

# Good Practice Group Limited

FRS 102 Illustrative Group and parent  
company financial statements for the  
year ended 31 December 2026



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## Abbreviations and key

The following styles of abbreviation are used in this set of illustrative financial statements:

FRS 102.20.13	Paragraph 13 of Section 20 of FRS 102 (September 2024 version)
FRS 102 Appendix I	Appendix I of FRS 102 - Glossary
xFRS 102.20.16	Paragraph 16 of Section 20 of FRS 102 (January 2022 version)
Companies Act	Companies Act 2006
Regulations	Unless specified, "Regulations" refer to The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410)
1 Sch 58(1)	Paragraph 58(1) of Schedule 1 to the Regulations
1 Sch formats	Statutory formats contained in Schedule 1 to the Regulations
1 Sch formats note 5	Note 5 to 1 Sch formats
LLP Regulations	The Large and Medium-sized Limited Liability Partnerships (Accounts) Regulations 2008 (SI 2008/1913)
Regulations 6(2)	Paragraph 6(2) of the Regulations
s238(1)	Section 238(1) of the Companies Act 2006
SI 2008/489 5(1)	Paragraph 5(1) of The Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) Regulations 2008
SI 2011/2198 Sch 2A	Schedule 2A of The Companies (Disclosure of Auditor Remuneration and Liability Limitation Agreements) (Amendment) Regulations 2011
TECH 02/17BL	Technical Release 02/17BL: Guidance on realised and distributable profits under the Companies Act 2006 issued by the ICAEW and ICAS (April 2017)
TECH 01/22FRF	Technical Release 01/22 FRF: Disclosure of auditor remuneration issued by the ICAEW
FRC	Financial Reporting Council
ICAEW	The Institute of Chartered Accountants in England and Wales
ICAS	The Institute of Chartered Accountants in Scotland

# Introduction

This publication contains an illustrative set of consolidated financial statements for Good Practice Group Limited (the Parent Company) and its subsidiaries (the Group) that is prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"). The Parent Company is incorporated in the UK. The presentation currency of the Group is the Pound Sterling (£).

This publication does not illustrate the narrative disclosures accompanying the financial statements that a UK company is required to include in its annual report.

## Objective

This set of illustrative financial statements is one of many prepared by EY organisation to assist you in preparing your own financial statements. The illustrative financial statements are intended to reflect transactions, events and circumstances that we consider to be most common for a broad range of companies in the UK. Certain disclosures are included in these financial statements merely for illustrative purposes, even though they may be regarded as items, transactions or accounting policy information that are not material for Good Practice Group Limited.

These illustrative financial statements do not attempt to show all possible disclosure requirements. In case of doubt as to the legal or other requirements, it is essential to refer to the relevant source, and where necessary, to seek appropriate professional advice.

## How to use these illustrative financial statements to prepare entity-specific disclosures

Notations shown in the right-hand margin of each page are references to paragraphs in FRS 102, Companies Act 2006 or other relevant regulations that describe the specific disclosure requirements. The narratives accompanying the financial statements contains the requirements in FRS 102, Companies Act 2006 and other relevant regulations.

For detailed guidance on the requirements of FRS 102, please refer to EY's UK GAAP 2026 publication. If questions arise as to the disclosure requirements in FRS 102, Companies Act or other relevant regulations, it is essential to refer to the relevant source material and, where necessary, to seek appropriate professional advice.

Although these illustrative financial statements attempt to show the most likely disclosure requirements of a large manufacturing company, they should not be regarded as a comprehensive checklist of statutory and accounting requirements. Therefore, disclosure requirements or available disclosure exemptions for small and medium-sized companies, and LLPs are not reflected here. The illustrative financial statements are for the year ended 31 December 2026 and comply with FRS 102 (September 2024 version), the Companies Act 2006 and with other requirements that are applicable for accounting periods beginning on or after 1 January 2026 and which have been issued as at 30 September 2025.

## Periodic review 2024 amendments

On 27 March 2024, the FRC issued 'Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland and other FRSs - Periodic Review 2024' ('amendments'). The amendments are effective for accounting periods beginning on or after 1 January 2026. Early application of the amendments is permitted, provided that all amendments are applied at the same time, except for:

- Amendments to FRS 102 paragraphs 7.20 and 7.20C, which are effective for accounting periods beginning on or after 1 January 2025. These amendments are in relation to supplier finance arrangements.

And

- Amendments to FRS 103 *Insurance Contracts* Section 6 *Transition to this FRS*, which is effective for accounting periods beginning on or after 1 January 2024.

Generally, the amendments provide closer alignment between FRS 102 and IFRS Accounting Standards (IFRS). The FRC have also made a number of improvements and clarifications with the aim to make it easier to be apply and understand the standard. The key changes are in respect of Leases (Section 20) and Revenue from Contracts with Customers (Section 23).

Additional disclosure relevant to this fictional group has been added to these illustrative financial statements in Note 2.4 to explain the impact of the changes.

## Climate-related matters and financial reporting

Entities will need to assess the impact of climate-related matters when preparing their financial statements. Some of the key areas of estimates and judgements that may potentially be affected include: fair value measurement; the impairment assessment of non-financial assets; useful lives of assets; the recoverability of deferred tax assets and the assessment of going concern. More information on the impact of climate change in financial statements prepared under FRS 102 can be found in the March 2025 FRC FRS 102 Factsheet 8: Climate-related matters<sup>1</sup>.

Although FRS 102 does not make any specific requirements for climate-related disclosures, all entities should consider any additional disclosures they need to make to enable users to understand the effect of climate-related issues on the financial statements. As an example, this could include climate-related fines or penalties that have been recognised as an expense in the period, and which are material to the financial statements (and which may have been disclosed in the strategic report in the context of compliance with regulations). While there is no specific requirement to disclose such items, disclosure may be required to enable users to understand the effect of such items on the entity's financial position and financial performance, and to give a true and fair view as required by FRS 102.3.2. Companies should also consider including climate-related matters:

- As part of the going concern assessment under requirements in FRS 102.3.8 and FRS 102.3.9
- In disclosing the measurement bases used in preparing the financial statements, the accounting policies used, the judgements made by management in applying the accounting policies, and the key assumptions and associated key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year as required in FRS 102.8.5, FRS 102.8.6 and FRS 102.8.7

And

- To meet the requirements of FRS 102.8.2(c).

Guidance can also be found in the latest version of the publication *Applying IFRS: Connected Financial Reporting: Accounting for Climate Change* which can be found [here](#).<sup>2</sup> While this publication is written within the context of reporting under the IFRS Accounting Standards, it contains useful considerations for FRS 102 preparers to assess when determining the impact of climate matters on their financial statements. For the illustrative consolidated sustainability-related financial disclosure for Good Group Climate (International) Limited and its subsidiaries that is prepared in accordance with IFRS Sustainability Disclosure Standards, issued by the ISSB at 31 December 2024 and effective for annual periods beginning on or after 1 January 2024, please refer [here](#).<sup>3</sup>

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<sup>1</sup> [FRS 102 Factsheet 8, Climate-related matters](#), Financial Reporting Council (Website accessed on 30 September 2025)

<sup>2</sup> (Website accessed on 30 September 2025)

<sup>3</sup> (Website accessed on 30 September 2025)

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# Good Practice Group Limited

Group and Parent Company  
Financial Statements

31 December 2026

## Complete set of financial statements

FRS 102.3.17

A complete set of financial statements of an entity shall include all of the following:

- (a) A statement of financial position as at the reporting date
  - (b) Either:
    - (i) A single statement of comprehensive income for the reporting period displaying all items of income and expense recognised during the period including those items recognised in determining profit or loss (which is a subtotal in the statement of comprehensive income) and items of other comprehensive income (OCI)
    - Or
    - (ii) A separate income statement and a separate statement of comprehensive income. If an entity chooses to present both an income statement and a statement of comprehensive income, the statement of comprehensive income begins with profit or loss and then displays the items of other comprehensive income
  - (c) A statement of changes in equity for the reporting period
  - (d) A statement of cash flows for the reporting period
- And
- (e) Notes, comprising material accounting policy information and other explanatory information

FRS 102.3.23

An entity shall clearly identify each of the financial statements and the notes, and distinguish them from other information in the same document. In addition, an entity shall display the following information prominently, and repeat it when necessary for an understanding of the information presented:

- (a) The name of the reporting entity and any change in its name since the end of the preceding reporting period
  - (b) Whether the financial statements cover the individual entity of a group of entities
  - (c) The date of the end of the reporting period and the period covered by the financial statements
  - (d) The presentation currency, as defined in Section 30 *Foreign Currency Translation*
- And
- (e) The level of rounding, if any, used in presenting amounts in the financial statements

## Comparative information

1 Sch 7, FRS 102.3.14

Comparative information for the preceding financial year must be shown, except where FRS 102 permits or requires otherwise. Where the comparative information is not comparable, it may be adjusted, and particulars of the non-comparability and any adjustment must be given.

### *Author's note*

Good Practice Group Limited concluded that the comparative information presented is comparable. Therefore, no disclosures in relation to this were made.

## Offsetting

1 Sch 8, FRS 102.2.96

Items representing income or assets may not be set off against items representing expenditure or liabilities (or *vice versa*), unless required or permitted by FRS 102.

## True and fair view

s393, s396, s404

The accounts of the company or the group must give a true and fair view of the state of affairs of the company or the group as at the end of the financial year and of the profit or loss of the company for the financial year. Group accounts, where prepared, must give a true and fair view of the state of affairs as at the end of the financial year and the profit or loss for the financial year of the undertakings included in the consolidation as a whole, so far as concerns members of the company.

The directors must not approve accounts unless satisfied that they give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and, in the case of group accounts, of the undertakings included in the consolidation as a whole, so far as concerns members of the company.

Where compliance with the requirements of the Companies Act would not be sufficient to give a true and fair view, the necessary additional information must be given in the financial statements or notes.

1 Sch 9, 1 Sch 9A

The directors must, in determining how items are presented, have regard to the substance of reported transactions in accordance with generally accepted accounting principles or practice. Where an asset or liability relates to more than one item in the balance sheet, the relationship of such asset or liability to the relevant items must be disclosed either under those items or in the notes to the accounts.

FRS 102.3.2

The financial statements shall give a true and fair view of the assets, liabilities, financial position, financial performance and, when required to be presented, cash flows of the entity. The application of FRS 102, with additional disclosures when necessary, is presumed to result in financial statements that give a true and fair view. Additional disclosures are necessary when compliance with the specific requirements in FRS 102 is insufficient to enable users to understand the effect of particular transactions, other events and conditions on the entity's financial position and financial performance.

Accounting standards are applicable to all financial statements whose purpose is to give a true and fair view.

In the vast majority of cases, if accounting standards are complied with, the financial statements will give a true and fair view.

However, objective professional judgement must be applied to ensure the financial statements give a true and fair view. A justifiable reason may exist why an accounting standard may not be applicable in a given situation, for example, when application would conflict with the giving of a true and fair view. The directors have a legal obligation only to approve the financial statements if satisfied that they give a true and fair view. See the FRC Statement on 'True and Fair' issued in June 2014.<sup>4</sup>

## True and fair override

s396(5), s404(5), FRS 102.3.4, FRS 102.3.5, FRS 102.3.6

In special circumstances, when management concludes that compliance with any requirement of FRS (or applicable legislation - only when it allows for a true and fair override) is inconsistent with the requirement for a true and fair view, the directors/entity must depart from that provision to the extent necessary to give a true and fair view.

In such circumstances, disclosure must be made, in a note, of the particulars of the departure, the reasons for it and its effect. FRS 102 specifically requires that the entity disclose:

- (a) That management has concluded that the financial statements give a true and fair view of the entity's financial position, financial performance and, when required to be presented, cash flows
- (b) That it has complied with FRS 102 or applicable legislation, except that it has departed from a particular requirement of FRS 102 or applicable legislation to the extent necessary to give a true and fair view
- (c) The nature and effect of the departure, including the treatment that FRS 102 or applicable legislation would require, the reason why that treatment would be so misleading in the circumstances that it would conflict with the objective of financial statements set out in Section 2 and the treatment adopted.

When an entity has departed from a requirement of FRS 102 or applicable legislation in a prior period, and that departure affects the amounts recognised in the financial statements for the current period, it must make the disclosures in (c) above.

1 Sch 45

Disclose whether the accounts have been prepared in accordance with applicable accounting standards and particulars of any material departure from those standards and the reasons for it must be given. Medium-sized companies are exempt from this requirement.

Although medium-sized companies are not required to comply with 1 Sch 45 (and state whether the financial statements have been prepared in accordance with applicable accounting standards, disclosing particulars and reasons for any departure), the requirements of FRS 102.3.5 and FRS 102.3.6 result in the same information, plus the financial effect, being given.

1 Sch 10

Disclose if any fundamental accounting principles (e.g., going concern, consistency, prudence and accruals) noted in 1 Sch 11-15A have not been observed, giving particulars of the nature of the departure, the reason and the effect. In the absence of such disclosure there is a presumption that these principles have been observed.

<sup>4</sup> [True and Fair](#), Financial Reporting Council

## Registered number and name

Registrar's Rules 2009

Under the Registrar's Rules 2009, all accounts and related documents are required to state the name and the registered number of the company on at least one of the balance sheet, profit and loss account, directors' report, directors' remuneration report and auditor's report.

*Author's note*

Good Practice Group Limited has stated the name and the registered number on the parent company balance sheet.

## Approval and authorisation

s414, s433

Only one director needs to sign the balance sheet on behalf of the board. The copy of the balance sheet delivered to the Registrar of Companies must be signed and state the name of the director. Additionally, the following document must be signed and state the name of the person who signed it on behalf of the board:

- The company's balance sheet
- The strategic report
- The directors' report
- In case of a quoted company, the directors' remuneration report

*Author's note*

Only the parent company balance sheet is required to be signed. Although, the consolidated balance sheet (statement of financial position) is not required to be signed, it is considered good practice to do so.

FRS 102.32.9

An entity shall disclose the date when the financial statements were authorised for issue and who gave that authorisation.

# Consolidated income statement

of Good Practice Group Limited

for the year ended 31 December 2026

		2026			2025			
		Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total	
Notes		£000	£000	£000	£000	£000	£000	
	Turnover	170,654	42,196	212,850	133,372	46,628	180,000	FRS 102.3.23(a) FRS 102.3.23(b) FRS 102.3.23(c) FRS 102.5.7E FRS 102.5.7F
4	Cost of sales	(134,030)	(38,121)	(172,151)	(105,517)	(39,449)	(144,966)	FRS 102.3.23(d), FRS 102.3.23(e) FRS 102.5.7D, 1 Sch formats
	Gross profit	36,624	4,075	40,699	27,855	7,179	35,034	1 Sch formats
	Distribution costs	(14,449)	(2,387)	(16,836)	(10,134)	(4,196)	(14,330)	1 Sch formats
	Administrative expenses							1 Sch formats
	Before exceptional items	(14,064)	(2,251)	(16,315)	(12,098)	(3,528)	(15,626)	
7	Impairment of tangible fixed assets	(2,200)	-	(2,200)	-	-	-	1 Sch 69(2)
7	Flood damage	(655)	-	(655)	-	-	-	FRS 102.5.9A
	After exceptional items	(16,919)	(2,251)	(19,170)	(12,098)	(3,528)	(15,626)	
5	Other operating income	3,242	-	3,242	2,027	-	2,027	1 Sch formats
5	Operating profit/(loss)	8,498	(563)	7,935	7,650	(545)	7,105	FRS 102.5.9B
13	Income from interests in joint venture	1,557	-	1,557	555	-	555	FRS 102.15.20
13	Income from interests in associated undertakings	335	-	335	125	-	125	6 Sch 20, FRS 102.14.14
	Income from other investments	250	-	250	200	-	200	1 Sch formats
13	Gain on financial assets at fair value through profit and loss	95	-	95	-	-	-	FRS 102.11.48(a)(i)
	Net (loss)/gain on financial liabilities at fair value through profit and loss	(23)	-	(23)	30	-	30	FRS 102.11.48 (a)(ii)
13	Loss on sale of discontinued operations	-	(2,037)	(2,037)	-	-	-	FRS 102.5.9B
	Profit/(loss) before interest and taxation	10,712	(2,600)	8,112	8,560	(545)	8,015	
	Bank interest receivable	1,079	-	1,079	395	-	395	1 Sch formats FRS 102.11.48(a)(iv)
9	Interest payable and similar expenses	(1,505)	-	(1,505)	(1,363)	-	(1,363)	FRS 102.11.48(b)
	Profit/(loss) before taxation	10,286	(2,600)	7,686	7,592	(545)	7,047	1 Sch 6
10	Tax on profit	(3,512)	-	(3,512)	(2,612)	-	(2,612)	1 Sch formats, FRS 102.29.22
	Profit/(loss) for the financial year	6,774	(2,600)	4,174	4,980	(545)	4,435	1 Sch formats, FRS 102.5.7E
Attributable to:								
	Non-controlling interests				237			FRS 102.5.7B, FRS 102.5.6(a)
	Owners of the Parent Company				3,937			FRS 102.9.21, 6 Sch 17(3)
					<u>4,174</u>			
					<u>4,435</u>			

## Presentation of total comprehensive income

s404(1)(b)

Companies Act group accounts must comprise a consolidated profit and loss account dealing with the profit or loss of the parent company and its subsidiary undertakings.

FRS 102.5.2, FRS 102.3.17(b)

An entity shall present its total comprehensive income for a period either:

- (a) In a single statement of comprehensive income, in which case the statement of comprehensive income presents all items of income and expense in the period

Or

- (b) In two statements - an income statement (which is referred to as the profit and loss account by the Act) and a statement of comprehensive income - in which case the income statement presents all items of income and expense recognised in the period except those that are recognised in total comprehensive income outside of profit or loss as permitted or required by FRS 102. If an entity chooses to present both an income statement and a statement of comprehensive income, the statement of comprehensive income begins with profit or loss and then displays the items of other comprehensive income.

### *Author's note*

Good Practice Group Limited presents its total comprehensive income in two statements.

## Income statement formats

1 Sch formats, FRS 102.5.5, FRS 102.5.7

The profit and loss account must comply with one of the prescribed formats in the Regulations ("statutory format"). This applies whether an entity adopts a single-statement or two-statement approach in presenting the total comprehensive income for the period.

1 Sch 1A(2)

A company may adapt one of the formats ("adapted format") provided that the information given is equivalent to that which would have been required by the use of such format had it not been thus adapted, and the presentation is in accordance with generally accepted accounting principles or practice.

### *Author's note*

Good Practice Group Limited used the statutory format 1 prescribed in Schedule 1, as modified by Schedule 6 in presenting the profit and loss account.

1 Sch 1, 1 Sch 3-5, 1 Sch formats

The face of every profit and loss account must show the items denoted by letters or Roman numbers in the format specified by the Companies Act, unless the amounts are nil in both years.

Greater detail can be given in the financial statements than that prescribed by the formats. New items may be inserted for income or expenditure not otherwise covered.

Items in the profit or loss account may be combined if either they are not material or the combination facilitates assessment (providing, in the latter case, the individual items are disclosed in the notes) or they must be adapted where the special nature of a company's business requires it.

The directors must not include a heading or sub-heading for an item in the balance sheet if there is no amount for that item to be shown. Where an amount can be shown for the item in question for the immediately preceding financial year that amount must be shown under the heading or sub-heading required by the format for that item.

The arrangement and headings of items denoted by an Arabic number in the formats must be adapted to suit any special nature of a company's business.

1 Sch 2

The format chosen may not be changed from year to year unless, in the directors' opinion, there are special reasons for a change. Particulars of any such change must be given and the reasons for the change must be explained in a note to the financial statements.

### *Author's note*

Good Practice Group Limited did not change income statement format. Thus, no additional disclosures were made in relation to this.

FRS 102.5.3

A change from the single-statement approach to the two-statement approach, or *vice versa*, is a change in accounting policy to which Section 10 of FRS 102 applies.

## Income statement

FRS 102.5.6, FRS 102.5.7B, FRS 102.5.7C, FRS 102.9.21, 6 Sch 17(3)

An entity must present the allocation of profit or loss attributable to (i) non-controlling interest and (ii) owners of the parent, and the allocation of total comprehensive income attributable to (i) non-controlling interest and (ii) owners of the parent. If the total comprehensive income is presented in a single statement, and entity must present these disclosures within the single statement of comprehensive income. If the total comprehensive income is presented in two statements, then the allocation of profit or loss is presented in the income statement, and the allocation of total comprehensive income is presented in the statement of comprehensive income.

