRS7(35B)(c)}

Generally, trade receivables are written off when there is no reasonable expectation of recovery. Indicators of this include the failure of a debtor to engage in a repayment plan, no active enforcement activity and a failure to make contractual payments for a period greater than 1 year. ^{IFRS7(35F)(e)}

Liquidity risk

Vigilant liquidity risk management requires the consolidated entity to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. ^{IFRS7(33)(a)}

The consolidated entity manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities. ^{IFRS7(33)(b),(39)(c)}

Note 47. Financial instruments (continued)

Financing arrangements

IAS7(50)(a)

Unused borrowing facilities at the reporting date:

	Consolidated	
	2024	2023
	£'000	£'000
Bank overdraft	5,000	3,727
Bank loans	12,500	4,000
	<u>17,500</u>	<u>7,727</u>

The bank overdraft facilities may be drawn at any time and may be terminated by the bank without notice. Subject to the continuance of satisfactory credit ratings, the bank loan facilities may be drawn at any time and have an average maturity of 3 years (2023: 4 years).

Remaining contractual maturities

The following tables detail the consolidated entity's remaining contractual maturity for its financial instrument liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the financial liabilities are required to be paid. The tables include both interest and principal cash flows disclosed as remaining contractual maturities and therefore these totals may differ from their carrying amount in the statement of financial position.

Consolidated - 2024	Weighted average interest rate %	1 year or less £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Remaining contractual maturities £'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	18,070	-	-	-	18,070
Other payables	-	1,934	-	-	-	1,934
<i>Interest-bearing - fixed rate</i>						
Bank loans	8.20%	10,407	9,710	10,931	-	31,048
Lease liability	5.03%	37,574	37,542	112,415	290,764	478,295
Total non-derivatives		<u>67,985</u>	<u>47,252</u>	<u>123,346</u>	<u>290,764</u>	<u>529,347</u>
Derivatives						
Forward foreign exchange contracts net settled	-	122	-	-	-	122
Total derivatives		<u>122</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>122</u>

IFRS7(39)(a)

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Consolidated - 2023	Weighted average interest rate %	1 year or less £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over 5 years £'000	Remaining contractual maturities £'000
Non-derivatives						
<i>Non-interest bearing</i>						
Trade payables	-	15,711	-	-	-	15,711
Other payables	-	1,595	-	-	-	1,595
<i>Interest-bearing - variable</i>						
Bank overdraft	12.80%	1,355	-	-	-	1,355
<i>Interest-bearing - fixed rate</i>						
Bank loans	8.20%	3,640	9,710	11,095	-	24,445
Lease liability	5.03%	37,107	37,574	112,523	328,200	515,404
Total non-derivatives		<u>59,408</u>	<u>47,284</u>	<u>123,618</u>	<u>328,200</u>	<u>558,510</u>
Derivatives						
Forward foreign exchange contracts net settled	-	107	-	-	-	107
Total derivatives		<u>107</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>107</u>

IFRS7(39)(b)

The cash flows in the maturity analysis above are not expected to occur significantly earlier than contractually disclosed above.

IFRS7(B10A)

Fair value of financial instruments

Unless otherwise stated, the carrying amounts of financial instruments reflect their fair value.

IFRS7(25)

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Note 47. Financial instruments (continued)

Hedge accounting

The effects of hedge accounting on the statement of financial position at the reporting date were as follows:

IFRS7(24A),(24B)

	Nominal amount £'000	Carrying amount £'000	Change in fair value £'000	Hedging reserve £'000	Cost of reserve £'000
Consolidated					
Forward foreign exchange contracts for purchases at 31 December 2023	602	107	(9)	(78)	(21)
Forward foreign exchange contracts for purchases at 31 December 2024	804	122	4	(90)	(20)

Movements in hedging reserves by risk category during the current and previous financial year are set out below:

IFRS7(24E),(24F)

	Spot component £'000	Value of options £'000	Cost of reserve £'000	Total £'000
Consolidated				
Balance at 1 January 2023	(76)	46	(18)	(48)
Change in fair value of hedging instrument recognised in other comprehensive income	(73)	64	-	(9)
Costs of hedging deferred and recognised in other comprehensive income	-	-	(17)	(17)
Reclassified to the cost of inventory - recognised in other comprehensive income	(24)	-	14	(10)
Reclassified from other comprehensive income to profit or loss	(2)	-	-	(2)
Deferred tax	20	(12)	-	8
Balance at 31 December 2023	(155)	98	(21)	(78)
Change in fair value of hedging instrument recognised in other comprehensive income	(8)	12	-	4
Costs of hedging deferred and recognised in other comprehensive income	-	-	(15)	(15)
Reclassified to the cost of inventory - recognised in other comprehensive income	(20)	-	16	(4)
Deferred tax	5	(2)	-	3
Balance at 31 December 2024	(178)	108	(20)	(90)

Note 48. Fair value measurement

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Fair value hierarchy

The following tables detail the consolidated entity's assets and liabilities, measured or disclosed at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being:

IFRS13(93)(a),(b)

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date

IFRS13(76)

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

IFRS13(81)

Level 3: Unobservable inputs for the asset or liability

IFRS13(86)

	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000
Consolidated - 2024				
Assets				
Ordinary shares at fair value through profit or loss	360	-	-	360
Ordinary shares at fair value through other comprehensive income	-	-	170	170
Investment properties	-	-	46,900	46,900
Land and buildings	-	-	58,500	58,500
Total assets	360	-	105,570	105,930
Liabilities				
Forward foreign exchange contracts	-	122	-	122
Total liabilities	-	122	-	122

IFRS13(93)(a),(b)

Note 48. Fair value measurement (continued)

Consolidated - 2023	Level 1 £'000	Level 2 £'000	Level 3 £'000	Total £'000	
Assets					IFRS13(93)(a),(b)
Investment properties	-	-	47,500	47,500	
Land and buildings	-	-	58,500	58,500	
Total assets	-	-	106,000	106,000	
Liabilities					
Forward foreign exchange contracts	-	107	-	107	
Total liabilities	-	107	-	107	

Assets and liabilities held for sale are measured at fair value on a non-recurring basis.

IFRS13(93)(a)

There were no transfers between levels during the financial year.

IFRS13(93)(c)

The carrying amounts of trade and other receivables and trade and other payables are assumed to approximate their fair values due to their short-term nature.

IFRS13(93)(d)

The fair value of financial liabilities is estimated by discounting the remaining contractual maturities at the current market interest rate that is available for similar financial liabilities.

IFRS13(93)(d)

Valuation techniques for fair value measurements categorised within level 2 and level 3

Unquoted investments have been valued using a discounted cash flow model.