FRS 102.5.7D

Turnover must be presented on the face of the income statement (or statement of comprehensive income if presented).

FRS 102.5.9

An entity shall present additional line items, headings and subtotals in the statement of comprehensive income (and in the income statement), when such presentation is relevant to an understanding of the entity's financial performance.

FRS 102.5.9A

When items included in total comprehensive income are material, an entity shall disclose their nature and amount separately, either in the statement of comprehensive income (and in the income statement, if presented) or in the notes.

FRS 102.5.9B

FRS 102 does not require disclosure of 'operating profit'. However, if an entity elects to disclose operating profit the entity should ensure that the amount disclosed is representative of activities that would normally be regarded as 'operating'. For example, it would be inappropriate to exclude items clearly related to operations (such as inventory write-downs, profits or losses on the sale of property, plant and equipment, investment property and intangible assets and restructuring and relocation expenses) because they occur irregularly or infrequently or are unusual in amount. Similarly, it would be inappropriate to exclude items on the grounds that they do not involve cash flows, such as depreciation and amortisation expenses. Profits or losses on the disposal of a discontinued operation shall be excluded from operating profit.

1 Sch 6

Every profit and loss account must show the amount of a company's profit or loss before taxation.

## Results from discontinued operations

FRS 102.5.7E

An entity shall also disclose on the face of the income statement (or statement of comprehensive income) an amount comprising the total of:

- (a) The post-tax profit or loss of discontinued operations
- And
- (b) The post-tax gain or loss attributable to the impairment or on the disposal of the assets or disposal groups constituting discontinued operations

A line-by-line analysis shall be presented in the income statement (or statement of comprehensive income), in a column identified as relating to discontinued operations. A total column shall also be presented.

FRS 102.5.7F

An entity shall re-present the disclosures in paragraph 5.7E for periods presented in the financial statements so that the disclosures relate to all operations that have been discontinued by the end of the reporting period for the latest period presented.

## Extraordinary items

FRS 102.5.10

An entity applying paragraph 5.5(a), 5.5(d), 5.7(a) or 5.7(d) (i.e., other than banking and insurance) shall not present or describe any items of income or expense as 'extraordinary items' in the statement of comprehensive income (or in the income statement, if presented) or in the notes.

*Author's note*

As Good Practice Group Limited is neither a banking nor insurance company, the requirements of FRS 102.5.10A and FRS 102.5.10B do not apply.

1 Sch 6

Every profit and loss account must show the amount of the company's profit or loss before taxation.

## Taxation

### FRS 102.29.22

An entity shall present tax expense (income) in the same component of total comprehensive income (i.e., continuing or discontinued operations, and profit or loss or other comprehensive income) or equity as the transaction or other event that resulted in the tax expense (income).

### FRS 102.29.22A

As an exception to paragraph 29.22, an entity shall present the tax expense (income) effects of distributions to owners in profit or loss.

### *Author's note*

Distributions to owners during the year do not have tax expense/income effects. Therefore, this presentation requirement is not applicable.

# Consolidated statement of comprehensive income

of Good Practice Group Limited

for the year ended 31 December 2026

	2026	2025	
Notes	£000	£000	
Profit for the financial year	4,174	4,435	<i>FRS 102.3.17(b)(ii)</i> <i>FRS 102.3.23(a)</i> <i>FRS 102.3.23(b)</i> <i>FRS 102.3.23(c)</i>
Other comprehensive income			<i>FRS 102.5.5A(a)</i>
Exchange differences on translation of foreign operations	324	(40)	<i>FRS 102.30.25(b)</i>
Remeasurement gain/(loss) recognised on defined benefit pension schemes	21 613	(564)	<i>FRS 102.28.23(d)</i>
Movement on deferred tax relating to defined benefit pension schemes	10 (205)	63	<i>FRS 102.29.22</i>
Total other comprehensive income/(loss), net of tax	<u>732</u>	<u>(541)</u>	
Total comprehensive income for the year	<u>4,906</u>	<u>3,894</u>	<i>FRS 102.5.5A(c)</i>
Attributable to:			
Non-controlling interests	237	37	<i>FRS 102.5.6(b)</i>
Owners of the Parent Company	<u>4,669</u>	<u>3,857</u>	
	<u>4,906</u>	<u>3,894</u>	

## Statement of comprehensive income

### FRS 102.5.5A

In addition, an entity shall include, in the statement of comprehensive income, line items that present the following amounts for the period:

- (a) Classified by nature (excluding amounts in (b)), the components of other comprehensive income recognised as part of the total comprehensive income outside profit and loss as permitted or required by FRS 102. An entity may present the components of other comprehensive income either:
  - (i) Net of related tax effects
  - Or
  - (ii) Before the related tax effects with one amount shown for the aggregate amount of income tax relating to those components.
- (b) Its share of the other comprehensive income of associates and jointly controlled entities accounted for using the equity method.
- (c) Total comprehensive income.

### FRS 102.5.7C

If entity presents total comprehensive income in two statements, the statement of comprehensive income shall begin with profit or loss as its first line.

### FRS 102.30.25(b)

An entity shall disclose the amount of exchange differences recognised in other comprehensive income arising during the period.

# Consolidated statement of financial position

of Good Practice Group Limited

as at 31 December 2026

		2026	2025	
	Notes	£000	£000	
Fixed assets				s404(1)(a) FRS 102.3.17(a) FRS 102.4.2 FRS 102.3.23(a) FRS 102.3.23(b) FRS 102.3.23(c) FRS 102.3.23(d) FRS 102.3.23(e) 1 Sch formats
Intangible assets	11	3,747	1,685	1 Sch formats
Tangible assets	12	30,679	30,055	1 Sch formats
Right-of-use assets	19	1,982	-	FRS 102.20.74(a)
Investments:	13			1 Sch formats
Investment in joint ventures		1,835	978	
Investment in associated undertakings		1,377	1,177	6 Sch 20
Other investments		1,361	1,276	
		<u>40,981</u>	<u>35,171</u>	
Current assets				
Stocks	14	25,825	20,100	1 Sch formats
Debtors	15	20,132	11,737	1 Sch formats
Short-term deposits	25(b)	1,483	2,039	
Cash at bank and in hand	25(b)	5,441	9,291	1 Sch formats
		<u>52,881</u>	<u>43,167</u>	
Creditors: amounts falling due within one year	16	(24,705)	(24,117)	1 Sch formats
Net current assets		<u>28,176</u>	<u>19,050</u>	1 Sch formats
Total assets less current liabilities		69,157	54,221	1 Sch formats
Creditors: amounts falling due after more than one year	17	(17,873)	(13,581)	1 Sch formats, FRS 102.4.7
Provisions for liabilities	20	(2,693)	(2,437)	1 Sch formats
Defined benefit pension liability	21	(1,031)	(1,723)	
Net assets		<u>47,560</u>	<u>36,480</u>	
Capital and reserves				
Called up share capital	22	12,075	10,000	1 Sch formats
Share premium account	24	600	500	1 Sch formats
Capital redemption reserve	24	500	-	1 Sch formats
Reserve for own shares	24	(774)	(774)	1 Sch formats
Equity component of convertible preference shares	24	200	200	
Merger reserve	24	6,250	-	
Retained earnings	24	28,349	26,432	
Equity attributable to owners of the Parent Company		<u>47,200</u>	<u>36,358</u>	
Non-controlling interests		<u>360</u>	<u>122</u>	6 Sch 17(2), FRS 102.9.20
Total equity		<u>47,560</u>	<u>36,480</u>	

Jane Smith  
Director

s414  
s433  
FRS 102.32.9

31 March 2027

## Statement of financial position

s404(1)(a)

Companies act group accounts must comprise a consolidated balance sheet dealing with the state of affairs of the parent company and its subsidiary undertakings.

## Statement of financial position formats

1 Sch formats, FRS 102.4.2

The balance sheet must comply with one of the prescribed formats in the Regulations ("statutory format").

1 Sch 1A(1)

A company may adapt one of the formats ("adapted format") to distinguish between current and non-current items in a different format provided that the information given is equivalent to that which would have been required by the use of such format had it not been thus adapted, and the presentation is in accordance with generally accepted accounting principles or practice.

### *Author's note*

Good Practice Group Limited used the statutory format 1 in presenting the balance sheet.

1 Sch 1, 1 Sch 3-5, 1 Sch formats, FRS 102.4.3

The face of every balance sheet must show the items denoted by letters or Roman numbers in the format specified by the Companies Act, unless the amounts are nil in both years.

Greater detail can be given in the financial statements than that prescribed by the formats. New items may be inserted for assets or liabilities not otherwise covered.

Items in the balance sheet formats may be combined if either they are not material or the combination facilitates assessment (providing, in the latter case, the individual items are disclosed in the notes) or they must be adapted where the special nature of a company's business requires it.

The directors must not include a heading or sub-heading for an item in the balance sheet if there is no amount for that item to be shown. Where an amount can be shown for the item in question for the immediately preceding financial year that amount must be shown under the heading or sub-heading required by the format for that item.

The arrangement and headings of items denoted by an Arabic number in the formats must be adapted to suit any special nature of a company's business.

1 Sch 2

The format chosen may not be changed from year to year unless, in the directors' opinion, there are special reasons for a change. Particulars of any such change must be given and the reasons for the change must be explained in a note to the financial statements.

### *Author's note*

Good Practice Group Limited did not change the format of statement of financial position. Thus, no additional disclosures were made in relation to this.

## Statement of financial position - statutory format

FRS 102.4.4A

Unless an entity chooses to prepare the statement of financial position using the 'adapted formats', in instances where the amount of debtors due after more than one year is so material in the context of the total net current assets that the absence of disclosure of the debtors due after more than one year on the face of the statement of financial position readers may misinterpret the financial statements, the amount should be disclosed on the face of the statement of financial position within current assets. In most cases it will be satisfactory to disclose the amount due after more than one year in the notes to the financial statements.

### *Author's note*

Good Practice Group Limited believes that the amount of debtors due after more than one year is not material in the context of the total net current assets. Therefore, the debtors due after more than one year are not presented in the face of the statement of financial position but are disclosed in the notes (see Note 15).

FRS 102.4.7

Unless an entity chooses to prepare the statement of financial position using the 'adapted formats', an entity shall classify a creditor as due within one year when the entity does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least 12 months after the reporting date. For example, this would be the case if the earliest date on which the lender, exercising all available options and rights, could require repayment or (as the case may be) payment was within 12 months after the reporting date.

FRS 102.9.20, 6 Sch 17(2)

An entity must present non-controlling interest in the net assets of subsidiaries in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent.

## Post-employment benefit assets and liabilities

### *Author's note*

FRS 102 does not explicitly address the presentation of post-employment benefit assets and liabilities. The Companies Act format 1 balance sheet includes a line item 'pensions and similar liabilities' within provisions for liabilities. However, under previous UK GAAP, guidance in FRS 17.47 required both a pension liability and a surplus to be presented after accruals and deferred income, but before capital and reserves. This position was confirmed at the time as not contravening the Companies Act formats. We illustrate the Companies Act format position, which we believe to be an appropriate presentation, although we acknowledge that there may be diversity in practice.

## Right-of-use assets and lease liabilities

### FRS 102.20.74

A lessee shall either present in the statement of financial position, or disclose in the notes:

- (a) Right-of-use assets separately from other assets. If a lessee does not present right-of-use assets separately in the statement of financial position, the lessee shall:
  - (i) Include right-of-use assets within the same line item as that within which the corresponding underlying assets would be presented if they were owned  
And
  - (ii) Disclose which line items in the statement of financial position include those right-of-use assets.
- (b) Lease liabilities separately from other liabilities. If the lessee does not present lease liabilities separately in the statement of financial position, the lessee shall disclose which line items in the statement of financial position include those liabilities.

### *Author's note*

Good Practice Group Limited presents right-of-use assets as a separate line item and includes the lease liabilities within 'Creditors: amounts falling due within one year' and 'Creditors: amounts falling due more than one year' in the statement of financial position.

# Parent company statement of financial position

of Good Practice Group Limited

as at 31 December 2026

		2026	2025	
	Notes	£000	£000	
Fixed assets				s396(1)(a) FRS 102.3.17(a) FR102.4.2
Tangible assets	12	12,918	14,104	FRS 102.3.23(a) FRS 102.3.23(b) FRS 102.3.23(c)
Right-of-use assets	19	1,040	-	FRS 102.3.23(d) FRS 102.3.23(e)
Investments:	13			1 Sch formats
Investment in subsidiary undertakings		14,860	6,420	
Investment in joint ventures		675	675	
Other investments		801	1,276	
		<u>30,294</u>	<u>22,475</u>	
Current assets				
Stocks	14	11,620	7,125	1 Sch formats
Debtors	15	15,018	11,327	1 Sch formats
Cash at bank and in hand	25(b)	2,230	6,554	1 Sch formats
		<u>28,868</u>	<u>25,006</u>	
Creditors: amounts falling due within one year	16	(10,035)	(7,712)	1 Sch formats
Net current assets		<u>18,833</u>	<u>17,294</u>	1 Sch formats
Total assets less current liabilities		49,127	39,769	1 Sch formats
Creditors: amounts falling due after more than one year	17	(14,209)	(13,071)	1 Sch formats, FRS 102.4.7
Provisions for liabilities	20	(789)	(1,089)	1 Sch formats
Defined benefit pension liability	21	(798)	(1,280)	
Net assets		<u><u>33,331</u></u>	<u><u>24,329</u></u>	
Capital and reserves				
Called up share capital	22	12,075	10,000	1 Sch formats
Share premium account	24	600	500	1 Sch formats
Capital redemption fund reserve	24	500	-	1 Sch formats
Reserve for own shares	24	(774)	(774)	1 Sch formats
Equity component of convertible preference shares	24	200	200	
Merger reserve	24	6,250	-	
Retained earnings	24	14,480	14,403	
Total equity		<u><u>33,331</u></u>	<u><u>24,329</u></u>	

The profit of the Parent Company for the financial year is £2,754,000 (2025: £6,155,000).

s408

Jane Smith  
Director

31 March 2027

Registered number: 1591134

## Parent company statement of financial position

s394, s396(1), 399(2), s434(2)

Individual accounts must be prepared by a company for its financial year unless exempt from that requirement under section 394A. The balance sheet of the parent company must be included with the group financial statements.

## Exemption to present parent company profit and loss

s408

A parent entity preparing group accounts may take the exemption not to present the company's profit and loss if the following conditions are met:

- The parent company profit and loss accounts are approved by the directors.
- The parent company profit and loss is disclosed in the company balance sheet.

And

- The parent company disclosed that it has taken the exemption in s408.

### *Author's note*

The company has taken the exemption under section 408 not to publish the parent company profit and loss account. Practice in the United Kingdom has developed whereby an entity taking the section 408 exemption does not publish a SOCI either.

# Consolidated statement of changes in equity

of Good Practice Group Limited

for the year ended 31 December 2026

## Equity attributable to owners of the Parent Company

	Called-up share capital	Share Premium	Capital redemption reserve	Reserve for own shares	Equity component of convertible preference shares	Merger reserve	Retained earnings	Total	Non- controlling interest	Total Equity	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	
At 1 January 2025	10,000	500	-	(774)	200	-	23,347	33,273	85	33,358	FRS 102.3.17(c) 1 Sch 59
Profit for the year	-	-	-	-	-	-	4,398	4,398	37	4,435	FRS 102.3.23(a) FRS 102.3.23(b) FRS 102.3.23(c)
Exchange differences on retranslation of foreign operations	-	-	-	-	-	-	(40)	(40)	-	(40)	FRS 102.3.23(d) FRS 102.3.23(e) 1 Sch 59
Remeasurement (loss) recognised on defined benefit pension schemes (Note 21)	-	-	-	-	-	-	(564)	(564)	-	(564)	FRS 102.6.3A FRS 102.28.23(d)
Movement on deferred tax relating to pension liability (Note 10)	-	-	-	-	-	-	63	63	-	63	FRS 102.6.3A
Other comprehensive loss	-	-	-	-	-	-	(541)	(541)	-	(541)	FRS 102.6.3(c)(ii)
Total comprehensive income for the year	-	-	-	-	-	-	3,857	3,857	37	3,894	FRS 102.6.3(a)
Equity dividends paid (Note 23)	-	-	-	-	-	-	(1,170)	(1,170)	-	(1,170)	FRS 102.6.3(c)(iii)
Share based payment transactions (Note 26)	-	-	-	-	-	-	398	398	-	398	
At 31 December 2025	10,000	500	-	(774)	200	-	26,432	36,358	122	36,480	
Effect of initial application of the revised FRS 102 (Note 2.4)	-	-	-	-	-	-	172	172	1	173	FRS 102.6.3(b)
At 1 January 2026	10,000	500	-	(774)	200	-	26,604	36,530	123	36,653	
Profit for the year	-	-	-	-	-	-	3,937	3,937	237	4,174	FRS 102.6.3(c)(i)
Exchange differences on retranslation of foreign operations	-	-	-	-	-	-	324	324	-	324	FRS 102.6.3A FRS 102.30.25(b)
Remeasurement gain recognised on defined benefit pension schemes (Note 21)	-	-	-	-	-	-	613	613	-	613	FRS 102.6.3A FRS 102.28.23(d)
Movement on deferred tax relating to pension liability (Note 10)	-	-	-	-	-	-	(205)	(205)	-	(205)	FRS 102.6.3A
Other comprehensive income	-	-	-	-	-	-	732	732	-	732	FRS 102.6.3(c)(ii)
Total comprehensive income for the year	-	-	-	-	-	-	4,669	4,669	237	4,906	FRS 102.6.3(a)
Equity dividends paid (Note 23)	-	-	-	-	-	-	(1,431)	(1,431)	-	(1,431)	FRS 102.6.3(c)(iii)
New shares issued (Note 22)	2,575	100	-	-	-	6,250	-	8,925	-	8,925	FRS 102.6.3(c)(iii)
Share buy back (Note 22)	(500)	-	500	-	-	-	(1,800)	(1,800)	-	(1,800)	FRS 102.6.3(c)(iii)
Share based payment transactions (Note 26)	-	-	-	-	-	-	307	307	-	307	
At 31 December 2026	12,075	600	500	(774)	200	6,250	28,349	47,200	360	47,560	

## Statement of changes in equity

### FRS 102.3.18

If the only changes to equity during the periods presented are from profit or loss, payment of dividends, corrections of prior period errors, and changes in accounting policy, an entity may present a single statement of income and retained earnings in the place of the statement of comprehensive income and statement of changes in equity.

### FRS 102.6.5

An entity shall present, in the statement of income and retained earnings, the following items in addition to the information required by Section 5:

- (a) Retained earnings at the beginning of the reporting period
- (b) Dividends declared and paid or payable during the period
- (c) Restatements of retained earnings for corrections of prior period material errors
- (d) Restatements of retained earnings for changes in accounting policy

And

- (e) Retained earnings at the end of the reporting period

### *Author's note*

Good Practice Group Limited is not eligible to present a single statement of income and retained earnings as the company has transactions outside the transactions enumerated by FRS 102.3.18. Therefore, a separate statement of changes in equity is prepared by Good Practice Group Limited.

### FRS 102.6.3

An entity shall present a statement of changes in equity showing in the statement:

- (a) Total comprehensive income for the period, showing separately the total amounts attributable to owners of the parent and to non-controlling interests.
- (b) For each component of equity, the effects of retrospective application or retrospective restatement recognised in accordance with Section 10

And

- (c) For each component of equity, a reconciliation between the carrying amount at the beginning and the end of the period, separately disclosing changes resulting from:
    - (i) Profit or loss
    - (ii) Other comprehensive income
- And
- (iii) The amounts of investments by, and dividends and other distributions to, owners, showing separately issues of shares, purchase of own share transactions, dividends and other distributions to owners, and changes in ownership interests in subsidiaries that do not result in a loss of control.

### FRS 102.6.3A

For each component of equity, an entity shall present, either in the statement of changes in equity or in the notes, an analysis of other comprehensive income by item (see paragraph 6.3(c)(ii)).

### 1 Sch 59

In tabular form, disclose movements in all reserves and the opening and closing balances.