IFRS13(93)(d)

The basis of the valuation of investment properties is fair value. The investment properties are revalued annually based on independent assessments by a member of the Royal Institution of Chartered Surveyors having recent experience in the location and category of investment property being valued. Valuations are based on current prices in an active market for similar properties of the same location and condition, subject to similar leases and takes into consideration occupancy rates and returns on investment.

IFRS13(91)(a),
IFRS13(93)(d),
IAS40(75)(e)

The basis of the valuation of land and buildings is fair value. The land and buildings were last revalued on 31 December 2023 based on independent assessments by a member of the Royal Institution of Chartered Surveyors having recent experience in the location and category of land and buildings being valued. The directors do not believe that there has been a material movement in fair value since the revaluation date. Valuations are based on current prices for similar properties in the same location and condition.

IFRS13(91)(a),
IFRS13(93)(d),
IAS16(77)(a),(b)

Derivative financial instruments have been valued using quoted market rates. This valuation technique maximises the use of observable market data where it is available and relies as little as possible on entity specific estimates.

IFRS13(93)(d)

Level 3 assets and liabilities

Movements in level 3 assets and liabilities during the current and previous financial year are set out below:

IFRS13(93)(e)

Consolidated	Ordinary shares at fair value through OCI £'000	Investment properties £'000	Land and buildings £'000	Total £'000	
Balance at 1 January 2023	-	46,000	56,500	102,500	
Gains recognised in profit or loss	-	1,500	-	1,500	IFRS13(93)(e)(i)
Gains recognised in other comprehensive income	-	-	2,000	2,000	IFRS13(93)(e)(ii)
Balance at 31 December 2023	-	47,500	58,500	106,000	
Losses recognised in profit or loss	-	(600)	-	(600)	IFRS13(93)(e)(i)
Gains recognised in other comprehensive income	50	-	-	50	IFRS13(93)(e)(ii)
Additions	200	-	-	200	IFRS13(93)(e)(iii)
Disposals	(80)	-	-	(80)	IFRS13(93)(e)(iii)
Balance at 31 December 2024	170	46,900	58,500	105,570	

Note 48. Fair value measurement (continued)

The level 3 assets and liabilities unobservable inputs and sensitivity are as follows:

IFRS13(93)(h)

Description	Unobservable inputs	Range (weighted average)	Sensitivity
Ordinary shares at fair value through other comprehensive income	Growth rate	2.5% to 3.5% (3.0%)	0.25% change would increase/decrease fair value by £5,000
	Discount rate	8.0% to 11.0% (9.5%)	1.00% change would increase/decrease fair value by £14,000
Investment properties	Rental yield	7.5% to 9.0% (8.5%)	0.75% change would increase/decrease fair value by £352,000
	Rental growth	1.25% to 2.0% (1.75%)	0.25% change would increase/decrease fair value by £117,000
	Long-term vacancy rate	5.0% to 9.0% (7.5%)	0.75% change would increase/decrease fair value by £276,000
	Discount rate	4.0% to 6.0% (5.25%)	0.5% change would increase/decrease fair value by £57,000
Land and buildings	Rental yield	6.0% to 8.0% (7.5%)	0.75% change would increase/decrease fair value by £440,000
	Discount rate	5.0% to 7.0% (6.25%)	0.5% change would increase/decrease fair value by £61,000

Note 49. Key management personnel disclosures

Compensation

The aggregate compensation made to directors and other members of key management personnel of the consolidated entity is set out below:

	Consolidated		
	2024	2023	
	£'000	£'000	
Short-term employee benefits	1,618	1,498	IAS24(17)(a)
Post-employment benefits	107	101	IAS24(17)(b)
Long-term benefits	10	25	IAS24(17)(c)
Share-based payments	253	1	IAS24(17)(e)
	<u>1,988</u>	<u>1,625</u>	

Note 50. Auditor remuneration

UK-2008/489

During the financial year the following fees were paid or payable for services provided by Accounting Firm 123, the auditor of the company, and its associates:

	Consolidated	
	2024	2023
	£'000	£'000
<i>Audit services</i>		
Audit or review of the financial statements	<u>243</u>	<u>230</u>
<i>Other services</i>		
Preparation of the tax return	<u>13</u>	<u>12</u>
	<u>256</u>	<u>242</u>

Note 51. Contingent assets

IAS37(89)

Pinnacle Manufacturing Limited, a subsidiary, will be paid a success premium of up to £3,000,000 by Compdesign Partnership, in which it holds a 35% interest, if the rights to a computer manufacturing process are sold to a Korean based company. The likelihood of this proceeding is highly probable. No asset has been recognised within these financial statements.

Pinnacle Manufacturing Limited, a subsidiary, has an outstanding insurance claim with respect to inventory that was damaged in the London floods that occurred during the financial year. An assessment is currently being undertaken by the insurer as to whether it was the cause of a flood or rising waters, which will affect the payout. Because the insurance proceeds are not virtually certain, no asset has been recognised within these financial statements. The inventory of approximately £400,000 has been written off during the current financial year.

Note 52. Contingent liabilities

IAS37(86)

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During the financial year there was a work related accident involving a member of staff. Although the investigation is still in progress, the directors are of the opinion, based on independent legal advice, that the consolidated entity will not be found to be at fault and any compensation will be covered by the consolidated entity's insurance policy. Accordingly, no provision has been provided within these financial statements.

The consolidated entity has given bank guarantees as at 31 December 2024 of £3,105,000 (2023: £2,844,000) to various landlords.

Note 53. Commitments

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Consolidated
2024 2023
£'000 £'000

Capital commitments

Committed at the reporting date but not recognised as liabilities, payable:

Investment properties

Property, plant and equipment

Intangible assets

170	170	IAS40(75)(h)
1,165	1,145	IAS16(74)(c)
160	-	IAS38(122)(e)

Note 54. Related party transactions

Parent entity

Pinnacle IFRS UK PLC is the parent entity.

IAS1(138)(c)

IAS24(13)

Subsidiaries

Interests in subsidiaries are set out in note 56.

Associates

Interests in associates are set out in note 57.

Key management personnel

Disclosures relating to key management personnel are set out in note 49.

Transactions with related parties

The following transactions occurred with related parties:

IAS24(18)(a)

101

Consolidated
2024 2023
£'000 £'000

Payment for goods and services:

Payment for services from associate

Payment for marketing services from BE Promotions Limited (director-related entity of Brad Example)

3,397	3,235	IAS24(19)(d)
81	68	IAS24(19)(f)

Receivable from and payable to related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

IAS24(18)(b)

102

Consolidated
2024 2023
£'000 £'000

Current payables:

Trade payables to associate

Trade payables to BE Promotions Limited (director-related entity of Brad Example)

361	346	IAS24(19)(d)
7	6	IAS24(19)(f)

Loans to/from related parties

There were no loans to or from related parties at the current and previous reporting date.

IAS24(18)(b)

Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

IAS24(18)(b)(i)

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Note 55. Business combinations

On [date] Pinnacle Logistics Limited, a subsidiary of Pinnacle IFRS UK PLC, acquired 100% of the ordinary shares of Pinnacle Carrier Limited (formerly known as Computer Carrier Limited) for the total consideration transferred of £8,230,000. This is a freight business and operates in the computer distribution division of the consolidated entity. It was acquired to better utilise the existing computer distribution division administrative function. The goodwill of £408,000 represents the expected synergies from merging this business with the computer distribution division and eliminating third party freight costs. The acquired business contributed revenues of £5,428,000 and profit after tax of £670,000 to the consolidated entity for the period from [date] to 31 December 2024. If the acquisition occurred on 1 January 2024, the full year contributions would have been revenues of £5,901,000 and profit after tax of £729,000. The values identified in relation to the acquisition of Pinnacle Carrier Limited are final as at 31 December 2024. IFRS3(B64)(a)-(e) 104

Details of the acquisition are as follows:

IFRS3(B64)(f),
IAS7(40)(d) 105

	Fair value £'000	
Cash and cash equivalents	3	IAS7(40)(c)
Trade receivables	847	IFRS3(B64)(h)
Prepayments	106	
Plant and equipment	6,060	
Customer contracts	1,250	
Deferred tax asset	299	
Trade payables	(364)	
Deferred tax liability	(250)	
Employee benefits	(129)	
	<hr/>	
Net assets acquired	7,822	106
Goodwill	408	107
	<hr/>	
Acquisition-date fair value of the total consideration transferred	8,230	IFRS3(B64)(f)
	<hr/>	
Representing:		
Cash paid or payable to vendor	8,230	IAS7(40)(b) 108
	<hr/>	
Acquisition costs expensed to profit or loss	182	IFRS3(53)
	<hr/>	
Cash used to acquire business, net of cash acquired:		IAS7(40)(b)
Acquisition-date fair value of the total consideration transferred	8,230	IAS7(40)(a)
Less: cash and cash equivalents	(3)	
Less: payments made in prior periods	(155)	
	<hr/>	
Net cash used	8,072	
	<hr/>	

The fair value of trade receivables is £847,000. The gross contractual amount for trade receivables due is £899,000, of which £52,000 is not expected to be collected. IFRS3(B64)(h)

Note 56. Interests in subsidiaries

UK-2008/410.Sch4.17

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries held by the company in accordance with the accounting policy described in note 1:

Name	Principal place of business / Country of incorporation	Holding	Proportion held %
Pinnacle Retailing Limited	United Kingdom	Ordinary shares	100.00%
Pinnacle Logistics Limited	United Kingdom	Ordinary shares	100.00%
Pinnacle Carrier Limited	United Kingdom	Ordinary shares	100.00%
Pinnacle Manufacturing Limited	United Kingdom	Ordinary shares	90.00%

Note 56. Interests in subsidiaries (continued)

Summarised financial information

Summarised financial information of the subsidiary with non-controlling interests that are material to the consolidated entity are set out below:

	Pinnacle Manufacturing Limited		
	2024	2023	
	£'000	£'000	
<i>Summarised statement of financial position</i>			IFRS12(12)(g),(B10)(b)
Current assets	48,800	50,443	
Non-current assets	163,318	162,342	
Total assets	212,118	212,785	
Current liabilities	25,735	22,452	
Non-current liabilities	18,183	23,047	
Total liabilities	43,918	45,499	
Net assets	168,200	167,286	
<i>Summarised statement of profit or loss and other comprehensive income</i>			IFRS12(12)(g),(B10)(b)
Revenue	231,564	219,870	
Expenses	(229,506)	(216,649)	
Profit before income tax expense	2,058	3,221	
Income tax expense	(644)	(935)	
Profit after income tax expense	1,414	2,286	
Other comprehensive income	-	1,400	
Total comprehensive income	1,414	3,686	
<i>Statement of cash flows</i>			IFRS12(12)(g),(B10)(b)
Net cash from operating activities	9,262	12,284	
Net cash used in investing activities	(7,962)	(11,212)	
Net cash used in financing activities	(2,500)	(500)	
Net increase/(decrease) in cash and cash equivalents	(1,200)	572	
<i>Other financial information</i>			
Profit attributable to non-controlling interests	142	229	IFRS12(12)(e)
Accumulated non-controlling interests at the end of reporting period	17,363	17,221	IFRS12(12)(f)

Significant restrictions

Pinnacle Manufacturing Limited cannot move its manufacturing location without the prior consent of the non-controlling interests.

IFRS12(10)(b)(i),(13)

Note 57. Interests in associates

UK-2008/410.Sch4.19

Interests in associates are accounted for using the equity method of accounting. Information relating to associates that are material to the consolidated entity are set out below:

IFRS12(21)(a),(b)(i)

Name	Principal place of business / Country of incorporation	Ownership interest	
		2024	2023
		%	%
Compdesign Partnership	Computer hardware design	35.00%	35.00%

Note 57. Interests in associates (continued)

Summarised financial information

IFRS12(21)(b)(ii) 109

	Compdesign Partnership		
	2024	2023	
	£'000	£'000	
<i>Summarised statement of financial position</i>			IFRS12(B12)(b)
Current assets	28,994	26,806	IFRS12(B12)(b)(i)
Non-current assets	205,203	198,240	IFRS12(B12)(b)(ii)
Total assets	234,197	225,046	
Current liabilities	19,440	16,486	IFRS12(B12)(b)(iii)
Non-current liabilities	117,066	120,043	IFRS12(B12)(b)(iv)
Total liabilities	136,506	136,529	
Net assets	97,691	88,517	
<i>Summarised statement of profit or loss and other comprehensive income</i>			IFRS12(B12)(b)
Revenue	109,706	97,951	IFRS12(B12)(b)(v)
Expenses	(96,601)	(87,089)	
Profit before income tax	13,105	10,862	IFRS12(B12)(b)(vi)
Income tax expense	(3,931)	(3,259)	
Profit after income tax	9,174	7,603	
Other comprehensive income	-	-	IFRS12(B12)(b)(viii)
Total comprehensive income	9,174	7,603	IFRS12(B12)(b)(ix)
<i>Reconciliation of the consolidated entity's carrying amount</i>			IFRS12(B14)(b)
Opening carrying amount	30,981	28,320	
Share of profit after income tax	3,211	2,661	
Closing carrying amount	34,192	30,981	

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Contingent liabilities

IFRS12(23)(b)

	Consolidated	
	2024	2023
	£'000	£'000
Share of bank guarantees	276	266

Commitments

IFRS12(23)(a)

	Consolidated	
	2024	2023
	£'000	£'000
Committed at the reporting date but not recognised as liabilities, payable:		
Share of capital commitments	175	74

Significant restrictions

IFRS12(22)(a)

Compdesign Partnership must reduce its bank loans to under £50,000,000 and achieve pre-determined profit targets before any cash dividends can be distributed.