# Parent company statement of changes in equity

of Good Practice Group Limited

for the year ended 31 December 2026

	Called-up capital	Share Premium	Capital redemption reserve	Reserve for own shares	Equity component of convertible preference shares	Merger reserve	Retained earnings	Total Equity	
	£000	£000	£000	£000	£000	£000	£000	£000	
At 1 January 2025	10,000	500	-	(774)	200	-	9,582	19,508	FRS 102.3.17(c) 1 Sch 59 FRS 102.3.23(a) FRS 102.3.23(b) FRS 102.3.23(c) FRS 102.3.23(d), FRS 102.3.23(e) 1 Sch 59
Profit for the year	-	-	-	-	-	-	6,155	6,155	FRS 102.6.3(c)(i)
Remeasurement loss recognised on defined benefit pension schemes	-	-	-	-	-	-	(720)	(720)	FRS 102.6.3A, FRS 102.28.23(d)
Movement on deferred tax relating to pension liability	-	-	-	-	-	-	158	158	FRS 102.6.3A
Other comprehensive loss	-	-	-	-	-	-	(562)	(562)	FRS 102.6.3(c)(ii)
Total comprehensive income for the year	-	-	-	-	-	-	5,593	5,593	FRS 102.6.3(a)
Equity dividends paid (Note 23)	-	-	-	-	-	-	(1,170)	(1,170)	FRS 102.6.3(c)(iii)
Share-based payment transactions (Note 26)	-	-	-	-	-	-	398	398	
At 31 December 2025	10,000	500	-	(774)	200	-	14,403	24,329	
Effect of initial application of the revised FRS 102 (Note 2.4)	-	-	-	-	-	-	59	59	FRS 102.6.3(b)
At 1 January 2026	10,000	500	-	(774)	200	-	14,462	24,388	
Profit for the year	-	-	-	-	-	-	2,754	2,754	FRS 102.6.3(c)(i)
Remeasurement gain recognised on defined benefit pension schemes	-	-	-	-	-	-	233	233	FRS 102.6.3A, FRS 102.28.30(d)
Movement on deferred tax relating to pension liability	-	-	-	-	-	-	(45)	(45)	FRS 102.6.3A
Other comprehensive income	-	-	-	-	-	-	188	188	FRS 102.6.3(c)(ii)
Total comprehensive income for the year	-	-	-	-	-	-	2,942	2,942	FRS 102.6.3(a)
Equity dividends paid (Note 23)	-	-	-	-	-	-	(1,431)	(1,431)	FRS 102.6.3(c)(iii)
New shares issued (Note 22)	2,575	100	-	-	-	6,250	-	8,925	FRS 102.6.3(c)(iii)
Share buyback (Note 22)	(500)	-	500	-	-	-	(1,800)	(1,800)	FRS 102.6.3(c)(iii)
Share-based payment transactions (Note 26)	-	-	-	-	-	-	307	307	
At 31 December 2026	12,075	600	500	(774)	200	6,250	14,480	33,331	

# Consolidated statement of cash flows

of Good Practice Group Limited

for the year ended 31 December 2026

		FRS 102.3.17(d)	
		FRS 102.7.3	
		FRS 102.3.23(a)	
		FRS 102.3.23(b)	
		FRS 102.3.23(c)	
		FRS 102.3.23(d), FRS 102.3.23(e)	
Notes	2026	2025	
	£000	£000	
Net cash flows (used in)/from operating activities	25(a) (1,404)	3,820	
Investing activities			FRS 102.7.10
Dividends received from:			
Joint venture	13(a) 700	545	FRS 102.7.14, FRS 102.7.15
Associate	13(b) 135	105	FRS 102.7.14, FRS 102.7.15
Other investments	250	200	FRS 102.7.14, FRS 102.7.15
Interest received	1,079	395	FRS 102.7.14, FRS 102.7.15
Payments to acquire:			
Intangible fixed assets	11 (575)	(1,010)	FRS 102.7.5.(a)
Tangible fixed assets	12 (12,815)	(3,875)	FRS 102.7.5.(a)
Other investments	13(c) (465)	(230)	FRS 102.7.5.(c)
Receipts from sales of:			
Tangible fixed assets	8,825	2,765	FRS 102.7.5(b)
Investments	125	-	FRS 102.7.5(d)
Receipt of government grants in respect of tangible fixed assets	1,379	765	
Sale of subsidiary undertaking	13 155	-	FRS 102.7.5(d)
Net overdrafts disposed of with subsidiary undertaking	13 1,930	-	FRS 102.7.5(d)
Purchase of subsidiary undertaking - acquisition costs	13 (500)	-	FRS 102.7.5(c)
Net cash acquired with subsidiary undertaking	13 230	-	FRS 102.7.5(c)
Net cash flows from/(used in) investing activities	453	(340)	FRS 102.7.10
Financing activities			
Dividends paid to:			
Equity shareholders	23 (1,431)	(1,170)	FRS 102.7.14, FRS 102.7.16
Preference shareholders	23 (175)	(175)	FRS 102.7.14, FRS 102.7.16
Interest paid	(1,120)	(1,125)	FRS 102.7.14, FRS 102.7.15
Repayment of principal portion of lease liabilities	(566)	-	FRS 102.7.6(e)
Repayments of capital element of finance leases and hire purchase contracts	-	(243)	FRS 102.7.6(e)
Issue of ordinary share capital	22 175	-	FRS 102.7.6(a)
Purchase of own shares	22 (1,700)	-	FRS 102.7.6(b)
Share purchase costs	22 (100)	-	FRS 102.7.6(b)
New long-term loans	4,332	4,500	FRS 102.7.6(c)
Issue costs on new long-term loan	(50)	(56)	FRS 102.7.6(c)
Net cash flows (used in)/from financing activities	(635)	1,731	
(Decrease)/Increase in cash and cash equivalents	(1,586)	5,211	
Effect of exchange rates on cash and cash equivalents	190	(108)	FRS 102.7.13
Cash and cash equivalents at 1 January	7,560	2,457	
Cash and cash equivalents at 31 December	25(b) 6,164	7,560	

## Statement of cash flows

### FRS 102.7.3

An entity shall present a statement of cash flows that presents cash flows for a reporting period classified by operating activities, investing activities and financing activities.

### FRS 102.7.10

An entity shall present separately major classes of gross cash receipts and cash payments from investing and financing activities, except to the extent permitted by paragraphs 7.10A and 7.10E (this paragraph is relevant for financial institutions). The aggregate cash flows arising from acquisitions and disposals of subsidiaries or other business units shall be presented separately and classified as investing activities.

### FRS 102.7.13

Unrealised gains and losses arising from changes in foreign currency exchange rates are not cash flows. However, to reconcile cash and cash equivalents at the beginning and the end of the period, the effect of exchange rate changes on cash and cash equivalents held or due in a foreign currency must be presented in the statement of cash flows. Therefore, the entity shall remeasure cash and cash equivalents held during the reporting period (such as amounts of foreign currency held and foreign currency bank accounts) at period-end exchange rates. The entity shall present the resulting unrealised gain or loss separately from cash flows from operating, investing and financing activities.

## Interest and dividends

### FRS 102.7.14

An entity shall present separately cash flows from interest and dividends received and paid. The entity shall classify these cash flows consistently from period to period as operating, investing or financing activities.

### FRS 102.7.15

An entity may classify interest paid and interest and dividends received as operating cash flows because they are included in profit or loss. Alternatively, the entity may classify interest paid and interest and dividends received as financing cash flows and investing cash flows respectively, because they are costs of obtaining financial resources or returns on investments. Interest paid includes cash payments made by a lessee for the interest portion of a lease liability measured in accordance with Section 20.

### FRS 102.7.16

An entity may classify dividends paid as a financing cash flow because they are a cost of obtaining financial resources. Alternatively, the entity may classify dividends paid as a component of cash flows from operating activities because they are paid out of operating cash flows.

#### *Author's note*

Good Practice Group has classified interest paid as financing activities and interest received as investing activities. Good Practice Group has classified all dividends paid as financing activities.

## Income tax

### FRS 102.7.17

An entity shall present separately cash flows arising from income tax and shall classify them as cash flows from operating activities unless they can be specifically identified with financing and investing activities. When tax cash flows are allocated over more than one class of activity, the entity shall disclose the total amount of taxes paid.

#### *Author's note*

Good Practice Group has classified all income tax cash flows as operating activities, as tax cash flows cannot be specifically identified with financing and investing activities.

## Non-cash transactions

### FRS 102.7.18

An entity shall exclude from the statement of cash flows investing and financing transactions that do not require the use of cash and cash equivalents. An entity shall disclose such transactions elsewhere in the financial statements in a way that provides all the relevant information about those investing and financing activities.

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# Notes to the financial statements *continued*

## 1. Corporate information

Good Practice Group Limited (the Parent Company) is a private company limited by shares incorporated in the UK and registered in England & Wales. The registered office is 47 Mining Lane, London EC4 3AB. The registered number is 1591134.

FRS 102.3.17(e)  
FRS 102.3.24(a)  
s396(A1)  
s404(A1)

### Corporate information

FRS 102.3.24(a), s396 (A1), s404 (A1)

An entity must disclose in the notes the legal form of the entity, its country of incorporation, the address of its registered office (and the principal place of business, if different from registered office).

Specifically, where the entity is a UK company (or is a UK parent company preparing group accounts), the entity must disclose the part of the United Kingdom in which the company is registered, the company's registered number, whether the company is a public or private company and whether it is limited by shares or by guarantee; the address of the company's registered office, the company's registered number and where appropriate, the fact that the company is being wound-up.

FRS 102.3.24(b)

The entity shall disclose a description of the nature of the entity's operations and its principal activities, unless this is disclosed in the business review (or similar statement) accompanying the financial statements.

#### Author's note

The disclosures required by FRS 102.3.24(b) is assumed to have been provided in the Strategic Report, which has not been illustrated in this publication.

## 2. Accounting policies

### 2.1 Statement of compliance

The consolidated financial statements of Good Practice Group Limited and its subsidiaries (collectively, the Group) and parent company financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, 'The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (FRS 102) and the Companies Act 2006.

FRS 102.3.3  
FRS 102.8.4(a)

### 2.2 Basis of preparation

The group and parent company financial statements are prepared in accordance with applicable accounting standards and were authorised for issue by the Board of Directors on 31 March 2027. The financial statements are prepared in sterling which is the presentational currency of the Group and Parent Company and are rounded to the nearest £'000. The functional currency of the Parent Company is sterling.

1 Sch 45  
FRS 102.30.26  
FRS 102.9.23(a)  
FRS 102.9.27(a)

The Parent Company has taken advantage of the section 408 exemption not to present its individual income statement as it has prepared consolidated accounts.

s408(4)

The Group has taken advantage of the exemption afforded by FRS 102.33.1A not to disclose transactions between wholly owned members of the Group.

FRS 102.33.1A  
1 Sch 72(4)

The Parent Company is a qualifying entity as defined by FRS 102 and has taken advantage of the following exemptions available to qualifying entities which are relevant to its financial statements:

FRS 102.1.11(c)(i)

- The requirement to prepare a cash flow statement
- The disclosure requirements of Section 11 paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c) in respect of financial instruments of the Parent Company (as equivalent disclosures are included in respect of the consolidated financial statements)
- The disclosure requirements of Section 20 paragraphs 20.80(f) and 20.116
- The disclosure requirements of Section 23 paragraphs 23.131, 23.132, 23.133(a), 23.135(a) to 23.135(c), 23.136, 23.137 and 23.139
- The disclosure requirements of Section 26 paragraphs 26.18(b), 26.19 to 26.21 and 26.23 (as equivalent disclosures are included in respect of the consolidated financial statements)

And

- The requirement to disclose information about key management personnel compensation

# Notes to the financial statements *continued*

## 2. Accounting policies *continued*

### 2.2 Basis of preparation *continued*

#### Statement of compliance and basis of preparation

FRS 102.3.3

An entity whose financial statements comply with FRS 102 shall make an explicit and unreserved statement of such compliance in the notes. Financial statements shall not be described as complying with FRS 102 unless they comply with all the requirements of FRS 102.

1 Sch 42 (2), FRS 102 8.3-8.4

Company law requires the notes to be presented in the order in which, where relevant, the items to which they relate are presented in the statement of financial position and in the income statement.

An entity must cross reference each item in the financial statements to any related information in the notes and normally presents the notes in the following order:

- (a) A statement that the financial statements have been prepared in compliance with this FRS 102
- (b) A summary of material accounting policy information
- (c) Supporting information for items presented in the financial statements, in the sequence, in which each statement and each line item is presented

And

- (d) Any other disclosures

FRS 102.33.1A

Disclosures required by paragraph 33.9 need not be given of transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

#### Disclosures in separate financial statements

FRS 102.9.27

When a parent prepares separate financial statements, those separate financial statements shall disclose:

- (a) That the statements are separate financial statements

And

- (b) A description of the methods used to account for the investments in subsidiaries, jointly controlled entities and associates.

#### Presentation and functional currency

FRS 102.30.26

An entity shall disclose the currency in which the financial statements are presented. When the presentational currency is different from the functional currency, an entity shall state that fact and shall disclose the functional currency and the reason for using a different presentation currency.

# Notes to the financial statements *continued*

## 2. Accounting policies *continued*

### 2.2 Basis of preparation *continued*

#### Reduced disclosures for subsidiaries and parents

##### FRS 102.1.8

A qualifying entity (for the purposes of FRS 102) which is not a financial institution may take advantage in its individual financial statements of the disclosure exemptions set out in paragraph 1.12.

##### FRS 102 Appendix I: Glossary

A qualifying entity is a member of a group where the parent of that group prepares publicly available consolidated financial statements which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss and that member is included in the consolidation.

##### FRS 102.1.11

A qualifying entity (for the purposes of FRS 102) may take advantage of the disclosure exemptions in paragraph 1.12, in accordance with paragraphs 1.8 to 1.10, provided that:

- (b) It otherwise applies the recognition, measurement and disclosure requirements of this FRS.
- (c) It discloses in the notes to its financial statements:
  - (i) A brief narrative summary of the disclosure exemptions adopted
  - And
  - (ii) The name of the parent of the group in whose consolidated financial statements its financial statements are consolidated, and from where those financial statements may be obtained.

##### FRS 102.1.12

A qualifying entity (for the purposes of FRS 102) may take advantage exemptions from the following disclosure requirements:

- (b) The requirements of Section 7 and paragraph 3.17(d) provided, in the case of paragraph 7.20C, that disclosures equivalent to those required by FRS 102 are included in the consolidated financial statements in which the qualifying entity is included.
- (c) The requirements paragraphs 11.42, 11.44, 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b), 11.48(c) 12.26 (in relation to those cross-referenced paragraphs from which a disclosure exemption is available), 12.27, 12.29(a), 12.29(b), 12.29A and 12.30 provided that disclosures equivalent to those required by FRS 102 are included in the consolidated financial statements in which the qualifying entity is included.
- (cA) The requirements of paragraphs 20.80(f) and 20.116.
- (cB) The requirements of paragraphs 23.131, 23.132, 23.133(a), 23.135(a) to 23.135(c), 23.136, 23.137 and 23.139.
- (d) The requirements of paragraphs 26.18(b), 26.19 to 26.21 and 26.23, provided that for a qualifying entity that is either:
  - (i) A subsidiary, the share-based payment arrangement concerns equity instruments of another group entity
  - Or
  - (ii) An ultimate parent, the share-based payment arrangement concerns its own equity instruments, and its separate financial statements are presented alongside the consolidated financial statements of the group
  - And
  - In case (i) and (ii), provided that disclosures equivalent to those required by FRS 102 are included in the consolidated financial statements of the group in which the qualifying entity is included.
- (e) The requirement of paragraph 33.7.
- (f) The requirements of paragraph 24(b) of IFRS 6 to disclose the operating and investing cash flows arising from the exploration for and evaluation of mineral resources (when an entity applies IFRS 6 in accordance with paragraph 34.11).

##### FRS 102.1.13

Reference shall be made to the Application Guidance to FRS 100 in deciding whether the consolidated financial statements in which the qualifying entity is included provide disclosures that are equivalent to the requirements of FRS 102 (i.e., the full requirements of FRS 102 when not applying the disclosure exemptions) from which relief is provided in paragraph 1.12.

# Notes to the financial statements *continued*

## 2. Accounting policies *continued*

### 2.3 Going concern

The Group meets its day-to-day working capital requirements through its cash and cash equivalents balances and its available overdraft facility. After reviewing the Group's forecasts and projections which cover the 12-month period from the date of signing the financial statements, the directors have a reasonable expectation that the Group and Parent Company have adequate resources to continue in operational existence for the period to 31 March 2028. These forecasts and projections, taking account of a severe but plausible change in trading performance, show the Group as remaining significantly profitable throughout the going concern period and with available funds to meet liabilities as they fall due for the period to 31 March 2028. At the balance sheet date, the Group has outstanding bank loans of £13 million (and the Parent Company has outstanding bank loans of £11m) which are not repayable before 2035 unless covenants are breached. Management is confident that the agreed covenants on these loans will be met throughout the outlook period. The Group and Parent Company therefore continue to adopt the going concern basis in preparing the Group's consolidated financial statements and Parent Company's financial statements.

FRS 102.3.8A

#### Going concern

FRS 102.3.8A

When an entity prepares financial statements on a going concern basis, it shall disclose that fact, together with confirmation that management has considered information about the future as set out in paragraph 3.8. It shall also disclose, in accordance with paragraph 8.6, any significant judgements made in assessing the entity's ability to continue as a going concern.

#### *Author's note*

This going concern disclosure is provided for illustrative purposes only. In many cases, further disclosures may be required, including those relating to significant judgements or material uncertainties affecting the entity's ability to continue as a going concern.

### 2.4 Changes in accounting policies and disclosures

#### Change in accounting policy

FRS 102.10.13

When an amendment to FRS 102 has an effect on the current period or any prior period, or might have an effect on future periods, an entity shall disclose the following:

- (a) The nature of the change in accounting policy
  - (b) For the current period and each prior period presented, to the extent practicable, the amount of the adjustment for each financial statement line item affected
  - (c) The amount of the adjustment relating to periods before those presented to the extent practicable
- And
- (d) An explanation if it is impracticable to determine the amounts to be disclosed in (b) or (c) above

Financial statements of subsequent periods need not repeat these disclosures

FRS 102.10.14

When a voluntary change in accounting policy has an effect on the current period or any prior period, an entity shall disclose the following

- (a) The nature of the change in accounting policy
- (b) The reasons why applying the new accounting policy provides reliable and more relevant information
- (c) To the extent practicable, the amount of the adjustment for each financial statement line item affected, shown separately:
  - i. For the current period
  - ii. For each period presented

And

  - iii. In aggregate for periods before those presented

And
- (d) An explanation if it is impracticable to determine the amounts to be disclosed in (c) above.

Financial statements of subsequent periods need not repeat these disclosures.

#### *Author's note*

Good Practice Group Limited did not voluntarily change their accounting policies during the year. Good Practice Group is not required to disclose the requirements of FRS 102.10.13(b)-(d) applying the revised Sections 20 and 23, as per the provisions in FRS 102.1.44 and FRS 102.1.63.

# Notes to the financial statements *continued*

## 2. Accounting policies *continued*

### 2.4 Changes in accounting policies and disclosures *continued*

The Group and Parent Company apply the Amendments to FRS 102 and other FRSs - Periodic Review 2024 (Periodic Review 2024 Amendments) for the first time, except for Section 7 *Statement of Cash Flows* paragraph 7.20B and 7.20C in relation to supplier finance arrangements. These amendments to Section 7 were applied from 1 January 2025.

FRS 102.1.37

The Periodic Review 2024 amendments introduced significant changes to Section 23 *Revenue from Contracts with Customers* and Section 20 *Leases*. The revised Section 23 introduced new accounting requirements for revenue recognition based on the five-step model for revenue recognition from IFRS 15 *Revenue from Contracts with Customers*. The revised Section 20 *Leases* introduced new lease accounting requirements based on the on-balance sheet model from IFRS 16 *Leases* with appropriate simplifications. These two principal amendments have a material impact in the Group's and Parent Company's financial statements and are further discussed below.

FRS 102.10.13(a)

#### (a) Section 23 Revenue from Contracts with Customers

The Group and Parent Company applied the new Section 23 retrospectively with the cumulative effect of initially applying that section as an adjustment to the opening balance of retained earnings at the date of initial application of 1 January 2026. Under this method, the Standard is applied to contracts that are not completed at this date.

FRS 102.10.13(a)

FRS 102.1.61(a)

FRS 102.1.62(b)

The comparative information was not restated and continues to be reported under the then-extant FRS 102 Section 23. As a result, the accounting policies for the comparative period are in line with the version of FRS 102 that applied for the accounting period ended 31 December 2025.

Set out below, are the amounts by which revenue and profit are affected for the year ended 31 December 2026 as a result of the application of the revised Section 23.

FRS 102.1.63

	Increase/(Decrease)	
	Group	Parent Company
	£000	£000
Turnover	(630)	(200)
Profit for the financial year	(9)	(3)

The reasons for significant changes in the income statement for the year ended 31 December 2026 are described below:

FRS 102.10.13(a)

#### ▪ Service-type warranties

In certain non-standard contracts, the Group and Parent Company provide one-year warranties beyond fixing defects that existed at the time of the sale which were previously accounted for under Section 21. Under the revised Section 23, such warranties are accounted for as a service-type warranties and as separate performance obligations to which the Group and Parent Company allocate a portion of the transaction price. For the year ended 31 December 2026, it decreased both turnover and profit of the Group by £682,000 and £48,000, respectively, and of the Parent Company by £220,000 and £15,000, respectively.

#### ▪ Bundled sales of equipment and installation services

Before the application of revised Section 23, the Group and Parent Company accounted for the equipment and installation service as separate deliverables within bundled sales and allocated consideration to each deliverable using the relative fair value approach. Under the revised Section 23, the Group and Parent Company assessed that there were two performance obligations in a contract for bundled sales of equipment and installation services and performed a re-allocation of the transaction price based on their relative stand-alone selling prices, which decreased the amount allocated to installation services. For the year ended 31 December 2026, it increased both turnover and profit of the Group by £52,000 and £39,000, respectively, and of the Parent Company by £20,000 and £12,000, respectively.

# Notes to the financial statements *continued*

## 2. Accounting policies *continued*

### 2.4 Changes in accounting policies and disclosures *continued*

#### (a) Section 23 Revenue from Contracts with Customers *continued*

The effect of applying the revised Section 23 at 1 January 2026 in the statements of financial position is, as follows:

	Group	Parent Company
	£000	£000
Liabilities ((increase)/decrease):		
Creditors: amounts falling due within one year	(175)	(57)
Provisions for liabilities	348	116
	<u>173</u>	<u>59</u>
Equity (increase/(decrease):		
Retained earnings	172	59
Non-controlling interests	1	-
	<u>173</u>	<u>59</u>

As at 1 January 2026:

- The Group and Parent Company's provisions for liabilities reduced by £348,000 and £116,000, respectively, from adjustments relating to service-type warranties which had been previously accounted for under Section 21.
- Contract liabilities within *Creditors: amounts falling due within one year* increased by the £175,000 and £57,000 in the Group and Parent Company, respectively, from adjustments relating to service-type warranties which had been previously accounted for under Section 21, and the adjustments relating to the re-allocation of the transaction price for bundled sales of equipment and installation services.
- Retained earnings and non-controlling interests increased due to the net impact of these adjustments.

#### First-time application of Periodic Review 2024 Amendments

##### Revenue from contracts with customers

###### FRS 102.1.61

When an entity first applies the Periodic Review 2024 amendments it shall apply the revised Section 23:

(a) Retrospectively with the cumulative effect of initially applying that section recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application

Or

(b) Retrospectively in accordance with paragraph 10.12.

###### FRS 102.1.62

An entity applying the revised Section 23 retrospectively in accordance with paragraph 1.61(a):

(a) Shall not restate comparative information

(b) Shall apply that section retrospectively only to contracts that are not completed contracts at the date of initial application

And

(c) May use the practical expedients described in paragraphs 1.65(b) and (c). If an entity uses either expedient, the entity shall apply the expedient consistently to all contracts and disclose the information required by paragraph 1.66.

# Notes to the financial statements *continued*

## 2. Accounting policies *continued*

### 2.4 Changes in accounting policies and disclosures *continued*

#### (a) Section 23 Revenue from Contracts with Customers *continued*

##### FRS 102.1.63

If an entity applies the revised Section 23 retrospectively in accordance with paragraph 1.61(a), in the reporting period in which the entity first applies that section it is not required to disclose the information required by paragraphs 10.13(b) to (d) in relation to Section 23 only. The entity shall disclose:

(a) For the current period, to the extent practicable, the amount of the adjustment to revenue and to profit or loss for the effect of applying the revised Section 23 and an explanation of the reasons for significant changes

Or

(b) An explanation if it is impracticable to determine the amounts to be disclosed in accordance with (a) above

##### *Author's note*

Good Practice Group Limited disclosed the impact of the initial application of the revised Section 23 as at 1 January 2026. Although this disclosure is not mandatory, the Group considers it to provide useful information.

##### FRS 102.1.64

If an entity applies the revised Section 23 retrospectively in accordance with paragraph 1.61(b), it shall disclose the information required by paragraph 10.13(b) only for the most recent prior period presented (i.e., the immediately preceding period).

##### FRS 102.1.66

For any of the practical expedients in paragraph 1.65 that an entity uses, the entity shall apply that expedient consistently to all contracts and periods presented. If an entity applies any of the expedients in paragraph 1.65, it shall disclose that fact.

##### *Author's note*

Good Practice Group Limited applied the revised Section 23 retrospectively with the cumulative effect of initially applying that section recognised as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application. (FRS 102.1.63(a)).

Alternative disclosures are illustrated in Appendix 2 if Good Practice Group Limited applied the revised Section 23 retrospectively in accordance with FRS 102.10.12

#### (b) Leases

The Group and Parent Company applied the revised Section 20 retrospectively with the cumulative effect of initially applying the amendments recognised at the date of initial application of 1 January 2026. The comparative information was not restated and continues to be reported under the then-extant FRS 102 Section 20. As a result, the accounting policies for the comparative period are in line with the version of FRS 102 that applied for the accounting period ended 31 December 2025.

FRS 102.10.13(a)  
FRS 102.1.45  
FRS 102.1.47

Upon initial application, the Group and Parent Company applied a single recognition and measurement approach for all leases except short-term leases and low-value assets. Before the initial application of the amendment, the Group and Parent Company classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. The Group and Parent Company elected to use the practical expedient to not reassess whether a contract is, or contains a lease, at the date of initial application. Instead, the Group and Parent Company applied the requirements of the revised Section 20 only to contracts that were previously identified as containing a lease.

The net impact of applying the revised Section 20 on profit for the year was a decrease in profit of £17,000 and £1,000 for the Group and Parent Company, respectively.

FRS 102.1.44

##### *Leases previously classified as finance lease where the Group or Parent Company is the lessee*

The Group and Parent Company recognised the right-of-use asset and lease liability at the date of initial application at the carrying amounts of the leased assets and finance lease liabilities immediately prior to the date of the initial application. The requirements of the revised Section 20 were subsequently applied to these leases from 1 January 2026.

FRS 102.1.50  
FRS 102.1.55

# Notes to the financial statements *continued*

## 2. Accounting policies *continued*

### 2.4 Changes in accounting policies and disclosures *continued*

#### (b) Leases *continued*

*Leases previously classified as operating leases where the Group or Parent Company is the lessee*

At the date of initial application, the Group and Parent Company recognised right-of-use assets and lease liabilities for leases previously classified as operating leases, except to leases with terms ending within 12 months from the date of initial application and those that qualifies as leases of low-value assets under the revised Section 20. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the Group's or Parent Company's incremental borrowing rate or obtainable borrowing rate at the date of initial application. The Group and Parent Company used a single discount rate, whenever relevant, to a portfolio of leases with reasonably similar characteristics. The Group and Parent Company also used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

FRS 102.1.50  
FRS 102.1.51(a)  
FRS 102.1.52(a)  
FRS 102.1.53(a)  
FRS 102.1.53(c)  
FRS 102.1.53(d)

The right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid or accrued lease payments, and any provision for onerous leases, recognised immediately before the date of initial application. The Group and Parent Company relied on its assessment of whether leases are onerous immediately before the date of initial application.

FRS 102.1.51(b)  
FRS 102.1.51(c)

*Leases where the Group or Parent Company is the lessor*

The amendments did not have significant impact to the Group's or Parent Company's leases where it is the lessor.

The effect of adopting the revised Section 20 at 1 January 2026 in the statements of financial position is, as follows:

	Group	Parent Company
	£000	£000
Assets (increase/(decrease))		
Right-of-use assets	2,147	1,370
Tangible assets	(1,230)	(1,230)
Debtors	(87)	-
	<u>830</u>	<u>140</u>
Liabilities ((increase)/decrease)		
Creditors: amounts falling due within one year	(202)	(27)
Creditors: amounts falling due after more than one year	(628)	(113)
	<u>(830)</u>	<u>(140)</u>

As at 1 January 2026:

- Right-of-use assets were recognised and presented separately in the statement of financial position. Leased assets recognised previously under finance leases, which were included under 'Tangible assets', were re-presented to Right-of-use assets.
- Additional lease liabilities were recognised and included under 'Creditors: amounts falling due within one year' and 'Creditors: amounts falling due after more than one year'.
- Prepayments under 'Debtors' related to previous operating leases were derecognised.

#### First-time application of Periodic Review 2024 Amendments

##### Leases

FRS 102.1.44

In the reporting period in which an entity first applies the revised Section 20, the entity is not required to disclose the information required by paragraphs 10.13(b) to (d) in relation to Section 20 only. The entity shall disclose:

- (a) For the current period, to the extent practicable, the amount of the adjustment to profit or loss for the effect of applying the revised Section 20

Or

- (b) An explanation if it is impracticable to determine the amount to be disclosed in accordance with (a) above.

##### *Author's note*

Good Practice Group Limited disclosed the impact of the initial application of the revised Section 20 as at 1 January 2026. Although this disclosure is not mandatory, the Group considers it to provide useful information.

# Notes to the financial statements *continued*

## 2. Accounting policies *continued*

### 2.4 Changes in accounting policies and disclosures *continued*

#### (b) Leases *continued*

##### FRS 102.1.45

As a practical expedient, an entity is not required to reassess whether a contract is, or contains, a lease at the date of initial application. Instead, the entity is permitted to apply the requirements of the revised Section 20 to contracts that were previously identified as containing a lease, and not to apply the requirements of the revised Section 20 to contracts that were not previously identified as containing a lease. If an entity chooses this practical expedient, it shall disclose that fact and shall apply the practical expedient to all of its contracts.

##### FRS 102.1.47

A lessee shall not restate comparative information. It shall recognise the cumulative effective of initially applying the Periodic Review 2024 amendments to Section 20 as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the date of initial application.

##### FRS 102.1.50

A lessee shall provide a description of the transitional provisions it has applied.

##### FRS 102.1.52(a)

Notwithstanding the requirements in paragraph 1.51, for leases previously classified as operating leases, a lessee:

- (a) Is not required to make any adjustments on transition for leases for which the underlying asset is of low value that will be accounted for applying paragraph 20.6. The lessee shall account for those leases applying the revised Section 20 from the date of initial application.

##### *Author's note*

The Group neither have leases previously accounted for as investment property, nor previously classified operating leases that will be accounted for as investment property from initial application.

## 2.5 Basis of consolidation

The consolidated financial statements comprise the financial statements of Good Practice Group Limited and all its subsidiary undertakings drawn up to 31 December each year. FRS 102.9.23

Subsidiaries are consolidated from the date of acquisition, being the date when the Group obtains control and are consolidated until the date that such control ceases. Control comprises the power to govern the financial and operating policies of the investee so as to obtain benefit from its activities.

Where the Group has established an Employee Share Trust and acts as the sponsoring entity, it is considered to exercise '*de facto*' control over the Trust. Therefore, the trust is consolidated within the Group's financial statements. Accordingly, the assets and liabilities of the trust are recognised as those of the sponsoring entity.

Extinguishers Limited has been included in the group financial statements using the purchase method of accounting. Accordingly, the consolidated income statement and statement of cash flows include the results and cash flows of Extinguishers Limited for the eight-month period from its acquisition on 1 May 2026. The purchase consideration is allocated to the assets and liabilities on the basis of fair value at the date of acquisition. FRS 102.9.18

The consolidated income statement and statement of cash flows also include the results and cash flows of Sprinklers Inc. for the seven-month period from its incorporation on 5 June 2026 and includes the results and cash flows of Hose Limited for the eleven-month period to 30 November 2026, the date of its sale outside the Group.

# Notes to the financial statements *continued*

## 2. Accounting policies *continued*

### 2.5 Basis of consolidation *continued*

#### Basis of consolidation

6 Sch 2(1A)

Group accounts must be drawn up as at the same date as those of the financial statements of the parent company.

FRS 102.9.23

The following disclosures shall be made in consolidated financial statements:

- (a) The fact that the statements are consolidated financial statements
  - (b) The basis for concluding that control exists when the parent does not own, directly or indirectly through subsidiaries, more than half of the voting power
  - (c) Any difference in the reporting date of the financial statements of the parent and its subsidiaries used in the preparation of the consolidated financial statements
  - (d) The nature and extent of any significant restrictions (e.g., resulting from borrowing arrangements or regulatory requirements) on the ability of subsidiaries to transfer funds to the parent in the form of cash dividends or to repay loans
  - (e) The name of any subsidiary excluded from the consolidation and the reason for the exclusion
- And
- (f) The nature and extent of its interest in unconsolidated special purpose entities, and the risks associated with those interests

#### *Author's note*

Good Practice Group Limited does not have subsidiaries included in the consolidated financial statements where it does not own more than half of the voting power directly or indirectly. All subsidiaries used in the preparation of the consolidated financial statements have the same reporting period. There are no significant restrictions on the ability of the subsidiaries to transfer funds to the Parent Company in the form of cash dividends or to repay loans. No subsidiaries were excluded from consolidation. Good Practice Group Limited does not have interest in unconsolidated special purpose entities.

### 2.6 Consideration of climate change

The Group and Parent Company consider climate-related matters in estimates and assumptions, where appropriate. This assessment includes a wide range of possible impacts on the Group and Parent Company due to both physical and transition risks. Even though the Group and Parent Company believe the business model and products will still be viable after the transition to a low-carbon economy, climate-related matters increase the uncertainty in estimates and assumptions underpinning several items in the financial statements. Even though climate-related risks might not currently have a significant impact on measurement, the Group and Parent Company are closely monitoring relevant changes and developments, such as new climate-related legislation.

#### Consideration of climate change

##### *Author's note*

Section 3 of FRS 102 requires financial statements to include disclosures that are sufficient to enable users to understand the effect of particular transactions, events and conditions on the entity's financial position and performance. If such an understanding is not provided by compliance with the specific requirements of this FRS, additional disclosures are necessary.

Therefore, although FRS 102 does not make any specific requirements for climate-related disclosures, all entities should consider any additional disclosures they need to make to enable users to understand the impact of climate-related issues on the figures presented within the financial statements.

More information on the impact of climate change in financial statements prepared under FRS 102 can be found in the March 2024 FRC FRS 102 Factsheet 8: Climate-related matters<sup>5</sup>.

Guidance can also be found in the latest version of the publication Applying IFRS: Accounting for climate change which can be found [here](#).<sup>6</sup> While this publication is written within the context of reporting under IFRS Accounting Standards, it contains useful considerations for FRS 102 preparers to assess when determining the impact of climate matters on their financial statements.

The Group does not expect climate-related risks to have a significant impact in the financial statements.

<sup>5</sup> [FRS 102 Factsheet 8 Climate-related matters \(frc.org.uk\)](#) (Website accessed on 30 September 2025)

<sup>6</sup> (Website accessed on 30 September 2025)

## Notes to the financial statements *continued*

### 2.7 Summary of material accounting policy information

1 Sch 44  
FRS 102.8.5  
FRS 102.8.4(b)

#### Accounting policies

1 Sch 44

Disclose a description of each of the accounting policies adopted in determining amounts to be included in the balance sheet and profit and loss account. This must include the policies with respect to the depreciation and diminution in value of assets.

FRS 102.8.5

An entity shall disclose material accounting policy information. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence the decisions that the users of general-purpose financial statements make on the basis of those financial statements. The disclosure shall include the measurement basis (or bases) used in preparing the financial statements.

FRS 102.8.5A

Accounting policy information that relates to immaterial transactions, other events or conditions is generally immaterial and need not be disclosed, subject to the requirements of the Regulations and the LLP Regulations. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

FRS 102.8.5B

Accounting policy information is expected to be material if users of an entity's financial statements would need it to understand other material information in the financial statements. For example, an entity is likely to consider accounting policy information material to its financial statements if that information relates to material transactions, other events or conditions and:

- (a) The entity changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements
  - (b) The entity chose the accounting policy from one or more options permitted by FRS 102
  - (c) The accounting policy was developed in accordance with Section 10 in the absence of a Section of FRS 102 that specifically applies
  - (d) The accounting policy relates to an area for which an entity is required to make significant judgments or assumptions in applying an accounting policy, and the entity discloses those judgments or assumptions in accordance with paragraphs 8.6 and 8.7
- Or
- (e) The accounting required for them is complex and users of the entity's financial statements would otherwise not understand those material transactions, other events or conditions - such a situation could arise if an entity applies more than one Section of FRS 102 to a class of material transactions

FRS 102.8.5C

Accounting policy information that focuses on how an entity has applied the requirements of FRS 102 to its own circumstances provides entity-specific information that is more useful to users of financial statements than standardised information, or information that only duplicates or summarises the requirements of FRS 102.

FRS 102.8.5D

An entity's conclusion that accounting policy information is immaterial does not affect the related disclosure requirements set out in other sections of FRS 102.

#### Consistency

1 Sch 12

Accounting policies and measurement bases must be applied consistently within the same accounts and from one financial year to the next.

# Notes to the financial statements *continued*

## 2. Accounting policies *continued*

### 2.7 Summary of material accounting policy information *continued*

#### (a) Investments in subsidiaries, associates, joint ventures

Entities in which the Group or Parent Company holds an interest, and which are jointly controlled by the Group or Parent Company and one or more other venturers under a contractual arrangement, are treated as joint ventures.

Entities, other than subsidiary undertakings or joint ventures, in which the Group or Parent Company has a participating interest and over whose operating and financial policies the Group or Parent Company exercises a significant influence are treated as associates.

#### *Parent Company - investments in subsidiaries, associates and joint ventures*

In the parent company financial statements investments in subsidiaries, joint ventures and associates are accounted for at cost less impairment. These investments are derecognised upon sale or disposal.

FRS 102.9.27(b)  
FRS 102.14.12(a)  
FRS 102.15.19(a)  
FRS 102.9.26(a)

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

#### *Group - investments in associates and joint ventures*

The Group holds an interest in a joint venture, Showers Limited, and an interest in an associate, Power Works Limited.

FRS 102.14.12(a)  
FRS 102.15.19(a)

The financial statements of Showers Limited and Power Works Limited are prepared for the same reporting period as the Group. The accounting policies of both companies are aligned with those of the Group. Therefore, no adjustments are made when measuring and recognising the Group's share of the profit or loss of the investees after the date of acquisition.

The Group's investment in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at transaction price (including transaction costs) and is subsequently adjusted to reflect the changes in the Group's share of net assets of the associate or joint venture since the acquisition date.

FRS 102.14.8  
FRS 102.15.13

The income statement reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of income statement outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

If the Group's share of losses of an associate or joint venture equals or exceeds the carrying amount of its investment in the associate or joint venture, the Group discontinues recognising its share of further losses. The investment in an associate is the carrying amount of the investment determined using the equity method together with any financial instruments that in substance form part of the investor's net investment in the associate or joint venture. Losses recognised using the equity method in excess of the Group's investment in ordinary shares are applied to the other components of the Group's interest in an associate or joint venture in the reverse order of their seniority. After the Group's interest is reduced to zero, the Group recognises additional losses by a provision only to the extent that the Group has incurred legal or constructive obligations or has made payments on behalf of the associate or joint venture. If the associate or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

# Notes to the financial statements *continued*

## 2. Accounting policies *continued*

### 2.7 Summary of material accounting policy information *continued*

#### (a) Investments in subsidiaries, associates, joint ventures *continued*

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is an indication that the investment in the associate or joint venture is impaired. If there is such indication, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately. Thus, reversals of impairments may effectively include reversal of goodwill impairments. Impairments and reversals are presented within 'Income from interests in associated undertakings' or 'Income from interests in joint ventures' in the income statement.