Note 58. Events after the reporting period

IAS10(21)

111

Apart from the dividend declared as disclosed in note 46, no other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Note 59. Non-cash investing and financing activities

IAS7(43)

112

	Consolidated	
	2024	2023
	£'000	£'000
Additions to the right-of-use assets	5,521	6,228
Leasehold improvements - lease make good	550	-
Shares issued under employee share plan	250	-
	<u>6,321</u>	<u>6,228</u>

Note 60. Changes in liabilities arising from financing activities

IAS7(44A)

Consolidated	Bank loans £'000	Lease liability £'000	Total £'000
Balance at 1 January 2023	115,000	358,977	473,977
Net cash used in financing activities	(94,000)	(21,555)	(115,555)
Acquisition of leases	-	6,228	6,228
	<u>21,000</u>	<u>343,650</u>	<u>364,650</u>
Balance at 31 December 2023	21,000	343,650	364,650
Net cash from/(used in) financing activities	6,500	(25,385)	(18,885)
Acquisition of leases	-	5,521	5,521
	<u>27,500</u>	<u>323,786</u>	<u>351,286</u>
Balance at 31 December 2024	<u>27,500</u>	<u>323,786</u>	<u>351,286</u>

Note 61. Supplier finance arrangements

IAS7(44F)

	At 1 January 2024	At 31 December 2024
Carrying amount of the financial liabilities that are part of supplier finance arrangements presented in trade and other payables (note 27)	£1,850,000	£2,145,000
Carrying amount of payments suppliers have already received from the finance providers offset in trade and other payables (note 27)	£1,454,000	£1,722,000
Range of payment due dates that are part of supplier finance arrangements	30 - 45 days after invoice date	30 - 45 days after invoice date
Range of payment due dates for comparable trade payables that are not part of supplier finance arrangements	14 - 45 days after invoice date	14 - 45 days after invoice date

Terms and conditions

IAS7(44H)(a)

The consolidated entity has established a supplier finance arrangement that is offered to some of the consolidated entity's key suppliers and participation in the arrangement is at the discretion of the supplier. Suppliers that participate in the supplier finance arrangement will receive early payment from an external finance provider for approved invoices where goods have been received. If suppliers choose to receive early payment, they pay a fee to the finance provider and the consolidated entity is not party to this arrangement. Payments to suppliers ahead of the invoice due date are processed by the finance provider and, in all cases, the consolidated entity settles the original invoice by paying the finance provider in line with the original invoice due date. Payment terms with suppliers have not been renegotiated in conjunction with the arrangement. The consolidated entity provides no security to the finance provider.

Note 62. Earnings per share

	Consolidated	
	2024	2023
	£'000	£'000
Profit after income tax	31,530	17,662
Non-controlling interest	(142)	(229)
	<u>31,388</u>	<u>17,433</u>
Profit after income tax attributable to the owners of Pinnacle IFRS UK PLC	<u>31,388</u>	<u>17,433</u>

IAS33(70)(a)

Note 62. Earnings per share (continued)

	Number	Number	
Weighted average number of ordinary shares used in calculating basic earnings per share	146,882,904	140,950,685	IAS33(70)(b)
Adjustments for calculation of diluted earnings per share:			
Options over ordinary shares	565	385	IAS33(70)(b)
Weighted average number of ordinary shares used in calculating diluted earnings per share	146,883,469	140,951,070	IAS33(70)(b)
	Pence	Pence	
Basic earnings per share	21.37	12.37	IAS33(66)
Diluted earnings per share	21.37	12.37	IAS33(66)

Note 63. Share-based payments

On [date], 100,000 shares were issued to key management personnel at an issue price of £2.50 per share and a total transactional value of £250,000 as identified in key management personnel disclosures (note 44) and the remuneration report in the directors' report. IFRS2(45)(a)

A share option plan has been established by the consolidated entity and approved by shareholders at a general meeting, whereby the consolidated entity may, at the discretion of the Nomination and Remuneration Committee, grant options over ordinary shares in the company to certain key management personnel of the consolidated entity. The options are issued for nil consideration and are granted in accordance with performance guidelines established by the Nomination and Remuneration Committee. IFRS2(45)(a)

Set out below are summaries of options granted under the plan: IFRS2(45)(b),(d)

2024							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/04/2022	31/03/2024	£2.50	10,000	-	(10,000)	-	-
01/04/2024	31/03/2028	£3.00	-	17,500	-	-	17,500
			10,000	17,500	(10,000)	-	17,500
Weighted average exercise price			£2.50	£3.00	£2.50	£0.00	£3.00 IFRS2(45)(b)
2023							
Grant date	Expiry date	Exercise price	Balance at the start of the year	Granted	Exercised	Expired/ forfeited/ other	Balance at the end of the year
01/04/2022	31/03/2024	£2.50	10,000	-	-	-	10,000
			10,000	-	-	-	10,000
Weighted average exercise price			£2.50	£0.00	£0.00	£0.00	£2.50 IFRS2(45)(b)

Set out below are the options exercisable at the end of the financial year: IFRS2(45)(b)(vii)

Grant date	Expiry date	2024 Number	2023 Number
01/04/2022	31/03/2024	-	10,000
		-	10,000

The weighted average share price during the financial year was £2.66 (2023: £2.34). IFRS2(45)(c)

The weighted average remaining contractual life of options outstanding at the end of the financial year was 3.25 years (2023: 0.25 years). IFRS2(45)(d)

For the options granted during the current financial year, the valuation model inputs used to determine the fair value at the grant date, are as follows: IFRS2(47)(a)(i)

Grant date	Expiry date	Share price at grant date	Exercise price	Expected volatility	Dividend yield	Risk-free interest rate	Fair value at grant date
01/04/2024	31/03/2028	£2.61	£3.00	18.00%	4.75%	5.93%	£0.489

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Corporate directory

1 *Directors*

Only list directors who are in office at the signing date (i.e. omit any director who has resigned between the beginning of the financial period and the signing date).

2 *Company secretary*

When there is more than one company secretary, change 'Company secretary' to 'Company secretaries'.

Strategic report

3 *Non-financial and sustainability information statement*

The statement must explain how the directors have complied with the requirements of Section 414CB of the Companies Act 2006.

The statement is applicable to larger entities, for example:

- More than 500 employees and a turnover of more than £500m
- More than 500 employees and securities admitted to AIM

Whilst there is no set structure for the statement, it should cover five broad areas:

Environmental matters:

How the entity is exposed to and manages the risks and opportunities related to climate, natural resource scarcity (including land, minerals and water), pollution, waste, efficiency/energy use, community impact and other environmental factors and the impact that an entity has on the environment and climate. The climate-related disclosures include:

- Governance: the governance processes, controls and procedures the entity uses to monitor and manage climate-related risks and opportunities
- Strategy: the actual and potential impacts of climate-related risks and opportunities on the entity's businesses, strategy and financial planning over short, medium and long-term where such information is material
- Risk management: how the entity identifies, assesses and manages climate-related risks
- Metrics and targets: the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material

Employees:

Information on the entity's employees diversity, gender pay gap and injury rates, including policies on recruitment and retention, inclusion, diversity, education and training, health and safety and Code of Conduct.

Social matters:

Information on the entity's values and business relationships, including policies on corporate social responsibility, donations, data protection, privacy, information security, supply chain, competition and anti-trust, conflicts of interest, disaster recovery and business continuity, tax strategy and Code of Conduct.

Human rights:

Information on human rights, including policies on human rights, modern slavery, human trafficking and discrimination and harassment.

Anti-bribery and corruption:

Information including policies on anti-bribery and corruption and money laundering.

4 *Section 172(1) statement*

The statement must explain how the directors have complied with the requirements of Section 172(1) of the Companies Act 2006.

The statement is applicable to an entity that meets at least 2 out of 3 of the following criteria:

- More than £36m turnover
- More than £18m total assets
- More than 250 employees

Whilst there is no set structure for the statement, it should cover three broad areas:

- Identify the issues, factors and stakeholders considered relevant
- Describe how the directors have ensured they understand the issues (for example by stakeholder engagement)
- Explain how the directors principal decisions have had regards to this

Directors' report

5 *Directors*

When there is a director appointment between the beginning of the financial period and the signing date, consider the following format:
Anthony Example (appointed on 15 January 2024)

When there is a director resignation between the beginning of the financial period and the signing date, consider the following format:
Elizabeth Example (resigned on 20 February 2025)

When there is a director who was both appointed and resigned between the beginning of the financial period and the signing date, consider the following format:
Elizabeth Example (appointed on 15 January 2024 and resigned on 20 February 2025)

6 Dividends

Where there were no dividends paid, recommended or declared during the current or previous financial year, remove the table and state:
There were no dividends paid, recommended or declared during the current or previous financial year.

7 Matters subsequent to the end of the financial year

Where there were no matters subsequent to the end of the financial year, state:

No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Where there were matters subsequent to the end of the financial year disclosed, not including a dividend declared, state the following below these matters:

No other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

8 Auditor

The auditor disclosure is not mandatory but its inclusion should be considered.

9 Signing

Two directors can sign the directors' report.

Sustainability report

10 The four key areas of disclosure in the sustainability report are as follows:

11 Governance

- Identity of the governance body and a description of its oversight of climate-related risks and opportunities
- A description of management's role in assessing and managing climate-related risks and opportunities

12 Strategy

- Climate-related risks and opportunities over the short, medium and long term
- A description of the effects and where in the entity's business model and value chain climate-related risks and opportunities are concentrated
- A description of the effects of climate-related risks and opportunities on the entity's strategy and decision-making
- Disclosure of quantitative and qualitative information about the effects of climate-related risks and opportunities on the entity's financial position, financial performance and cash flows
- Explain the climate resilience of the entity's strategy and business model to climate-related changes, developments and uncertainties, including climate-related scenario analysis

13 Risk management

- A description of the entity's processes for identifying, assessing, prioritising and monitoring climate-related risks and opportunities
- A description of how these processes are integrated into the entity's overall risk management processes

14 Metrics and targets

- Metrics for greenhouse gas (GHG) emissions for scope 1, 2 and 3 emissions
- Metrics that are relevant to the entity's industry or business model used to measure and manage climate-related risks and opportunities
- The targets used to manage climate-related risks and opportunities and performance against those targets

Contents

15 Power to amend and reissue the financial statements

Under IAS10(17), disclosure is required if the directors have the power to amend and reissue the financial statements. Refer to your company constitution to confirm if this is correct. If the directors do not have the power, remove the sentence or state:

The directors do not have the power to amend and reissue the financial statements.

Statement of profit or loss and other comprehensive income

16 Alternative names

In accordance with IAS1(10), an entity may use titles for the statements other than those used in the Accounting Standards. The titles in the Accounting Standards change from time to time, but a consistent approach should be applied. An alternative is 'Statement of comprehensive income'.

17 Two separate statements

In accordance with IAS1(10A) and IAS1(81A), an entity may present the components of profit or loss either as part of a single statement of profit or loss and other comprehensive income or in a separate income statement. When a separate income statement is presented, it is part of a complete set of financial statements and shall be displayed immediately before the statement of comprehensive income.

18 Expenses by function

Instead of disclosing expenses by nature as illustrated, you can present expenses by function, for instance (with finance costs being mandatory, thus still by nature):

Cost of sales
Distribution
Marketing
Administration
Other expenses
Finance costs

If expenses are disclosed by function in the statement of profit or loss and other comprehensive income, then depreciation, amortisation, impairment and employee benefits expenses must be disclosed in the expenses note.

Avoid mixing expenses by both 'nature' and 'function'. There is no hybrid approach available as IAS1(99) states 'either their nature or their function'.

19 Other expenses

Other expenses should be less than 10% of total expenses.

No non-controlling interest

Where there is no non-controlling interest, the profit and total comprehensive income should state:

20 Profit after income tax expense for the year attributable to the owners of Pinnacle IFRS UK PLC

21 Total comprehensive income for the year attributable to the owners of Pinnacle IFRS UK PLC

22 Other comprehensive income - gross with tax separately identified

Instead of disclosing other comprehensive income net of tax as illustrated, you can present the individual components as gross with tax separately identified. If tax is only disclosed as an aggregate in other comprehensive income, the tax relating to each component must be disclosed separately in the notes.

23 Other comprehensive income - grouped

Other comprehensive income is grouped into two sections:

Items that will not be reclassified subsequently to profit or loss (such as 'gain or loss on the revaluation of land and buildings' or 'actuarial gain or loss on defined benefit plans')

Items that may be reclassified subsequently to profit or loss

24 Other comprehensive income - no alternative descriptions adopted

Although IAS1(8) states that other terms may be used as long as the meaning is clear, it is common practice to only state 'Other comprehensive income' even when there is a loss, for reasons including consistency with the statement name. Other alternatives include 'Other comprehensive loss', 'Other comprehensive expense' and 'Other comprehensive income/(expense)'.