FRS 102.14.8A

#### Investment in associates and joint venture

FRS 102.14.12(a)

The financial statements shall disclose the accounting policy for investments in associates.

FRS 102.15.19(a)

The financial statements shall disclose the accounting policy for investments in jointly controlled entities.

#### (b) Business combinations and goodwill

Business combinations are accounted for using the purchase method. The cost of a business combination is measured as the aggregate of the fair values of the asset given, liabilities incurred or assumed and equity instruments issued plus the costs directly attributable to the business combination.

FRS 102.19.6  
FRS 102.19.11

On acquisition of a business, fair values are attributed to the identifiable assets, liabilities and contingent liabilities unless the fair value cannot be measured reliably, in which case the value is incorporated in goodwill. Intangible assets are only recognised separately from goodwill where they are separable and arise from contractual or other legal rights.

FRS 102.19.14  
FRS 102.18.8  
FRS 102.18.11

Positive goodwill acquired on each business combination is capitalised, classified as an asset on the statement of financial position and amortised on a straight-line basis over its useful life.

FRS 102.19.22  
FRS 102.19.23

Goodwill acquired in a business combination is, from the acquisition date, allocated to each cash generating unit that is expected to benefit from the synergies of the combination, for the purpose of impairment testing.

FRS 102.27.25

If a subsidiary or business is subsequently sold or discontinued, the carrying amount of the allocated goodwill is taken into account in determining the profit or loss on sale or discontinuance.

FRS 102.9.18A

#### (c) Intangible assets

Intangible assets acquired separately from a business are capitalised at cost.

FRS 102.18.9

Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if it is probable that the expected future economic benefits that are attributable to the asset will flow to the Group and the fair value can be measured reliably, provided that either

FRS 102.18.8

- The intangible asset arises from contractual or legal rights
- Or

- The intangible asset is separable

Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred. Development costs are capitalised if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and the cost can be reliably measured.

Research and development expenditure is written off as incurred, except that development expenditure incurred on an individual project is capitalised as an intangible asset when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete the asset and the ability to measure reliably the expenditure during development.

FRS 102.18.8A  
FRS 102.18.8E  
FRS 102.18.8H  
FRS 102.18.8K  
1 Sch 21(2)

# Notes to the financial statements *continued*

## 2. Accounting policies *continued*

### 2.7 Summary of material accounting policy information *continued*

#### (c) Intangible assets *continued*

Subsequent to initial recognition, intangible assets are stated at cost less accumulated amortisation and accumulated impairment. Intangible assets are amortised on a straight-line basis over their estimated useful lives. Amortisation of the asset begins when development is complete, and the asset is available for use. Amortisation is recorded in cost of sales. The carrying value of intangible assets is reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable.

FRS 102.18.21  
FRS 102.18.22  
FRS 102.18.27(b)  
FRS 102.18.27(d)  
FRS 102.18.25

The useful economic lives of intangible assets are as follows:

FRS 102.18.27(a)  
1 Sch 21(2)

- Development costs - 10 years
- Patents - 10 years
- Trademark - 5-10 years

If there are indicators that the residual value or useful life of an intangible asset has changed since the most recent annual reporting period previous estimates shall be reviewed and, if current expectations differ the residual value, amortisation method or useful life shall be amended. Changes in the expected useful life or the expected pattern of consumption of benefit shall be accounted for as a change in accounting estimate.

FRS 102.18.24

#### Intangible assets

FRS 102.18.27 (a), (b), (d)

An entity shall disclose the following for each class of intangible assets:

- (a) The useful lives or the amortisation rates used and the reasons for choosing those period
- (b) The amortisation methods used
- (d) The line item(s) in the statement of comprehensive income (or in the income statement, if presented) in which any amortisation of intangible assets is included

#### Author's note

The Parent Company does not have intangible assets.

#### Research and development

1 Sch 21(2)

If development costs have been capitalised, the entity must disclose the period over which capitalised development expenditure is being written off and the reasons for capitalisation.

#### (d) Investment properties

Certain of the Group's and Parent Company's properties are held for long-term investment. Investment properties are accounted for as follows:

FRS 102.16.5  
FRS 102.16.7

- Investment properties are initially recognised at cost which includes purchase cost and any directly attributable expenditure.  
And
- Investment properties are subsequently measured at fair value with changes in fair value recognised in profit or loss.

#### (e) Tangible assets (excluding investment properties)

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes costs directly attributable to making the asset capable of operating as intended.

FRS 102.17.9  
FRS 102.17.10  
FRS 102.17.15A  
FRS 102.17.31(a)

Depreciation is provided on all tangible assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

- Freehold buildings - 20 years
- Plant and machinery - over 5 to 15 years

FRS 102.17.31(b)  
FRS 102.17.31(c)

An item of tangible assets and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

FRS 102.17.27  
FRS 102.17.28  
FRS 102.17.29  
FRS 102.17.30

# Notes to the financial statements *continued*

## 2. Accounting policies *continued*

### 2.7 Summary of material accounting policy information *continued*

#### (e) Tangible assets (excluding investment properties) *continued*

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

FRS 102.27.7

#### Depreciation of tangible assets

FRS 102.17.31(a)-(c)

An entity shall disclose the following for each class of property plant and equipment:

- (a) The measurement bases used for determining the gross carrying amount;
- (b) The depreciation methods used;
- (c) The useful lives or the depreciation rates used.

#### (f) Impairment of non-financial assets (excluding investment properties)

The Group and Parent Company assess at each reporting date whether an asset may be impaired. If any such indication exists, the Group and Parent Company estimate recoverable amount of the asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group and Parent Company estimate the recoverable amount of the cash-generating unit to which the asset belongs. The recoverable amount of an asset or cash-generating unit is the higher of its fair value less costs to sell and its value in use. If the recoverable amount is less than its carrying amount, the carrying amount of the asset is impaired and it is reduced to its recoverable amount through an impairment in profit and loss unless the asset is carried at a revalued amount where the impairment loss of a revalued asset is a revaluation decrease.

FRS 102.27.7  
FRS 102.27.8  
FRS 102.27.11  
FRS 102.27.5  
FRS 102.27.6

An impairment loss recognised for intangible assets, with the exception of goodwill, is reversed in a subsequent period when the reasons for which the impairment was made have ceased to apply. Impairment relating to goodwill is never reversed.

FRS 102.27.28  
FRS 102.27.29

#### (g) Turnover (Revenue from contracts with customers)

*Applicable beginning 1 January 2026*

The Group and Parent Company are in the business of providing fire prevention and electronic equipment and installation services. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Group and Parent expect to be entitled in exchange for those goods or services. The Group and Parent Company has concluded that they are the principal in their revenue arrangements.

FRS 102.23.4  
FRS 102.23.36

#### Sale of fire prevention and electronic equipment

Revenue from sale of fire prevention and electronic equipment is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the equipment at the customer's location. The normal credit term is 30 to 90 days upon delivery.

FRS 102.23.85  
FRS 102.23.135

The Group and Parent considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., service-type warranties). In determining the transaction price for the sale of fire prevention and electronic equipment, the Group and Parent Company consider the effects of variable consideration.

FRS 102.23.17  
FRS 102.23.41

#### (i) *Variable consideration*

If the consideration in a contract includes a variable amount, the Group and Parent Company estimate the amount of consideration to which they will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and is constrained until it is highly probable that they will be entitled to the cumulative amount of revenue recognised when the uncertainty associated with the variable consideration is subsequently resolved. Some contracts for the sale of electronic equipment provide customers with a right to return the goods within a specified period. The rights of return give rise to variable consideration.

FRS 102.23.46

#### ▪ *Rights of return*

The Group and Parent Company use the expected value method to estimate the variable consideration given the large number of contracts that have similar characteristics. The Group and Parent Company then apply the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the goods that are expected to be returned (i.e., the amount not included in the transaction price). A right of return asset, classified as stock (and corresponding adjustment to cost of sales) is also recognised for the right to recover the goods from the customer.

FRS 102.23.44(a)  
FRS 102.23.46  
FRS 102.23.53  
FRS 102.23.135

# Notes to the financial statements *continued*

## 2. Accounting policies *continued*

### 2.7 Summary of material accounting policy information *continued*

#### (g) Turnover (Revenue from contracts with customers) *continued*

##### ▪ *Volume rebates*

The Group and Parent Company apply either the most likely amount method or the expected value method to estimate the variable consideration in the contract. The selected method that best predicts the amount of variable consideration is primarily driven by the number of volume thresholds contained in the contract. The most likely amount is used for those contracts with a single volume threshold, while the expected value method is used for those with more than one volume threshold. The Group and Parent Company then apply the requirements on constraining estimates of variable consideration in order to determine the amount of variable consideration that can be included in the transaction price and recognised as revenue. A refund liability is recognised for the expected future rebates (i.e., the amount not included in the transaction price). The disclosures of significant estimates and assumptions relating to the estimation of variable consideration for returns and volume rebates are provided in [Note 3](#).

FRS 102.23.44  
FRS 102.23.46  
FRS 102.23.53  
FRS 102.23.135

##### Installation services

The Group and Parent Company provide installation services that are either sold separately or bundled together with the sale of equipment to a customer. The installation services do not significantly customise or modify the fire prevention equipment.

FRS 102.23.24(b)  
FRS 102.23.135

Contracts for bundled sales of equipment and installation services are comprised of two performance obligations because the equipment and installation services are both sold on a stand-alone basis and are distinct within the context of the contract. Accordingly, the Group and Parent Company allocate the transaction price based on the relative stand-alone selling prices of the equipment and installation services. The Group and Parent Company recognise revenue from installation services over time because the customer simultaneously receives and consumes the benefits provided to them. The Group and Parent Company use an input method in measuring progress of the installation services because there is a direct relationship between the Group's and Parent Company's effort (i.e., based on the labour hours incurred) and the transfer of service to the customer. The Group and Parent Company recognise revenue on the basis of the labour hours expended relative to the total expected labour hours to complete the service.

FRS 102.23.21  
FRS 102.23.67  
FRS 102.23.81(a)  
FRS 102.23.102(f)  
FRS 102.23.136

##### Revenue from construction of bespoke fire prevention equipment

Contracts for the construction of bespoke equipment providing fire prevention solutions is a single performance obligation because the Group and Parent Company provide a significant service of integrating the goods and services promised in the contract into a bundled goods and services necessary for the construction of the equipment.

FRS 102.23.24(a)  
FRS 102.23.135

Revenue from these contracts is recognised over time by reference to the measure of progress at the reporting date using the input method based on cost incurred because this method reflects the Group's and Parent Company's performance to date and contribute to the progress in transferring control of goods and services promised to the customer. On this basis, the Group and Parent Company recognise revenue based on the cost incurred relative to the total estimated cost to complete the service. Materials or services purchased in advance and not yet utilised on the contracts are recorded as stock or prepayments, as appropriate.

FRS 102.23.81(b)  
FRS 102.23.102(e)

If the Group or Parent Company cannot reasonably measure its progress towards complete satisfaction of a performance obligation (e.g., in the early stages of a contract), but the Group or Parent Company expects to recover the costs incurred in satisfying that performance obligation, the entity shall recognise revenue only to the extent of the costs incurred.

FRS 102.23.104

FRS 102.21.11A

Expected losses, if any, on construction contracts are recognised as an expense immediately.

##### Warranty obligations

The Group and Parent Company typically provide warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranties are accounted for as warranty provisions. Refer to the accounting policy on warranty provisions in section (j) [Provisions for liabilities](#).

FRS 102.23.27(b)

The Group and Parent Company also provide warranty beyond fixing defects that existed at the time of sale. These service-type warranties are sold either separately or bundled together with the sale of fire prevention equipment. Contracts for bundled sales of equipment and service-type warranty comprise two performance obligations because the equipment and service-type warranty are both sold on a stand-alone basis and are distinct within the context of the contract. Using the relative stand-alone selling price method, a portion of the transaction price is allocated to the service-type warranty and recognised as a contract liability.

FRS 102.23.27  
FRS 102.23.28  
FRS 102.23.67  
FRS 102.23.135(e)

# Notes to the financial statements *continued*

## 2. Accounting policies *continued*

### 2.7 Summary of material accounting policy information *continued*

#### (g) Turnover (Revenue from contracts with customers) *continued*

##### Warranty obligations *continued*

Revenue for service-type warranties is recognised over the period in which the service is provided based on the time elapsed.

##### Contract balances

###### (i) *Contract assets*

A contract asset is initially recognised for revenue earned from installation services because the receipt of consideration is conditional on successful completion of the installation. Upon completion of the installation and acceptance by the customer, the amount recognised as contract assets is reclassified to trade debtors.

Contract assets are subject to impairment assessment. Refer to accounting policies on impairment of financial assets in section (m) [Financial instruments](#).

FRS 102.23.126

###### (ii) *Trade debtors*

A receivable is recognised if an amount of consideration that is unconditional is due from the customer (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies on trade debtors in section (m) [Financial instruments](#).

FRS 102.23.127

###### (iii) *Contract liabilities*

A contract liability is recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group or Parent Company transfers the related goods or services. Contract liabilities are recognised as revenue when the Group or Parent Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

FRS 102.23.125

##### Assets and liabilities arising from rights of return

###### (i) *Right of return assets*

A right-of-return asset, presented within stocks, is recognised for the right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the stock, less any expected costs to recover the goods and any potential decreases in value. The Group and Parent Company update the measurement of the asset for any revisions to the expected level of returns and any additional decreases in the value of the returned products.

FRS 102.23.53  
FRS 102.23.55  
FRS 102.23.56(b)

###### (ii) *Refund liabilities*

A refund liability is recognised for the obligation to refund some or all of the consideration received (or receivable) from a customer. The Group's and Parent Company's refund liabilities arise from customers' right of return. The liability is measured at the amount the Group and Parent Company ultimately expects they will have to return to the customer. The Group and Parent Company update its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

FRS 102.23.54  
FRS 102.23.56(b)

##### Cost to obtain a contract

The Group and Parent Company pay sales commission to its employees for each contract that they obtain for bundled sales of equipment and installation services. The Group and Parent Company adopts a policy of expensing these costs when incurred. Sales commissions are immediately recognised as an expense and included as part of employee benefits.

#### Revenue from contracts with customers (September 2024 version of FRS 102)

FRS 102.23.135

An entity shall disclose information about its performance obligations in contracts with customers, including a description of:

- (a) When the entity typically satisfies its performance obligations (e.g., upon shipment, upon delivery, as services are rendered or upon completion of service)
- (b) The significant payment terms (e.g., when payment is typically due, whether the contract includes a financing transaction, and whether the consideration amount is variable)
- (c) The nature of the goods or services that the entity has promised to transfer, highlighting any promises to arrange for another party to transfer goods or services (i.e., if the entity is acting as an agent)
- (d) Obligations for returns, refunds and other similar obligations

And

- (e) Types of warranties and related obligations

# Notes to the financial statements *continued*

## 2. Accounting policies *continued*

### 2.7 Summary of material accounting policy information *continued*

#### (g) Turnover (Revenue from contracts with customers) *continued*

##### FRS 102.23.136

For performance obligations that an entity satisfies over time, the entity shall disclose the methods it used to recognise revenue - for example, a description of the output methods or input methods used and how those methods are applied.

##### FRS 102.23.139

An entity shall disclose if it chooses to use the options in paragraph 23.60 (making no adjustments for the time value of money), paragraph 23.113 (recognising costs incurred to obtain a contract as an asset), or paragraph 23.114 (recognising costs to obtain a contract as expenses when incurred for contracts in which the amortisation period for the asset that the entity would otherwise have recognised is one year or less).

##### *Author's note*

The Group does not adopt a policy of making no adjustments for the time value of money or recognising costs incurred to obtain or fulfil a contract as assets.

##### *Applicable prior to 1 January 2026*

Revenue is recognised to the extent that the Group and Parent Company obtain the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty. The following criteria must also be met before revenue is recognised: FRS 102.23.3

##### Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on despatch of the goods, the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably. FRS 102.23.10

Revenue from construction of bespoke equipment providing fire prevention solutions is recognised by reference to the stage of completion. Stage of completion is measured by reference to costs incurred to date as a percentage of total estimated costs for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. Expected losses, if any, on construction contracts are recognised as an expense immediately. Materials or services purchased in advance and not yet utilised on the contracts are recorded as stock or prepayments, as appropriate. FRS 102.23.17  
FRS 102.23.21  
FRS 102.23.22  
FRS 102.23.25  
FRS 102.23.26  
FRS 102.23.31(b)  
FRS 102.23.31(c)

##### Rendering of services

Revenue from the installation of fire extinguishers, fire prevention equipment and fire-retardant fabrics is recognised by reference to the stage of completion. Stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours for each contract. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable. FRS 102.23.14  
FRS 102.23.22  
FRS 102.23.16

##### Accrued income and deferred income

Where revenue on a contract is recognised in advance of receipt of consideration, the asset is presented as accrued income. Where amounts received exceed, the revenue recognised on a contract, the liability is presented as a deferred income.

#### Revenue (January 2022 version of FRS 102)

##### xFRS 102.23.30(a)

An entity shall disclose the accounting policies adopted for the recognition of revenue, including the methods adopted to determine the stage of completion of transactions involving the rendering of services.

##### xFRS 102.23.31(b)-(c)

An entity shall disclose the following:

- (b) The methods used to determine the contract revenue recognised in the period
- (c) The methods used to determine the stage of completion of contracts in progress

# Notes to the financial statements *continued*

## 2. Accounting policies *continued*

### 2.7 Summary of material accounting policy information *continued*

#### (h) Government grants

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. All classes of government grants are accounted for using the accrual model.

FRS 102.24.6(a)  
FRS 102.24.3A  
FRS 102.24.5C

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit and presented in the income statement as "other operating income" over the expected useful lives of the relevant assets in a straight-line basis.

FRS 102.24.5F

Grants relating to revenue are credited to income so as to match them with the expenditure to which they relate.

FRS 102.24.5D

#### Government grants

FRS 102.24.6(a)

An entity shall disclose the accounting policy adopted for grants.

#### (i) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

FRS 102.13.22(a)  
FRS 102.13.4  
FRS 102.13.5

- Raw materials, consumables and goods for resale - purchase cost on a first-in, first-out basis
- Work in progress and finished goods - cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

#### Stocks

FRS 102.13.22(a)

An entity shall disclose the accounting policies adopted in measuring inventories, including the cost formula used.

#### (j) Provisions for liabilities

A provision is recognised when the Group or Parent Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

FRS 102.21.4

In certain non-standard contracts, the Group and Parent Company provide one-year warranties beyond fixing defects that existed at the time of the sale which were previously accounted for under Section 21. Under the revised Section 23, such warranties are accounted for as a service-type warranties and as separate performance obligations to which the Group and Parent Company allocate a portion of the transaction price.

FRS 102.21.11  
FRS 102.23.27

#### *Applicable beginning 1 January 2026*

The Group and Parent Company provide assurance-type product warranties for general repairs of defects that existed at the time of sale, as required by law. These assurance-type warranty provisions are recognised when the product is sold, or the service is provided to the customer. Initial recognition is based on historical experience. The estimate of warranty-related costs is revised annually. The effect of the time value of money is not material and therefore the provisions are not discounted.

FRS 102.21.11

#### *Applicable prior to 1 January 2026*

Provisions for warranty-related costs (both assurance-type warranties and service-type warranties) are recognised when the product is sold, or service is provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

# Notes to the financial statements *continued*

## 2. Accounting policies *continued*

### 2.7 Summary of material accounting policy information *continued*

#### (k) Income tax

##### *Current tax*

Current tax is the amount of income tax payable (or refundable) in respect of the taxable profit (or loss) for the year or past years. The tax rates and tax laws used to measure the amount are those that are enacted or substantively enacted at the reporting date in the countries where the Group and Parent Company operate and generate taxable income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

FRS 102.29.3  
FRS 102.29.5

##### *Deferred tax*

Deferred tax is recognised in respect of all timing differences which are differences between taxable profits and total comprehensive income that arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements, except that:

FRS 102.29.6

- Provision is made for deferred tax that arises when income or expenses from subsidiaries, associates and joint ventures have been recognised in the financial statements and will be assessed to tax in a future period, except where the entity is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future
- Where there are differences between the tax base of an asset (other than goodwill) and/or between tax base of liabilities compared with the amounts that are recognised for those assets and liabilities in a business combination, deferred tax liabilities/(assets) are recognised. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised

FRS 102.29.9

FRS 102.29.11

And

- Unrelieved tax losses and other deferred tax assets are recognised only to the extent that the directors consider that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits

FRS 102.29.7

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

FRS 102.29.12

#### (l) Foreign currencies

##### *Parent Company*

Transactions in foreign currencies are initially recorded in the Parent Company's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the income statement.