25 Total comprehensive income - no alternative descriptions adopted

Although IAS1(8) states that other terms may be used as long as the meaning is clear, it is common practice to only state 'Total comprehensive income' even when there is a loss. Other alternatives include 'Total comprehensive loss', 'Total comprehensive expense' and 'Total comprehensive income/(expense)'.

Alternative descriptions

26 Profit before income tax expense
Loss before income tax expense
Profit/(loss) before income tax expense
Profit before income tax benefit
Loss before income tax benefit
Profit/(loss) before income tax benefit
Profit before income tax (expense)/benefit
Loss before income tax (expense)/benefit
Profit/(loss) before income tax (expense)/benefit

27 Income tax expense
Income tax benefit
Income tax (expense)/benefit

28 Profit after income tax expense
Loss after income tax expense
Profit/(loss) after income tax expense
Profit after income tax benefit
Loss after income tax benefit
Profit/(loss) after income tax benefit
Profit after income tax (expense)/benefit
Loss after income tax (expense)/benefit
Profit/(loss) after income tax (expense)/benefit

Statement of financial position

29 Alternative names

In accordance with IAS1(10), an entity may use titles for the statements other than those used in the Accounting Standards. The titles in the Accounting Standards change from time to time, but a consistent approach should be applied. An alternative is 'Balance sheet'.

30 Current/non-current distinction and presentation based on liquidity as an alternative

An entity shall present current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position except when a presentation based on liquidity provides information that is reliable and more relevant. When that exception applies, all assets and liabilities shall be presented broadly in order of liquidity.

If the alternative presentation based on liquidity is adopted, each asset and liability note will need to disclose the amount expected to be recovered (for assets) or settled (for liabilities):

- (a) no more than 12 months after the reporting period; and
- (b) more than 12 months after the reporting period.

For assets shown on the statement of financial position, a note would be required that discloses:

Amount expected to be recovered within 12 months
Amount expected to be recovered after more than 12 months

For liabilities shown on the statement of financial position, a note would be required that discloses:

Amount expected to be settled within 12 months
Amount expected to be settled after more than 12 months

Alternative descriptions

31 Net assets

Net liabilities
Net assets/(liabilities)

32 Retained profits

Accumulated losses
Retained profits/(accumulated losses)

33 Total equity

Total deficiency in equity
Total equity/(deficiency)

Statement of changes in equity

34 Alternative names

In accordance with IAS1(10), an entity may use titles for the statements other than those used in the Accounting Standards. The titles in the Accounting Standards change from time to time, but a consistent approach should be applied.

Statement of cash flows

35 Alternative names

In accordance with IAS1(10), an entity may use titles for the statements other than those used in the Accounting Standards. The titles in the Accounting Standards change from time to time, but a consistent approach should be applied.

36 Cash flows from operating activities - indirect method

An alternative is to apply the indirect method.

Alternative descriptions

37 Net cash from operating activities

Net cash used in operating activities
Net cash from/(used in) operating activities

38 Net cash from investing activities

Net cash used in investing activities
Net cash from/(used in) investing activities

39 Net cash from financing activities

Net cash used in financing activities
Net cash from/(used in) financing activities

40 Net increase in cash and cash equivalents

Net decrease in cash and cash equivalents
Net increase/(decrease) in cash and cash equivalents

Notes to the financial statements

Material accounting policy information

- 41 Review if accounting policies are material:

This example includes all accounting policies applicable, so all wording is illustrated. However, entities are to disclose material accounting policy information. As what is 'material' is subjective and unique to the entity and all accounting policies should reviewed and removed if they are not considered material to the entity.

- 42 New or amended Accounting Standards and Interpretations adopted:

If a new or amended Accounting Standard or Interpretation has been early adopted, replace the paragraph with:

The consolidated entity has early adopted IFRS XXX 'XXXX'. No other new or amended Accounting Standards or Interpretations that are not yet mandatory have been early adopted.

- 43 Going concern:

In practical terms, a current asset deficiency or net asset deficiency will raise a going concern issue. However, in accordance with IAS1(25), when preparing financial statements, management shall make an assessment of an entity's ability to continue as a going concern. An entity shall prepare financial statements on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so. When management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the entity's ability to continue as a going concern, the entity shall disclose those uncertainties. When an entity does not prepare financial statements on a going concern basis, it shall disclose that fact, together with the basis on which it prepared the financial statements and the reason why the entity is not regarded as a going concern.

A simple example of a going concern note is as follows:

As at 31 December 2024 the consolidated entity had a net asset deficiency of £X,XXX,XXX, which included related party loans of £X,XXX,XXX. However, the financial statements have been prepared on a going concern basis as Financial Assistance Pty Limited, a commonly controlled entity, has pledged its continuing support for a minimum of 12 months from the date of issuing these financial statements.

- 44 Accounting period:

Where the current or prior financial periods are not full year's, include a disclosure, for example:

The consolidated entity's current accounting period is the year ended 31 December 2024 and its comparative accounting period is from 2 September 2023 (date of incorporation) to 31 December 2023. Therefore, the results are not directly comparable.

Basis of preparation:

- 45 Historical cost convention:

Modify where applicable and if no assets or liabilities were revalued or held at fair value, state:

The financial statements have been prepared under the historical cost convention.

- 46 Cash and cash equivalents:

Where there is no bank overdraft, state:

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

- 47 Trade and other receivables:

Change the number of days if applicable.

- 48 Inventories:

Change 'first in first out' to 'weighted average' or 'specific identification' if applicable. Note that 'last in first out' is not permitted.

- 49 Property, plant and equipment:

Delete references to 'land and buildings' if not applicable.

Valuations, by external independent valuers, of land and buildings must occur at least every 5 years.

In addition to the straight-line basis, other depreciation methods are diminishing balance and the units of production.

Match the listed items to the categories in the property, plant and equipment note.

- 50 Trade and other payables:

Change the number of days if applicable.

- 51 New Accounting Standards and Interpretations not yet mandatory or early adopted:

Instead of detailing the new Accounting Standards and Interpretations not yet mandatory or early adopted, after considering the needs of the users, you can simply state:

Accounting Standards that have recently been issued or amended but are not yet mandatory, have not been early adopted by the consolidated entity for the annual reporting period ended 31 December 2024. The consolidated entity has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Critical accounting judgements, estimates and assumptions

- 52 This note will be required to be significantly modified to reflect the relevant critical accounting judgements, estimates and assumptions of each entity.