FRS 102.30.7  
FRS 102.30.9  
FRS 102.30.10

##### *Group*

Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

FRS 102.30.2  
FRS 102.30.7

The assets and liabilities of overseas subsidiary undertakings are translated into the presentational currency at the rate of exchange ruling at the balance sheet date. Income and expenses for each statement of comprehensive income are translated at exchange rates at the dates of transaction. All resulting exchange differences are recognised in other comprehensive income (OCI).

FRS 102.30.17  
FRS 102.30.18

#### Foreign currency translation

FRS 102.30.27

When there is a change in functional currency of either the reporting entity or a significant foreign operation, the entity shall disclose that fact and the reason for the change in functional currency.

##### *Author's note*

There is no change in the functional currency in Good Group Practice Limited.

1 Sch 70

Disclose the basis of translation of foreign currency balances and transactions and the treatment of exchange differences.

# Notes to the financial statements *continued*

## 2. Accounting policies *continued*

### 2.7 Summary of material accounting policy information *continued*

#### (m) Financial instruments

The Group and Parent Company have chosen to account for their financial instruments in accordance with Sections 11 and 12 of FRS 102.

FRS 102.11.40  
FRS 102.12.26  
FRS 102.11.2  
FRS 102.12.2

The Group's and Parent Company's financial assets and liabilities comprise trade debtors, equity investments, investments in loan notes, cash and cash equivalents, trade creditors, derivatives, interest bearing loans and borrowings and the liability component of cumulative preference shares. The accounting policies for these items are described below.

#### *Basic financial instruments - financial assets other than equity investments*

FRS 102.11.13

Trade debtors and investments in loan notes are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

These basic financial assets, other than short-term debtors, are subsequently carried at amortised cost using the effective interest method.

FRS 102.11.14(a)

Short-term trade debtors with no stated interest rate which are receivable within one year are recorded at transaction price.

FRS 102.11.13A(c)

#### *Equity investments (other than investments in subsidiaries, associates and jointly controlled entities)*

Equity investments are recognised initially at fair value which is normally the transaction price (but excludes any transaction costs, where the investment is subsequently measured at fair value through profit or loss). Subsequently, they are measured at fair value through profit or loss except for those equity investments that are not publicly traded and whose fair value cannot otherwise be measured reliably which are recognised at cost less impairment until a reliable measure of fair value becomes available.

FRS 102.11.13  
FRS 102.11.14(d)

If a reliable measure of fair value is no longer available, the equity instrument's fair value on the last date the instrument was reliably measurable is treated as the cost of the instrument.

#### *Impairment of financial assets measured at cost or amortised cost and contract assets*

At the end of each reporting period, financial assets measured at cost or amortised cost and contract assets are assessed for objective evidence of impairment. If an asset measured at amortised cost is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. If an asset measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that the entity would receive for the asset if it were to be sold at the reporting date. Any losses arising from impairment are recognised in the income statement in administrative expenses.

FRS 102.11.21  
FRS 102.11.25

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

FRS 102.11.26

#### *Cash and cash equivalents*

Cash and cash equivalents in the balance sheet comprise cash at banks and in hand and short-term deposits with an original maturity date of three months or less. For the purposes of the consolidated statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

FRS 102.11.5  
FRS 102.7.2

#### *Basic financial instruments - financial liabilities*

Basic financial liabilities including trade creditors and interest-bearing loans and borrowing, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the liability is measured at the present value of the future payments discounted at a market rate of interest.

FRS 102.11.13

Basic financial liabilities, other than short-term payables, are subsequently carried at amortised cost, using the effective interest rate method. The effective interest rate amortisation is included in interest payable and similar expenses in the income statement.

FRS 102.11.14

Short-term trade creditors with no stated interest rate which are payable within one year are recorded at transaction price.

FRS 102.11.14

# Notes to the financial statements *continued*

## 2. Accounting policies *continued*

### 2.7 Summary of material accounting policy information *continued*

#### (m) Financial instruments *continued*

##### *Supplier finance arrangement*

FRS 102.7.20C(b)(i)

The Group and Parent Company classifies financial liabilities that arise from supplier finance arrangement within Creditors: amounts falling due within one year in the statement of financial position if they have a similar nature and function to trade creditors. This is the case if the supplier finance arrangement is part of the working capital used in the Group's and Parent Company's normal operating cycle, the level of security provided is similar to trade creditors and the terms of the liabilities that are part of the supply chain finance arrangement are not substantially different from the terms of trade creditors that are not part of the arrangement. Cash flows related to liabilities arising from supplier finance arrangements that are classified in Creditors: amounts falling due within one year in the consolidated statement of financial position are included in operating activities in the consolidated statement of cash flows.

##### *Derivative instruments*

Derivative financial instruments are not basic financial instruments. The Group and Parent Company use forward foreign currency contracts to reduce exposure to foreign exchange rates. The Group and Parent Company also use interest rate swaps to adjust interest rate exposures. Derivative financial instruments are initially measured at fair value on the date on which a derivative contract is entered into and are subsequently measured at fair value through profit or loss. Derivatives are carried either as assets or liabilities, depending on their fair values.

FRS 102.12.7  
FRS 102.12.8

The fair value of the forward currency contracts is calculated by reference to current forward exchange contracts with similar maturity profiles. The fair value of interest rate swap contracts is determined by calculating the present value of the estimated future cash flows based on observable yield curves.

FRS 102.12.10

The Group and Parent Company do not apply hedge accounting.

##### *Dividend income*

Dividend income from equity investments is recognised in profit or loss when the Group's or Parent Company's right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group or Parent Company and the amount of the dividend can be measured reliably.

FRS 102.11.14A

##### *Interest income*

Interest income is recognised as interest accrues using the effective interest method.

FRS 102.11.16

#### **Financial instruments**

FRS 102.11.40

In accordance with FRS 102.8.5, an entity shall disclose in its material accounting policy information, including the measurement basis (or bases) for financial instruments used in preparing the financial statements (including the accounting policy choice made in accordance with FRS 102.11.2).

##### *Author's note*

Under Sections 11 and 12 of FRS 102, entities have an accounting policy choice to either follow the provisions of Sections 11 and 12 of FRS 102 or apply the recognition and measurement provisions of IAS 39 or IFRS 9 and the presentation and disclosure requirements of Sections 11 and 12. Good Practice Group Limited has chosen to follow the provisions of Sections 11 and 12.

Entities are not allowed to change their accounting policy for recognition and measurement from applying full Section 11 and 12 or a combination of IFRS 9 and IAS 39 to applying IAS 39 except to make the policies consistent with consolidated financial statements in which the entities are included.

FRS 102.12.26

An entity applying this section shall make all of the disclosures required by Section 11 including, when relevant, those required by paragraph 11.48A. It shall incorporate in those disclosures financial instruments within the scope of this section as well as those within the scope of Section 11. In addition, if the entity uses hedge accounting, it shall make the additional disclosures in paragraphs 12.27 to 12.30.

# Notes to the financial statements *continued*

## 2. Accounting policies *continued*

### 2.7 Summary of material accounting policy information *continued*

#### (n) Classification of shares as debt or equity

An equity instrument is a contract that evidences a residual interest in the assets of an entity after deducting all its liabilities. Accordingly, a financial instrument is treated as equity if:

FRS 102.22.3

- (i) There is no contractual obligation to deliver cash or other financial assets or to exchange financial assets or liabilities on terms that may be unfavourable.

And

- (ii) The instrument is a non-derivative that contains no contractual obligations to deliver a variable number of shares or is a derivative that will be settled only by the Group or Parent Company exchanging a fixed amount of cash or other assets for a fixed number of the Group's or Parent Company's own equity instruments.

When shares are issued, any component that creates a financial liability of the Group or Parent Company is presented as a liability in the balance sheet; measured initially at fair value net of transaction costs and thereafter at amortised cost until extinguished on conversion or redemption. The corresponding dividends relating to the liability component are charged as interest expense in the income statement. The initial fair value of the liability component is determined using a market rate for an equivalent liability without a conversion feature.

FRS 102.22.13  
FRS 102.22.14  
FRS 102.22.15

The remainder of the proceeds on issue is allocated to the equity component and included in equity, net of transaction costs. The carrying amount of the equity component is not re-measured in subsequent years.

Transaction costs are apportioned between the liability and equity components of the shares based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

The Group's and Parent Company's 7% cumulative redeemable preference shares have been accounted for as a hybrid instrument.

#### (o) Treasury shares

Treasury shares held by the Employee Share Trust are classified in capital and reserves, as 'reserve for own shares' and recognised at cost. Consideration received for the sale of such shares is also recognised in equity, with any difference between the proceeds from sale and the original cost taken to retained earnings. No gain or loss is recognised on the purchase, sale issue or cancellation of equity shares.

FRS 102.22.16

#### (p) Capital redemption reserve

When share capital is repurchased and cancelled, the nominal value of shares is transferred from called-up share capital to capital redemption reserve.

s733(2)

#### (q) Merger reserve

Where the entity applies s612 merger relief in respect of shares issued for acquisition of another company, the excess of the issue price of the shares over their nominal value is recorded under the merger reserve account. Any issue costs on transactions where merger relief has been applied are debited to retained earnings.

s612

#### (r) Dividends

Dividends on equity shares are recognised as a deduction of equity when a liability to pay the dividend arises. Consequently, interim dividends are recognised when paid and final dividends when approved in general meeting. The dividends on the 7% cumulative preference shares are accounted as part of the finance cost arising on the liability element of this financial instrument.

FRS 102.22.17

# Notes to the financial statements *continued*

## 2. Accounting policies *continued*

### 2.7 Summary of material accounting policy information *continued*

#### (s) Pensions and other post-retirement benefits

##### *Group*

The Group operates two defined benefit pension schemes, both of which require contributions to be made to separately administered funds. The UK scheme was closed to new members in June 2002 from which time membership of a defined contribution plan is available. The Group has also agreed to provide certain additional post-employment healthcare benefits to senior employees in the United States. These benefits are unfunded.

FRS 102.28.41(a)  
FRS 102.28.42

The cost of providing benefits under the defined benefit plans is determined separately for each plan using the projected unit credit method, which attributes entitlement to benefits to the current period (to determine current service cost) and to the current and prior periods (to determine the present value of defined benefit obligations) and is based on actuarial advice. When a settlement or a curtailment occur the change in the present value of the scheme liabilities and the fair value of the plan assets reflects the gain or loss which is recognised in the income statement during the period in which it occurs.

FRS 102.28.16  
FRS 102.28.18  
FRS 102.28.21A  
FRS 102.28.23

The net interest on the net defined benefit liability is determined by multiplying the net defined benefit liability by the discount rate, at the start of the period taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments. The net interest is recognised in the income statement.

FRS 102.28.24

Remeasurements, comprising actuarial gains and losses, the effect of the asset ceiling and the return on the net defined benefit liability (excluding amounts included in net interest and after deducting the costs of managing plan assets) are recognised immediately in other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

FRS 102.28.25  
FRS 102.28.25A

The defined net benefit pension asset or liability in the statement of financial position comprises the total for each plan of the present value of the defined benefit obligation (using a discount rate based on high quality corporate bonds), less the fair value of plan assets out of which the obligations are to be settled directly. Fair value is based on market price information and in the case of quoted securities is the published bid price.

FRS 102.28.15  
FRS 102.28.17

The Group also operates a defined contribution scheme. The entity pays fixed contributions into a separate fund and has no legal or constructive obligation to pay further contributions or to make direct benefit payments to employees if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. Contributions to defined contribution schemes are recognised in the income statement in the period in which they become payable.

FRS 102.28.10(a)  
FRS 102.28.13

##### *Parent Company*

Good Practice Group Limited is the sponsoring employer of the United Kingdom defined benefit scheme as it has legal responsibility for the plan. There is no contractual agreement or stated policy for charging the defined benefit cost of the plan as a whole to individual Group entities and therefore the Parent Company has recognised the entire net defined benefit cost and relevant net defined benefit liability of the United Kingdom scheme in its individual financial statements.

FRS 102.28.38

#### Pensions and other post-retirement benefits

FRS 102.28.41(a)

An entity must disclose a general description of the type of plan, including funding policy.

FRS 102.28.42

An entity must disclose the nature of the benefit, amount of its obligation and the extent of funding at the reporting date for each category of other long-term benefits.

# Notes to the financial statements *continued*

## 2. Accounting policies *continued*

### 2.7 Summary of material accounting policy information *continued*

#### (t) Leases

##### *Applicable beginning 1 January 2026*

The Group and Parent Company assess at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. FRS 102.20.15

##### *Group or Parent Company as a lessee*

The Group and Parent Company apply a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group and Parent Company recognise lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets. FRS 102.20.45

#### (i) *Right-of-use assets*

The Group and Parent Company recognise right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. FRS 102.20.46  
FRS 102.20.56  
The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows: FRS 102.20.47  
FRS 102.20.57

- Land and building                      20 years
- Plant and machinery                 5 to 15 years

If ownership of the leased asset transfers to the Group or Parent Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. FRS 102.20.58

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section [\(f\) Impairment of non-financial assets \(excluding investment properties\)](#). FRS 102.20.59

#### (ii) *Lease liabilities*

At the commencement date of the lease, the Group and Parent Company recognise lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and Parent Company and payments of penalties for terminating the lease, if the lease term reflects the Group and Parent Company exercising the option to terminate. FRS 102.20.49  
FRS 102.20.51

In calculating the present value of lease payments, the Group and Parent Company use either the incremental borrowing rate or obtainable borrowing rate, on a lease-by-lease basis, at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. FRS 102.20.49  
FRS 102.20.62

The Group's and Parent Company's lease liabilities are included in creditors: amounts falling due within one year and creditors: amounts falling due after more than one year (see [Note 16](#) and [Note 17](#)). FRS 102.20.74(b)

#### (iii) *Short-term leases and leases of low-value assets*

The Group and Parent Company apply the short-term lease recognition exemption to short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). The Group and Parent Company also apply the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. FRS 102.20.5  
FRS 102.20.7  
FRS 102.20.6

# Notes to the financial statements *continued*

## 2. Accounting policies *continued*

### 2.7 Summary of material accounting policy information *continued*

#### (t) Leases *continued*

##### *Group or Parent Company as a lessor*

Leases in which the Group or Parent Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in revenue in the income statement due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

FRS 102.20.86  
FRS 102.20.87  
FRS 102.20.106  
FRS 102.20.108

Rental income is presented within other operating income.

#### Leases (September 2024 version of FRS 102)

##### FRS 102.20.74(b)

If a lessee does not present lease liabilities separately in the face of the statement of financial position, the lessee shall disclose which line items in the statement of financial position include those liabilities.

##### FRS 102.20.78

An entity that has applied either or both of the practical expedients in paragraphs 20.13 and 20.33 shall disclose that fact.

##### *Author's note*

Good Practice Group Limited did not apply practical expedients provided by paragraphs 20.13 (portfolio application) and 20.33 (not to separate non-lease and lease components).

#### *Applicable prior to 1 January 2026*

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease, if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

FRS 102.20.3A

##### *Group or Parent Company as a lessee*

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the Group or Parent Company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over the shorter of the lease term and the asset's useful lives. A corresponding liability is recognised for the lower of the fair value of the leased asset and the present value of the minimum lease payments in the balance sheet. Lease payments are apportioned between the reduction of the lease liability and finance charges in the income statement so as to achieve a constant rate of interest on the remaining balance of the liability.

FRS 102.20.4  
FRS 102.20.9  
FRS 102.20.12  
FRS 102.20.11

Rentals payable under operating leases are charged in the income statement on a straight-line basis over the lease term. Lease incentives are recognised over the lease term on a straight-line basis.

FRS 102.20.15  
FRS 102.20.15A

##### *Group or Parent Company as a lessor*

Leases in which the Group or Parent Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease term and is included in other operating income in the income statement. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

FRS 102.20.25  
FRS 102.20.27

# Notes to the financial statements *continued*

## 2. Accounting policies *continued*

### 2.7 Summary of material accounting policy information *continued*

#### (u) Share-based payments

Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services in exchange for equity instruments (equity-settled transactions). Employees working in the Electronics segment are granted share appreciation rights, which are settled in cash (cash-settled transactions). FRS 102.26.18(a)

#### Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model, further details of which are given in . FRS 102.26.7  
FRS 102.26.10

That cost is recognised in employee benefits expense (Note 8), together with a corresponding increase in retained earnings, over the period in which the service and, where applicable, the performance conditions are fulfilled (the vesting period). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. FRS 102.26.7  
FRS 102.26.6  
FRS 102.26.9

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions. FRS 102.26.9

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied. FRS 102.26.9

When the terms of an equity-settled award are modified, the minimum expense recognised is the grant date fair value of the unmodified award, provided the original vesting terms of the award are met. An additional expense, measured as at the date of modification, is recognised for any modification that increases the total fair value of the share-based payment transaction or is otherwise beneficial to the employee. No reduction is recognised if this difference is negative. FRS 102.26.12

Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss. Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value expensed in the income statement. FRS 102.26.13  
FRS 102.26.13A

The financial effect of awards by the Parent Company of equity-settled awards (principally, options over its equity shares) to the employees of subsidiary undertakings are recognised by the Parent Company in its individual financial statements. In particular, the Parent Company records an increase in its investment in subsidiaries with a credit to equity equivalent to the expense for the equity-settled award recognised in the Group for such awards. There are no recharges to the subsidiary undertakings for such awards. FRS 102.26.2A

#### Cash-settled transactions

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially at the grant date and at each reporting date up to and including the settlement date, with changes in fair value recognised in employee benefits expense (see Note 8). The fair value is expensed over the period until the vesting date with recognition of a corresponding liability. The fair value is determined using an appropriate option pricing model, further details of which are given in . The approach used to account for vesting conditions when measuring equity-settled transactions also applies to cash-settled transactions. FRS 102.26.14  
FRS 102.26.10  
FRS 102.26.3  
FRS 102.26.14B

# Notes to the financial statements *continued*

## 2. Accounting policies *continued*

### 2.7 Summary of material accounting policy information *continued*

#### Share-based payments

FRS 102.26.18(a)

An entity shall disclose the following information about the nature and extent of share-based payment arrangements that existed during the period:

- (a) A description of each type of share-based payment arrangement that existed at any time during the period, including the general terms and conditions of each arrangement such as vesting requirements, the maximum term of options granted, and the method of settlement (e.g., whether in cash or equity). An entity with substantially similar types of share-based payment arrangements may aggregate this information.

#### *Author's note*

Good Practice Group Limited has both equity-settled and cash-settled share-based payment arrangements. More details about the share-based payment arrangements, including vesting requirements and term of options granted during the period are in Note 26.

#### (v) Exceptional items

The Group classifies certain one-off costs or credits that materially impact the Group's financial results as exceptional items. These are disclosed separately to enhance the understanding of the financial performance of the Group.

1 Sch 69(2)  
FRS 102.5.9  
FRS 102.5.9A

#### (w) Discontinued operations

The Group recognises as discontinued operations components which have been disposed of which represented a separate major line of business of geographical area of operation, which were part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operation, or a subsidiary which was acquired exclusively for resale.

FRS 102 Appendix I

#### (x) Events after the reporting date

If the Group or Parent Company receives information after the reporting period, but prior to the date of authorisation for issue, about conditions that existed at the end of the reporting period, it will assess whether the information affects the amounts that it recognises in its consolidated financial statements. The Group or Parent Company will adjust the amounts recognised in its financial statements to reflect any adjusting events after the reporting period and update the disclosures that relate to those conditions in light of the new information. For non-adjusting events after the reporting period, the Group or Parent Company will not change the amounts recognised in its consolidated financial statements but will disclose the nature of the non-adjusting event and an estimate of its financial effect, or a statement that such an estimate cannot be made, if applicable.

FRS 102.32.2  
FRS 102.32.4  
FRS 102.32.6  
FRS 102.32.10

## 3. Significant accounting judgments, estimates and assumptions

The preparation of the Group and Parent Company financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

FRS 102.8.6  
FRS 102.8.7

#### (a) Judgements

In the process of applying the Group and Parent Company's accounting policies, management has made the following judgement, which has the most significant effect on the amounts recognised in the consolidated financial statements:

FRS 102.8.6

#### *Lease classification - Group or Parent Company as lessees*

FRS 102.20.4

The Group and Parent Company as a lessee obtains use of property, plant and equipment. Prior to 1 January 2026, where the Group or Parent Company are lessees, leases are classified as either operating or finance lease. The classification of such leases as operating or finance lease requires the Group and Parent Company to determine, based on an evaluation of the terms and conditions of the arrangements, whether they acquire the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the statement of financial position.

# Notes to the financial statements *continued*

## 3. Significant accounting judgments, estimates and assumptions *continued*

### (a) Judgements *continued*

#### *Determining the lease term of contracts with renewal and termination options - Group as lessee*

The Group determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

FRS 102.20.40  
FRS 102.20.41  
FRS 102.20.42

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

The Group included the renewal period as part of the lease term for leases of plant and machinery with shorter non-cancellable period (i.e., three to ten years). The Group typically exercises its option to renew for these leases because there will be a significant negative effect on production if a replacement asset is not readily available. The renewal periods for leases of plant and machinery with longer non-cancellable periods (i.e., beyond 10 years) are not included as part of the lease term as these are not reasonably certain to be exercised. Furthermore, the periods covered by termination options are included as part of the lease term only when they are reasonably certain not to be exercised.

Refer to [Note 19](#) for information on potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term.

#### *Property lease classification - Group or Parent Company as lessor*

The Group and Parent Company have entered into commercial property leases on its investment property portfolio. The Group and Parent Company determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term not constituting a major part of the economic life of the commercial property and the present value of the minimum lease payments not amounting to substantially all of the fair value of the commercial property, that it retains substantially all the risks and rewards incidental to ownership of these properties and accounts for the contracts as operating leases.

FRS 102.20.87  
FRS 102.20.88

#### *Taxes*

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

FRS 102.29.7

The Group has £2,596,000 (2025: £1,173,000) of tax losses carried forward. These losses relate to subsidiaries that have a history of losses, do not expire, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries have neither any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

If the Group had been able to recognise all unrecognised deferred tax assets, profit and equity would have increased by £649,000. Further details on taxes are disclosed in [Note 10](#).

### Information about judgements

#### FRS 102.8.6

An entity shall disclose along with material accounting policy information or other notes, the judgements, apart from those involving estimations, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

#### *Author's note*

Prior to 1 January 2026, management did not make any significant judgements, estimates, or assumptions in relation to the application of the January 2022 version of FRS 102. Had such judgements or estimates been required, they would have been disclosed separately in addition to those arising from the application of the revised FRS 102, as Good Practice Group Limited has adopted the 'modified retrospective method' in accordance with paragraph 1.61(a) of the Standard.

## Notes to the financial statements *continued*

### 3. Significant accounting judgments, estimates and assumptions *continued*

#### (b) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group and Parent Company based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Group or Parent Company. Such changes are reflected in the assumptions when they occur.

FRS 102.8.7

#### *Revaluation of investment properties*

The Group and Parent Company carry investment properties at fair value, with changes in fair value being recognised in profit or loss. As at 31 December 2026, the carrying value of the Group's and Parent Company's investment properties was £7,091,000 (2025: £7,003,000) and £4,184,000 (2025: £3,900,000), respectively. The Group and Parent Company engaged independent valuation specialists to determine fair value at 31 December 2026. The specialist used a valuation technique based on a discounted cash flow (DCF) model as there is a lack of comparable market data because of the nature of the property.

FRS 102.16.7

The key assumptions used to determine the fair value of investment property are further explained in [Note 12](#).

#### *Impairment of non-financial assets*

Where there are indicators of impairment of individual assets, the Group or Parent Company performs impairment tests based on fair value less costs to sell or a value in use calculation. During the year, tangible assets in the Group's and Parent Company's electronics division, with a carrying value of £5,933,000, were impaired by £2,200,000.

FRS 102.27.7

The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Group or Parent Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes. Further details of the discount rate and growth rate assumptions used are given in [Note 12](#).

FRS 102.27.15

#### *Share-based payments*

Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. The Group initially measures the cost of cash-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. For cash-settled share-based payment transactions, the liability needs to be remeasured at the end of each reporting period up to the date of settlement, with any changes in fair value recognised in profit or loss. This requires a reassessment of the estimates used at the end of each reporting period. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group and Parent Company use a binomial model for Senior Executive Plan (SEP) and a Monte-Carlo simulation model for All Employee Share Option Plan. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in [Note 26](#).

FRS 102.26.7  
FRS 102.26.14

#### *Pension and other post-employment benefits*

The cost of defined benefit pension plans and other post-employment medical benefits, and the present value of the defined benefit obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, the defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

FRS 102.28.18

# Notes to the financial statements *continued*

## 3. Significant accounting judgments, estimates and assumptions *continued*

### (b) Estimates and assumptions *continued*

#### *Pension and other post-employment benefits continued*

In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality bonds.

FRS 102.28.17

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases and pension increases are based on expected future inflation rates for the respective countries.

Further details about defined benefit obligations are provided in [Note 21](#).

#### *Development expenditure*

The Group capitalises costs for product development projects. Initial capitalisation of costs is based on management's judgement that technical and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the expected future cash generation of the assets, discount rates to be applied and the expected period of benefits. At 31 December 2024, the carrying amount of capitalised development costs was £1,390,000 (2025: £970,000).

FRS 102.18.8H

This amount includes significant investment in the development of a new extinguisher. Prior to being marketed, it will need to obtain a safety certificate issued by the relevant regulatory authorities. The innovative nature of the product gives rise to some uncertainty as to whether the certificate will be obtained.

#### *Useful lives and residual values of property, plant and equipment*

The Group and Parent Company review the estimated residual values and expected useful lives of property, plant and equipment at least annually. In particular, the Group and Parent Company consider the impact of health, safety and environmental legislation in its assessment of expected useful lives and estimated residual values. Furthermore, the Group and Parent Company consider climate-related matters, including physical and transition risks. Specifically, the Group and Parent Company determine whether climate-related legislation and regulations might impact either the useful life or residual values, e.g., by banning or restricting the use of the Group's and Parent Company's fossil fuel-driven machinery and equipment or imposing additional energy efficiency requirements on its buildings and office properties.

FRS 102.17.21

#### *Revenue recognition - Estimating variable consideration for returns and volume rebates*

The Group and Parent Company estimates variable consideration to be included in the transaction price for the sale of electronic equipment with rights of return and volume rebates.

FRS 102.23.43  
FRS 102.23.47

The Group and Parent Company developed a statistical model for forecasting sales returns. The model uses the historical return data of each product to come up with expected return percentages. These percentages are applied to determine the expected value of the variable consideration. Any significant changes in experience as compared to historical return pattern will impact the expected return percentages estimated by the Group and Parent Company.

The Group's and Parent Company's expected volume rebates are analysed on a per customer basis for contracts that are subject to a single volume threshold. Determining whether a customer will be entitled to rebate will depend on the customer's historical rebates entitlement and accumulated purchases to date.

The Group and Parent Company applied the statistical model for estimating expected volume rebates for contracts with more than one volume threshold. The model uses the historical purchasing patterns and rebates entitlement of customers to determine the expected rebate percentages and the expected value of the variable consideration. Any significant changes in experience as compared to historical purchasing patterns and rebate entitlements of customers will impact the expected rebate percentages estimated by the Group and Parent Company.

## Notes to the financial statements *continued*

### 3. Significant accounting judgments, estimates and assumptions *continued*

#### (b) Estimates and assumptions *continued*

##### *Revenue recognition - Estimating variable consideration for returns and volume rebates continued*

The Group and Parent Company update its assessment of expected returns and volume rebates quarterly and the refund liabilities are adjusted accordingly. Estimates of expected returns and volume rebates are sensitive to changes in circumstances and the Group's and Parent Company's past experience regarding returns and rebate entitlements may not be representative of customers' actual returns and rebate entitlements in the future. As at 31 December 2026, the amount recognised as refund liabilities for the expected returns and volume rebates was for the Group: £6,242,000, and for the Parent Company: £2,045,000.

FRS 102.20.49

##### *Leases - Estimating the incremental borrowing rate or the obtainable borrowing rate*

The Group and Parent Company cannot readily determine the interest rate implicit in the lease, therefore, the Group and Parent Company use either the incremental borrowing rate (IBR) or the obtainable borrowing rate (OBR) to measure the liability for each lease where the Group or Parent Company is a lessee. The IBR is the rate of interest that the Group or Parent Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment, while the OBR is rate of interest a lessee would have to pay to borrow, over a similar term, an amount similar to the total undiscounted value of lease payments to be included in the measurement of the lease liability. IBR and OBR therefore reflects what the Group or Parent Company 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease (for example, when leases are not in the subsidiary's functional currency). The Group and Parent Company estimates the IBR and OBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates (such as the subsidiary's stand-alone credit rating).

#### Information about key sources of estimation uncertainty

FRS 102.8.7

An entity shall disclose in the notes information about the key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. In respect of those assets and liabilities, the notes shall include details of:

(a) Their nature

And

(b) Their carrying amount as at the end of the reporting period

#### Changes in accounting estimate

FRS 102.10.18

An entity shall disclose the nature of any change in an accounting estimate and the effect of the change on assets, liabilities, income and expense for the current period. If it is practicable for the entity to estimate the effect of the change in one or more future periods, the entity shall disclose those estimates.

##### *Author's note*

In instances where there are changes in accounting estimates such as estimated useful lives of assets, this disclosure must be made. Good Practice Group Limited did not have such changes in accounting estimates during the period.

## Notes to the financial statements *continued*

### Correction of prior period errors

FRS 102.10.23

An entity shall disclose the following about material prior period errors:

- (a) The nature of the prior period error
- (b) For each prior period presented, to the extent practicable, the amount of the correction for each financial statement line item affected
- (c) To the extent practicable, the amount of the correction at the beginning of the earliest prior period presented

And

- (d) An explanation if it is impracticable to determine the amounts to be disclosed in (b) or (c) above

Financial statements of subsequent periods need not repeat these disclosures.

1 Sch 69(1)

State the effect of including an amount relating to the preceding financial year in the profit and loss account for the current year.

*Author's note*

Good Practice Group Limited has no prior period errors.

## Notes to the financial statements *continued*

### 4. Turnover

The Group operates in two principal areas of activity, that of electronics and the manufacture and installation of fire prevention equipment. The Group operates within two geographical markets, the United Kingdom and the United States.

The discontinued operations comprise Hose Limited, the subsidiary that manufactured rubber hosepipes. The results of Extinguishers Limited, which was acquired on 1 May 2026, all relate to fire prevention activity. Its turnover, both by source and destination, all relates to the United Kingdom.

#### 4.1 Turnover analysis

Set out below is the disaggregation of the Group's turnover from contracts with customers:

	Electronics		Fire prevention equipment		Total		FRS 102.23.131 FRS 102.23.30(b) 1 Sch 68 (1)
	2026	2025	2026	2025	2026	2025	
	£000	£000	£000	£000	£000	£000	
Types of goods or service							
Sale of fire prevention and electronic equipment							
From continuing operations	79,709	75,933	60,845	30,053	140,554	105,986	
From discontinued operations	-	-	42,196	46,628	42,196	46,628	
Installation and other services	-	-	23,245	22,456	23,245	22,456	
Construction of bespoke fire prevention equipment	-	-	14,030	9,230	14,030	9,230	FRS 102.23.31(a)
Inter-division revenue	(7,175)	(4,300)	-	-	(7,175)	(4,300)	
Total turnover	<u>72,534</u>	<u>71,633</u>	<u>140,316</u>	<u>108,367</u>	<u>212,850</u>	<u>180,000</u>	
Geographical market							1 Sch 68 (2)
United Kingdom							
From continuing operations	65,097	65,161	64,738	31,511	129,835	96,672	
From discontinued operations	-	-	42,196	46,628	42,196	46,628	
United States	7,437	6,472	33,382	30,228	40,819	36,700	
Total turnover	<u>72,534</u>	<u>71,633</u>	<u>140,316</u>	<u>108,367</u>	<u>212,850</u>	<u>180,000</u>	
Timing of revenue recognition							
Goods and services transferred at a point in time	72,534	71,633	90,812	62,521	163,346	134,154	
Services transferred over time	-	-	49,504	45,846	49,504	45,846	
Total turnover	<u>72,534</u>	<u>71,633</u>	<u>140,316</u>	<u>108,367</u>	<u>212,850</u>	<u>180,000</u>	

#### 4.2 Contract balances

	Group		Parent Company		FRS 102.23.134(a)
	31 December 2026	1 January 2026	31 December 2026	1 January 2026	
	£000	£000	£000	£000	
Trade debtors (Note 15)		13,920	10,402	3,745	4,027
Contract assets (Note 15)		2,138	1,835	373	950
Contract liabilities (Note 16)		2,275	2,394	1,675	1,982

Set out below is the amount of revenue recognised from:

	Group	Parent Company	FRS 102.23.134(b)
	2026	2026	
	£000	£000	
Amounts included in contract liabilities at the beginning of the year	2,394	1,982	FRS 102.23.134(b)
Performance obligations satisfied in previous years	516	252	FRS 102.23.134(c)

# Notes to the financial statements *continued*

## 4. Turnover *continued*

### 4.3 Performance obligations

Information about the Group's performance obligations is summarised in the accounting policies on turnover (see Note 2.7 in section (g) [Revenue from contracts with customers](#)). The transaction price allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are, as follows:

FRS 102.23.137

	<u>2026</u>
	£000
Within one year	12,915
More than one year	<u>7,216</u>
	<u>20,131</u>

The remaining performance obligations expected to be recognised in more than one year relate to the delivery of bespoke fire prevention equipment that is to be satisfied within two years. All the other remaining performance obligations are expected to be recognised within one year.

#### Revenue from contracts with customers (September 2024 version of FRS 102)

##### FRS 102.23.131

An entity shall disaggregate revenue recognised from contracts with customers into categories that depict how its revenue and cash flows are affected by economic factors. Categories that might be appropriate include:

- (a) Type of good or service (e.g., major product lines)
- (b) Geographical market (e.g., country or region)
- (c) Market or type of customer (e.g., government and non-government customers)
- (d) Timing of transfer of goods or services (e.g., revenue from goods or services transferred to customers at a point in time and revenue from goods or services transferred over time)

And

- (e) Revenue earned as an agent or as a principal

##### FRS 102.23.132

If an entity applies IFRS 8 *Operating Segments*, the entity shall disclose sufficient information to enable users of financial statements to understand the relationship between the disclosure of disaggregated revenue (as required by paragraph 23.131) and revenue information that is disclosed for each reportable segment.

##### *Author's note*

The Parent Company does not have debt or equity instruments which are publicly traded, or that files, or is in the process of filing, its financial statements with a securities commission or other regulatory organisation for the purpose of issuing any class of instruments. In addition, the company did not choose to provide information described as segment information. Therefore, as per FRS 102.1.5, these consolidated financial statements are not required to comply with the requirements of IFRS 8.

##### FRS 102.23.133(a)

An entity shall disclose the amounts pertaining to revenue recognised from contracts with customers, which the entity shall disclose separately from its other sources of revenue for the reporting period unless those amounts are presented separately in the statement of comprehensive income (or income statement, if presented) by applying other sections of FRS 102.

##### *Author's note*

Entire revenue/turnover generated by the Group is from contracts with customers and disclosed as such in the note 4.1 above.

##### FRS 102.23.134

An entity shall disclose:

- (a) The opening and closing balances of receivables, contract assets and contract liabilities from contracts with customers, if not otherwise separately presented or disclosed
- (b) Revenue recognised in the reporting period that was included in the contract liability balance at the beginning of the period

And

- (c) Revenue recognised in the reporting period from performance obligations satisfied or partially satisfied in previous periods (e.g., changes in estimates of variable consideration).

## Notes to the financial statements *continued*

### 4. Turnover *continued*

#### FRS 102.23.137

An entity shall provide a quantitative or qualitative explanation of the significance of unsatisfied performance obligations and when they are expected to be satisfied. However, an entity need not disclose such information for a performance obligation if either of the following conditions is met:

- (a) The performance obligation is part of a contract that has an original expected duration of one year or less

Or

- (b) The entity recognises revenue from the satisfaction of the performance obligation in accordance with paragraph 23.103.

#### FRS 102.23.138

An entity shall disclose:

- (a) The closing balances of assets recognised from the costs incurred to obtain or fulfil a contract with a customer (in accordance with paragraph 23.113 or 23.117), by main category of asset (e.g., costs to obtain contracts with customers, pre-contract costs and set-up costs)

And

- (b) The amount of amortisation and any impairment losses recognised in the reporting period

#### *Author's note*

The Good Practice Group Limited does not have assets recognised from costs incurred to obtain or fulfil a contract with customers. Thus, these disclosures are not applicable.

### Revenue (January 2022 version of FRS 102)

#### *Author's note*

The Group has chosen to adopt the amendments to Section 23 using the modified retrospective approach. This means that the disclosure requirements of the January 2022 version of FRS 102 apply with respect to the comparative amounts and have been provided for.

#### xFRS 102.23.30(b)

An entity shall disclose the amount of each category of revenue recognised in the period, showing separately, at a minimum, revenue arising from:

- (i) The sale of goods
- (ii) The rendering of services
- (iii) Interest
- (iv) Royalties
- (v) Dividends
- (vi) Commissions
- (vii) Grants
- (viii) Any other significant types of revenue.

#### *Author's note*

The disclosure requirements of FRS 102 paragraph 23.30(b) are illustrated as separate line items in the income statement and in Notes 4 and 5 to the financial statements.

#### xFRS 102.23.31(a)

An entity shall disclose the amount of contract revenue recognised as revenue in the period.

# Notes to the financial statements *continued*

## 4. Turnover *continued*

### Turnover analysis

1 Sch 68(1), (2), (5)

If in the course of the financial year the company has carried on business of two or more classes that in the opinion of the directors, differ substantially from each other, the amount of the turnover attributable to each class must be stated and the class described.

If in the course of the financial year the company has supplied markets that, in the opinion of the directors, differ significantly from each other, the amount of the turnover attributable to each such market must also be stated.

“Market” means a market delimited by geographical bounds.

Where in the opinion of the directors the disclosure of any information required by the paragraph would be seriously prejudicial to the interests of the company, that information need not be disclosed.

#### *Author’s note*

Neither FRS 102.23.131 nor 1 Sch 68 requires the disaggregation of turnover into continuing and discontinued operations. However, Good Practice Group Limited’s management has exercised judgement and deemed it useful information to be disclosed in the notes.

Good Practice Group Limited has not reported rental income as part of turnover as this income arises from activities that are incidental to its principal activity, being the provision of fire prevention and electronic equipment and services. Rental income is presented within other operating income - see note 2(t).

## 5. Group operating profit/(loss)

This is stated after charging/(crediting):

	2026	2025	
	£000	£000	
Research and development expenditure written off	2,140	910	FRS 102.18.29
Amortisation of deferred development expenditure (Note 11)	155	40	
Total research and development	<u>2,295</u>	<u>950</u>	
Depreciation of owned assets (Note 12)	3,082	2,302	
Depreciation of right-of-use assets (Note 19)	521	-	
Depreciation of assets held under finance leases and hire purchase contracts	-	308	
Amortisation of trademark (Note 11)	131	-	
Amortisation of patents (Note 11)	50	10	
Amortisation of goodwill (Note 11)	114	25	
Total depreciation and amortisation charge	<u>3,898</u>	<u>2,645</u>	1 Sch formats note 17
Impairment loss on trade debtors and contract assets	185	76	FRS 102.23.133(b)
Impairment loss on stocks (Note 14)	434	672	FRS 102.13.22(d) FRS 102.27.32(a)
Impairment loss on fixed assets (Note 7, Note 12)	2,200	-	1 Sch 19(3)
Loss on disposal of land and buildings	-	823	
Loss on disposal of plant and machinery	-	27	
Foreign exchange differences	106	95	FRS 102.30.25(a)
(Reversal of)/increase in provision for warranties (Note 20)	(27)	50	
Interest expense on lease liabilities	87	-	FRS 102.20.80(a)
Expense relating to short-term leases	15	-	FRS 102.20.80(b)
Expense relating to leases of low-value assets	8	-	FRS 102.20.80(c)
Operating lease rental expense			
- land and buildings	-	50	xFRS 102.20.16(b)
- plant and machinery	-	180	
Auditor’s remuneration (Note 6)	600	372	s494 SI 2008/489 SI 2011/2198

## Notes to the financial statements *continued*

### 5. Group operating profit/(loss) *continued*

#### Other operating income

	2026	2025	
	£000	£000	
Profit on disposal of land and buildings	(620)	-	
Profit on disposal of plant and machinery	(630)	-	
Deferred government grants released	(588)	(650)	FRS 102.24.6(b)
Rental income	(1,404)	(1,377)	FRS 102.20.116(b)
Total other operating income	<u>(3,242)</u>	<u>(2,027)</u>	

Grants were received from a government agency to finance purchases of tangible assets and are amortised to income over the life of these assets, being 3 years. Should the operations using the new equipment close in the next 5 years, the grants would be repayable. The Group did not benefit directly from any other forms of government assistance.