- 53 Where you have no significant critical accounting judgements, estimates and assumptions, state:
The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. There are no critical accounting judgements, estimates and assumptions that are likely to affect the current or future financial years.
- 54 Additional examples of critical accounting judgements, estimates and assumptions are as follows:
- Control of entities where less than half of voting rights held*
Management have determined that the consolidated entity controls the subsidiary [NAME], even though it holds less than half of the voting rights of this entity. This is because the consolidated entity is the largest shareholder with a [XX]% ownership interest while the remaining shares are held by [XX] investors.
- No control of entities where more than half of voting rights held*
Management have determined that the consolidated entity does not control a company called [NAME], even though it holds 100% of the issued capital of this entity. The consolidated entity is not exposed, and has no right, to variable returns from this entity and is not able to use its power over the entity to affect those returns.
- Joint arrangements*
The consolidated entity holds a 50% interest in [NAME]. The partnership agreements require unanimous consent from all parties for all relevant activities. The two partners own the assets of the partnership as tenants in common and are jointly and severally liable for the liabilities incurred by the partnership. This entity is therefore classified as a joint operation and the consolidated entity recognises its direct right to the jointly held assets, liabilities, revenues and expenses as described in note 1.
- 55 *Restatement of comparatives*
There can be a restatement of comparatives through either a correction of error, a change in accounting policy or a reclassification.
- Operating segments*
Identification of reportable operating segments:
- 56 Change the CODM if it is not the Board of Directors, for instance you may identify the Chief Executive Officer as the CODM.
- 57 Where you have aggregated the operating segments, and are not reporting further operating segment information, replace this section with the following sentence:
The consolidated entity is organised into XX operating segments. These operating segments are based on the internal reports that are reviewed and used by the Board of Directors (who are identified as the Chief Operating Decision Makers ('CODM')) in assessing performance and in determining the allocation of resources. The operating segments have been aggregated on the basis that they share similar economic characteristics.
- 58 Where you have aggregated the operating segments, and are reporting further operating segment information, add the following sentence:
Operating segments have been aggregated where the segments have similar economic characteristics in respect of the nature of the products and services, the product processes, the type or class of customers, the distribution methods and, if applicable, the nature of the regulatory environment.
- 59 Where applicable, add the following sentence:
The operating segments are identified by management based on the manner in which the product is sold and the nature of the service provided. Discrete financial information about each of these operating segments is reported to the CODM on a monthly basis.
- 60 Operating segment information:
Where there is only one operating segment, consider the following wording as an alternative to the tables:
The consolidated entity has only one operating segment based on the information provided to the CODM. Therefore, as the results are the same as the consolidated entity they have not been repeated.
- 61 Acquisition of non-current assets:
Acquisition of non-current assets includes, where applicable, additions and additions through business combinations of investment properties, property, plant and equipment, intangibles, exploration and evaluation and biological assets.
- Geographical information:*
- 62 Geographical non-current assets does not represent total non-current assets, as it excludes, where applicable, financial instruments, deferred tax assets, post-employment benefits assets and rights under insurance contracts.
- 63 Modify geographical non-current assets wording where applicable.

Revenue

- 64 Disaggregation of revenue:
 An entity shall disaggregate revenue recognised from contracts with customers into categories that depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. Categories that could be used as basis for disaggregation include:
 Type of good or service (for example, major product lines)
 Geographical region (for example, country or region)
 Market or type of customer (for example, government and non-government customers)
 Type of contract (for example, fixed-price and time-and-materials contracts)
 Contract duration (for example, short-term and long-term contracts)
 Timing of transfer of goods or services (for example, revenue from goods or services transferred to customers at a point in time and revenue from goods or services transferred over time)
 Sales channels (for example, goods sold directly to consumers and goods sold through intermediaries)

Share of profits of associates accounted for using the equity method

Alternative descriptions:

- 65 Share of profits of associates and joint ventures accounted for using the equity method
 Share of losses of associates and joint ventures accounted for using the equity method
 Share of profits/(losses) of associates and joint ventures accounted for using the equity method
 Share of profits of associates accounted for using the equity method
 Share of losses of associates accounted for using the equity method
 Share of profits/(losses) of associates accounted for using the equity method
 Share of profits of joint ventures accounted for using the equity method
 Share of losses of joint ventures accounted for using the equity method
 Share of profits/(losses) of joint ventures accounted for using the equity method

Income tax expense

Alternative descriptions:

- 66 Income tax expense
 Income tax benefit
 Income tax expense/(benefit)
- 67 Decrease in deferred tax assets
 Increase in deferred tax assets
 Decrease/(increase) in deferred tax assets
- 68 Decrease in deferred tax liabilities
 Increase in deferred tax liabilities
 Decrease/(increase) in deferred tax liabilities
- 69 Amounts charged directly to equity
 Amounts credited directly to equity
 Amounts charged/(credited) directly to equity
- 70 Where applicable, the following should be disclosed:
 Unused tax losses for which no deferred tax asset has been recognised
 Potential tax benefit @ 20%
- Deferred tax assets not recognised

Current assets - trade and other receivables

- 71 Allowance for expected credit losses:
 These are shown as months overdue, but can be days or weeks overdue as most appropriate to the receivables.

Non-current assets - right-of-use assets

- 72 IFRS16(47)(a)(i) implies that the right-of-use assets should be classified as non-current, like property, plant and equipment. However, it does not specifically prohibit a portion of the right-of-use assets to be classified as current, usually to offset the current portion of lease liabilities to balance net current assets.
- 73 An alternative is to classify 'non-current assets - right-of-use assets' in 'non-current assets - property, plant and equipment'. The right-of-use assets need to be separately identified by class and be included in the reconciliation (which is an additional disclosure as opposed to when a separate note).
- 74 Only the net carrying amounts by class are required, but the gross amounts and accumulated depreciation amounts have been disclosed to be consistent with property, plant and equipment.

Non-current assets - deferred tax

- 75 Deferred tax assets are always classified as non-current in the statement of financial position. IAS1(56) specifically states an entity 'shall not classify deferred tax assets (liabilities) as current assets (liabilities)'.

- 76 An alternative is to offset deferred tax assets and liabilities, as explained in the income tax accounting policy:
Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Alternative descriptions:

- 77 Credited to profit or loss
Charged to profit or loss
Credited/(charged) to profit or loss
- 78 Credited to equity
Charged to equity
Credited/(charged) to equity

Current liabilities - lease liabilities

- 79 An alternative is to classify 'current liabilities - lease liabilities' in 'current liabilities - borrowings'.

Current liabilities - employee benefits

- 80 An alternative is to classify 'current liabilities - employee benefits' in 'current liabilities - provisions'.

Non-current liabilities - lease liabilities

- 81 An alternative is to classify 'non-current liabilities - lease liabilities' in 'non-current liabilities - borrowings'.

Non-current liabilities - deferred tax

- 82 Deferred tax liabilities are always classified as non-current in the statement of financial position. IAS1(56) specifically states an entity 'shall not classify deferred tax assets (liabilities) as current assets (liabilities)'.

Alternative descriptions:

- 83 Charged to profit or loss
Credited to profit or loss
Charged/(credited) to profit or loss
- 84 Charged to equity
Credited to equity
Charged/(credited) to equity

Non-current liabilities - employee benefits

- 85 An alternative is to classify 'non-current liabilities - employee benefits' in 'non-current liabilities - provisions'.

Equity - issued capital

- 86 Capital risk management:

An alternative is to apply the gearing ratio as follows:

The consolidated entity monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'trade and other payables' and 'borrowings' as shown in the statement of financial position) less 'cash and cash equivalents' as shown in the statement of financial position. Total capital is calculated as 'total equity' as shown in the statement of financial position (including non-controlling interest) plus net debt.

The gearing ratio at the reporting date was as follows:

	Consolidated	
	2024	2023
	£'000	£'000
Current liabilities - trade and other payables (note 27)	20,004	17,306
Current liabilities - borrowings (note 29)	4,500	3,273
Current liabilities - borrowings (held for sale) (note 36)	4,000	-
Non-current liabilities - borrowings (note 37)	19,000	19,000
Total borrowings	47,504	39,579
Current assets - cash and cash equivalents (note 11)	(30,658)	(5,524)
Net debt	16,846	34,055
Total equity	215,243	213,050
Total capital	232,089	247,105
Gearing ratio	7%	14%
Gearing ratio - target	10%	10%

Equity - retained profits

- 87 The retained profits note is not mandatory but its inclusion should be considered.

- Alternative descriptions:
- 88 Equity - retained profits
Equity - accumulated losses
Equity - retained profits/(accumulated losses)
- 89 Retained profits at the beginning of the financial year
Accumulated losses at the beginning of the financial year
Retained profits/(accumulated losses) at the beginning of the financial year
- 90 Retained profits at the end of the financial year
Accumulated losses at the end of the financial year
Retained profits/(accumulated losses) at the end of the financial year
- 91 *Equity - non-controlling interest*
The non-controlling interest note is not mandatory but its inclusion should be considered.
- 92 *Equity - dividends*
Where there were no dividends paid, recommended or declared during the current or previous financial year, remove the table and state:
There were no dividends paid, recommended or declared during the current or previous financial year.
- 93 *Financial instruments*
This note will be required to be significantly modified to reflect the disclosures of each entity, as IFRS7 is both qualitative and quantitative.
- In order to keep relevant information together, further disclosures on receivables and other financial assets are contained within their respective notes.
- 94 Credit risk:
If collateral is held, an explanation is required that describes how this mitigates the credit risk.
- Where there are no significant credit risks, consider the following:
There are no significant concentration of credit risks, whether through exposure to individual customers, specific industry sectors or regions.
- 95 Remaining contractual maturities bandings:
These are shown as '1 year or less', 'Between 1 and 2 years', 'Between 2 and 5 years' and 'Over 5 years'; but the bandings can be changed to 'Within 6 months', '6-12 months', etc as most appropriate to the financial instrument liabilities.
- 96 Fair value of financial instruments:
If carrying amounts of financial instruments significantly differs from their respective fair values, then disclosure of 'carrying amount' versus 'fair value' is required.
- 97 *Fair value measurement*
This note will be required to be significantly modified to reflect the disclosures of each entity, as IFRS13 is both qualitative and quantitative.
- Contingent liabilities*
- 98 When you have no contingent liabilities, either remove the note, or state:
The consolidated entity had no contingent liabilities as at 31 December 2024 and 31 December 2023.
- Commitments*
- 99 When you have no commitments, either remove the note, or state:
The consolidated entity had no commitments as at 31 December 2024 and 31 December 2023.
- Related party transactions*
- 100 Significant influence:
An additional class of related party is significant influence. Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies. Significant influence may be gained by share ownership, statute or agreement. A party with significant influence typically holds more than 20% of the voting rights in the entity.
- 101 Transactions with related parties:
Where there were no transactions with related parties, state:
There were no transactions with related parties during the current and previous financial year.
- 102 Receivable from and payable to related parties:
Where there were no receivable from and payable to related parties, state:
There were no trade receivables from or trade payables to related parties at the current and previous reporting date.
- 103 Terms and conditions:
Modify terms and conditions wording as required. An example is as follows:
Transactions involving the sale of goods and purchase of goods between related parties are made in accordance with a transfer pricing agreement. Interest received and interest paid on loans is calculated monthly on LIBOR + 1.25%. There is no security held or guarantees given on related party loans.

Business combinations

- 104 Business combinations accounted for on a provisional basis (values not finalised):
 If the business combination was accounted for on a provisional basis (values not finalised), the last sentence would have stated:
 The values identified in relation to the acquisition of CompCarrier are provisional as at 31 December 2024 as the customer contracts intangible asset fair value has yet to be finalised.

For a further understanding of the provisional basis, refer to the business combination accounting policy which states the following:
 Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

- 105 Acquiree's carrying amount:
 The 'Acquiree's carrying amount' column is not mandatory and has therefore not been disclosed.

Alternative descriptions:

- 106 Net assets acquired
 Net liabilities acquired
- 107 Goodwill
 Discount on acquisition
- 108 Additional examples of business combination settlements are as follows:
 Pinnacle IFRS UK PLC shares issued to vendor
 Contingent consideration

Interests in associates

- 109 Summarised financial information on associates is required when material to the consolidated entity.
- 110 The 'Reconciliation of the consolidated entity's carrying amount' is considered a grey area. The intention is to provide information that is meaningful to the consolidated entity's carrying amount. An alternative would be to reconcile the net assets to the carrying amount, deducting for instance the portion of net assets that is not the consolidated entity's share and adding adjustments like goodwill.

Events after the reporting period

Where there were no matters subsequent to the end of the financial year, state:
 No matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Where there were matters subsequent to the end of the financial year disclosed, state the following below these matters:
 No other matter or circumstance has arisen since 31 December 2024 that has significantly affected, or may significantly affect the consolidated entity's operations, the results of those operations, or the consolidated entity's state of affairs in future financial years.

Non-cash investing and financing activities

Additional examples of non-cash investing and financing activities are as follows:
 Acquisition of plant and equipment by means of leases
 Additions to the right-of-use assets
 Leasehold improvements - lease make good
 Shares issued under employee share plan
 Shares issued under dividend reinvestment plan
 Shares issued in relation to business combinations
 Shares issued on conversion of loan
 Loans from banks
 Loans from related parties
 Loans to related parties