FRS 102.24.6(b)  
FRS 102.24.6(c)  
FRS 102.24.6(d)

#### Operating profit

FRS 102.18.29

An entity shall disclose the aggregate amount of research and development expenditure recognised as an expense during the period (i.e., the amount of expenditure incurred internally on research and development that has not been capitalised as an intangible asset or as part of the cost of another asset that meets the recognition criteria in FRS 102).

1 Sch formats note 17

Disclose the total depreciation and amortisation charge for the period either on the face of the profit and loss account (format 2) or separately in a note to the financial statements (format 1). This must be shown for all fixed assets, both tangible and intangible.

FRS 102.23.133(b)

An entity shall disclose the following amounts for the reporting period unless those amounts are presented separately in the statement of comprehensive income (or income statement, if presented) by applying other sections of FRS 102:

- (a) any impairment losses recognised (by applying Section 11) on any receivables or contract assets arising from an entity's contracts with customers, which the entity shall disclose, in aggregate, separately from impairment losses from other contracts.

1 Sch 19, 1 Sch 20

Impairment losses recognised or reversed in the profit and loss must be shown either on the face of the profit and loss account or separately in a note to the financial statements.

FRS 102.30.25(a)

An entity shall disclose the amount of exchange differences recognised in profit or loss during the period, except for those arising on financial instruments measured at fair value through profit or loss.

FRS 102.24.6 (b)-(d)

An entity shall disclose the following:

- (b) The nature and extent of grants recognised in the financial statements
- (c) Unfulfilled conditions and other contingencies attaching to grants that have been recognised in income; and
- (d) An indication of other forms of government assistance from which the entity has directly benefited. Examples include free technical or marketing advice and the provision of guarantees

## Notes to the financial statements *continued*

### 6. Auditor remuneration

The remuneration of the auditors or its associates is further analysed as follows:

	2026	2025	
	£000	£000	
Audit of the financial statements	220	180	
Audit of subsidiaries	21	19	
Total audit fees	<u>241</u>	<u>199</u>	
Audit-related assurance services	10	10	<i>SI 2008/489 5(1)</i>
Other assurance services	30	30	<i>SI 2008/489 6(1)</i>
Taxation compliance services	20	21	
All taxation advisory services	63	40	
Corporate finance services (excluding amounts covered above in other assurance services and taxation advisory services)	220	60	
Other non-audit services	<u>16</u>	<u>12</u>	
Total non-audit fees	<u>359</u>	<u>173</u>	
Total auditor remuneration	<u>600</u>	<u>372</u>	

In addition, £35,000 (2025: £30,000) was receivable in respect of the audit of the Group pension schemes.

*SI 2011/2198 Sch2A*

#### Auditor remuneration

SI 2008/489, SI 2011/2198, s494

Remuneration of the auditors for audit services:

Disclose in a note to the financial statements the amount of any remuneration receivable by the company's auditors or its associates for the auditing of the accounts, including expenses and the estimated money-value of any benefits in kind. The nature and estimated money-value of any such benefits in kind must be disclosed.

Remuneration of the auditors for other services:

Disclose in a note to the financial statements the amount of any remuneration receivable by the auditors and the associates of the company's auditors for services other than the auditing of the accounts, including expenses and the estimated money-value of any benefits in kind, analysed under the following headings.

Disclosure must be made separately under each heading in respect of services to the company and its associates on the one hand and in respect of services to associated pension schemes on the other:

1. The auditing of accounts of any associate of the company
2. Audit-related assurance services
3. Taxation compliance services
4. All taxation advisory services not falling within paragraph 3
5. Internal audit services
6. All assurance services not falling within paragraphs 1 to 5
7. All services relating to corporate finance transactions entered into, or proposed to be entered into, by or on behalf of the company or any of its associates not falling within paragraphs 1 to 6
8. All non-audit services not falling within paragraphs 2 to 7

The nature and estimated money-value of any such benefits in kind must be disclosed.

In respect of other services, when a service could fall under more than one of the above headings, it must be disclosed under the first mentioned.

# Notes to the financial statements *continued*

## 6. Auditor remuneration *continued*

### Notes:

1. In group financial statements, the information disclosed must be in respect of the group as if the undertakings included in the consolidation were a single company, i.e., for the company plus its consolidated subsidiary undertakings.
2. Where more than one person has acted as auditor in the period, give the information separately in respect of each such person and his associates.
3. Refer to the guidance on the required disclosures in TECH 01/22FRF 'Disclosure of auditor remuneration' issued by the ICAEW.
4. References to 'associates' in the categories actually mean subsidiaries (except those subject to severe long-term restrictions) and associated pension schemes. Companies may wish to refer to subsidiaries, where appropriate, to avoid confusion.
5. The Parent Company's individual accounts do not disclose information on auditor's remuneration as the group accounts are required to comply with regulation 5(1) of SI 2008/489.
6. Medium-sized companies are required to disclose only the fee receivable by the auditors for the audit of those accounts, and excludes any services provided by associates of the auditor. Small companies are not required to disclose auditor remuneration.

## 7. Exceptional items

The following items have been presented separately on the face of the income statement due to their size and/or because separate presentation is relevant to an understanding of the Group's financial performance:

	2026	2025	<i>1 Sch 69(2)</i>
	£000	£000	
Impairment of tangible fixed assets	2,200	-	
Costs incurred in respect of flood damage	655	-	
	2,855	-	

Further information regarding the impairment of tangible fixed assets is included in [Note 12](#) below.

In September 2026, a flood caused significant damage to plant and machinery and to the buildings at one of the Group's premises in the southwest of England.

*1 Sch 69(2)*

### Exceptional items

*1 Sch 69(2)*

The amount, nature and effect of any individual items of income or expenditure which are of exceptional size or incidence must be stated.

#### *Author's note*

The Group has identified two items as exceptional: the impairment due to its size and the flood damage as an isolated and non-recurring incident and have therefore presented these separately within administrative expenses on the face of the income statement. FRS 102 does not refer to the term 'exceptional' items but does have a requirement for additional line items to be presented in the statement of comprehensive income, where such presentation is relevant to an understanding of the entity's financial performance (FRS 102.5.9).

Additionally, where items included in comprehensive income are material, an entity must disclose their nature and amount separately, either in the statement of comprehensive income (and in the income statement, if presented) or in the notes (FRS 102.5.9A). Good Practice Group has chosen to present this information in respect of the profit on disposal of land and buildings and plant and machinery in Note 5.

## Notes to the financial statements *continued*

### 8. Staff costs and directors' remuneration

#### (a) Staff costs and numbers - Group

	2026	2025	<i>s411(5)</i>
	£000	£000	
Wages and salaries	8,256	7,078	
Social security costs	821	702	
Other pension costs ( <a href="#">Note 21</a> )	1,349	1,183	
Other post-retirement benefit costs ( <a href="#">Note 21</a> )	28	5	
	<u>10,454</u>	<u>8,968</u>	

Included in wages and salaries is a total expense of £412,000 (2025: £492,000) related to share-based payments, of which £307,000 (2025: £398,000) arose from equity-settled share-based payment transactions. *FRS 102.26.23(a)*

Included in other pension costs are £1,145,000 (2025: £1,073,000) in respect of the defined benefit schemes and £204,000 (2025: £110,000) in respect of the defined contribution scheme. *FRS 102.28.40*

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

	2026	2025	<i>s411(1)</i>
	No.	No.	<i>s411(1A)</i>
Electronics	156	146	
Manufacturing and installation of fire prevention equipment	359	323	
Research and development	60	32	
Administration	43	38	
	<u>618</u>	<u>539</u>	

Costs incurred by the Group relating to contractors amounted to £5,080,000 (2025: £4,968,200).

#### (b) Staff costs and numbers - Parent Company

	2026	2025	<i>s411(5)</i>
	£000	£000	
Wages and salaries	750	690	
Social security costs	65	60	
Other pension costs	30	35	
	<u>845</u>	<u>785</u>	

Included in wages and salaries is a total expense of £307,000 (2025: £398,000) arising from equity-settled share-based payment transactions. *FRS 102.26.23(a)*

Included in other pension costs are £30,000 (2025: £35,000) in respect of the defined benefit schemes. *FRS 102.28.40*

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

	2026	2025	<i>s411(1)</i>
	No.	No.	<i>s411(1A)</i>
Administration	4	4	

Key management personnel compensation is disclosed in [Note 31](#).

# Notes to the financial statements *continued*

## 8. Staff costs and directors' remuneration *continued*

### Staff costs

s411

Disclose:

- Average monthly number of persons employed under contracts of service
- An analysis of this total by categories of persons as determined by the directors (having regard to the manner in which the company's activities are organised)

And

- Total costs of the above employees relating to the financial year broken down as follows:
  - Wages and salaries paid or payable in respect of that year
  - Social security costs incurred by the company on their behalf

And

- Other pension costs.

'Staff' normally includes the executive directors, being employees under contracts of service.

In group financial statements, this disclosure is required separately for both the group and the parent company.

FRS 102.26.23(a)

An entity shall disclose the following information about the effect of share-based payment transactions on the entity's profit or loss for the period and on its financial position:

- a) the total expense recognised in profit or loss for the period

FRS 102.28.40

An entity shall disclose the amount recognised in profit or loss as an expense for defined contribution plans.

### (c) Directors' remuneration - Group and Parent Company

	2026	2025	
	£000	£000	
Aggregate remuneration in respect of qualifying services	448	424	5 Sch 1(1)(a)
Aggregate amounts receivable under long-term incentive plans	50	46	5 Sch 1(1)(c)
Aggregate compensation for loss of office	10	-	5 Sch 4(1)

	2026	2025	
	No.	No.	
Number of directors who received shares in respect of qualifying services	4	4	5 Sch 1(3)(b)(ii)
Number of directors who exercised share options	1	2	5 Sch 1(3)(b)(i)
Number of directors accruing benefits under defined benefit schemes	6	6	5 Sch 1(2)(b)

No directors (2025: none) were members of defined contribution scheme.

5 Sch 1(2)(a)

5 Sch 1s(1)(d)

	2026	2025	
	£000	£000	
In respect of the highest paid director:			
Aggregate remuneration	110	105	5 Sch 2(1)(a)
Accrued pension at the end of the year	39	26	5 Sch 2(2)(a)
Accrued lump sum at the end of the year	70	60	5 Sch 2(2)(b)

The highest paid director exercised share options during the year and also received shares under the Group's long-term incentive scheme.

5 Sch 3(3)

## Notes to the financial statements *continued*

### 8. Staff costs and directors' remuneration *continued*

#### Directors' remuneration

5 Sch 1, 5 Sch 7

Disclose:

- Aggregate amount of remuneration paid or receivable by directors in respect of qualifying services [5 Sch 1 1(a)]
- For quoted and AIM companies, the aggregate amount of gains made by directors on the exercise of their share options [5 Sch 1 1(b)]
- Aggregate amount of money paid or receivable and the net value of assets (other than money and share options) received or receivable under long-term incentive schemes in respect of qualifying services ('assets' does not include shares for companies not quoted and not on AIM) [5 Sch 1 1(c)]
- Aggregate value of company contributions paid or treated as paid to a pension scheme in respect of directors' qualifying services and by reference to which the rate or amount of any money purchase benefits that may become payable will be calculated [5 Sch 1 1(d)]
- For (a) money purchase and (b) defined benefit schemes, the number of directors to whom retirement benefits are accruing [5 Sch 1 2]
- For unquoted companies (that are not AIM companies), the number of directors who exercised share options and the number of directors in respect of whose qualifying services shares were received or receivable under long-term incentive schemes [5 Sch 1 3(b)]

The amounts to be disclosed include all relevant sums, whether paid by or receivable from the company, any of the company's subsidiaries or any other person.

The amounts to be disclosed include amounts paid to or receivable by a person connected with the director (a connected person) or by a body corporate controlled by him.

The amounts to be disclosed are sums receivable in respect of that year (whenever paid) or for sums not receivable in respect of a period, the sums paid during the year.

Sums paid by way of expenses allowances that are charged to UK income tax after the end of the relevant year must be shown in the first accounts where it is practicable to show them and separately disclosed.

5 Sch 3, 5 Sch 4

Disclose the aggregate amount of retirement benefits paid to or receivable by directors and past directors under pension schemes and retirement benefits paid to or receivable by past directors under such schemes to the extent that they exceed the amount to which they were entitled to at the later of the date when the benefits first became payable or 31 March 1997.

There must be shown the aggregate amount of any compensation to directors or past directors in respect of loss of office.

Retirement benefits and compensation as noted above, otherwise than in cash, must be disclosed. Retirement benefits otherwise than in cash is included in the estimated money value of the benefit.

5 Sch 5

There must be shown the aggregate amount of any consideration paid to or receivable by third parties for making available the services of any person as a director of the company or while director of the company, as director of any of its subsidiary undertakings or otherwise in connection with the management of the affairs of the company or any of its subsidiary undertakings. Consideration includes benefits otherwise than in cash, which are included at the estimated money value of the benefits. The nature of any compensation of other than in cash must be disclosed.

#### *Author's note*

Good Practice Group Limited did not pay or incur any consideration to third parties in respect of directors' services. Thus, no additional disclosures are made in relation to this.

## Notes to the financial statements *continued*

### 8. Staff costs and directors' remuneration *continued*

#### Disclosures relating to highest paid director

5 Sch 2, 5 Sch 10

Where the aggregate of amounts shown under 5 Sch 1(1)(a), (b), and (c) total £200,000 or more, disclose for the highest paid director:

- Amount of the aggregates of 5 Sch 1(1)(a), (b) and (c) attributable to such director
- Gains on exercise of share options (quoted and AIM companies only)

And

- Amount of the contributions paid, treated to be paid or payable to money purchase schemes

The highest paid director means the director to whom is attributable the greatest part of the total of the aggregates shown under 5 Sch 1(1)(a), (b), and (c).

Where the highest paid director has performed qualifying services in the year by reference to which the amount of any defined benefits that are payable will be calculated, disclose the amount of the accrued pension at the end of the year and the amount of his accrued lump sum.

For unquoted companies (that are not AIM companies), disclose whether the highest paid director exercised share options and whether any shares were received or receivable by that director in respect of qualifying services under long-term incentive schemes.

5 Sch 8

Where a liability for payments made in connection with share transfers by virtue of s219 and 222(3) are not disclosed in the financial statements on the grounds that the person receiving them is liable to account for them but the liability is afterwards wholly or partly released or not enforced within a period of two years, this amount must be separately disclosed in the first accounts in which it is practicable.

6 Sch 22A

Paragraph 1 of Schedule 5 to the Regulations applies to group accounts with the modification that only the amounts and values referred to in that paragraph received or receivable by the directors of the parent company from the parent company and any of its subsidiary undertakings must be disclosed in the notes to the accounts.

### 9. Interest payable and similar expenses

	2026	2025	1 Sch 66(1) 1 Sch formats
	£000	£000	
Bank loans and overdrafts (Note 18)	1,054	909	FRS 102.11.48(b)
Convertible cumulative 7% preference shares (Note 18)	309	295	
Interest on lease liabilities (Note 19)	87	-	FRS 102.20.80(a)
Net interest on post-employment benefits (Note 21)	55	109	FRS 102.28.23(b)
Finance charges payable under finance leases and hire purchase contracts	-	50	
Interest payable and similar expenses	<u>1,505</u>	<u>1,363</u>	

#### Interest payable and similar expenses

1 Sch formats, 1 Sch 66(1)

Disclose interest or similar charges in respect of (a) bank loans and overdrafts and (b) other loans. There is no requirement to subdivide (a). This does not apply to interest due to the company from group undertakings as this is disclosed separately.

## Notes to the financial statements *continued*

### 9. Interest payable and similar expenses *continued*

FRS 102.11.48

An entity shall disclose the following items of income, expense, gains or losses:

- a) Income, expense, net gains or net losses, including changes in fair value recognised on:
  - (i) Financial assets measured at fair value through profit or loss
  - (ii) Financial liabilities measured at fair value through profit or loss (with separate disclosure of movements on those which are not held as part of a trading portfolio and are not derivatives)
  - (iii) Financial assets measured at amortised cost
  - (iv) Financial liabilities measured at amortised cost

And

  - (v) When an entity has made the accounting policy choice in paragraphs 11.2(c) and 12.2(c) to apply the recognition and measurement provisions of IFRS 9, financial instruments measured at fair value through other comprehensive income.
- b) Total interest income and total interest expense (calculated using the effective interest method) for financial assets or financial liabilities that are not measured at fair value through profit or loss

And

- c) Amount of any impairment loss for each class of financial asset. A class of financial asset is a grouping that is appropriate to the nature of the information disclosed and that takes account the characteristics of the financial assets. When an entity has made the accounting policy choice in paragraph 11.2(c) and 12.2(c) to apply the recognition and measurement provisions of IFRS 9, the groupings shall be based on whether the amount is equal to 12-month expected credit risk losses, equal to the lifetime expected credit losses or financial assets that are purchased or originated credit-impaired.

*Author's note*

These are presented or disclosed in the consolidated income statement and note 13(c).

FRS 102.25.3A

Where a policy of capitalisation is adopted, an entity shall disclose:

- a) Amount of borrowing costs capitalised in the period

And

- b) Capitalisation rate used.

1 Sch 27(3)(b)

Disclose any capitalised interest included in the production cost of any asset and the fact that the interest has been capitalised.

*Author's note*

Capitalisation of borrowing costs is an accounting policy choice. The Group's policy is not to capitalise borrowing costs and recognise those in profit or loss in the period in which they are incurred.

There is no specific line item within the income statement where the net interest on the net defined benefit liability is reflected, as such the Group disclosed this as part of the Interest payable and similar charges line.

### 10. Tax

#### (a) Tax on profit

The tax charge is made up as follows:

	2026	2025	
	£000	£000	
<i>Current tax:</i>			FRS 102.29.26(a)
UK corporation tax at 25% (2025: 25%)	3,700	2,406	1 Sch 67(2)(a)
Tax overprovided in previous years	(157)	(12)	FRS 102.29.26(b)
Adjustments in respect to changes in accounting policies (Note 2.4)	(43)	-	FRS 102.29.26(f)
Double taxation relief	(50)	(40)	1 Sch 67(2)(b)
UK income tax	3,450	2,354	1 Sch 67(2)(c)
Foreign tax	1,137	450	1 Sch 67(2)(d)
Group current tax	4,587	2,804	
<i>Deferred tax:</i>			
Origination and reversal of timing differences	(1,075)	(192)	FRS 102.29.26(c)
Tax on profit (Note 10(c))	3,512	2,612	

## Notes to the financial statements *continued*

### 10. Tax *continued*

(b) Tax included in other comprehensive income

The tax (charge)/credit is made up as follows:

	2026	2025	
	£000	£000	
Deferred tax (charge)/credit arising from the remeasurement gain/(loss) on defined benefit pension scheme	(205)	63	FRS 102.29.26(c)
Total tax (charge)/credit	<u>(205)</u>	<u>63</u>	FRS 102.29.27(a)

(c) Factors affecting the total tax charge

The tax assessed on the profit before tax for the year is higher (2025: higher) than the standard rate of corporation tax in the UK of 25% (2025: 25%). The differences are reconciled below:

	2026	2025	
	£000	£000	
Profit before taxation	7,686	7,047	FRS 102.29.27(b)(ii)
At UK's standard rate of corporation tax of 25% (2025: 25%)	1,922	1,762	
Expenses not deductible for tax purposes (including goodwill amortisation)	811	741	
Share-based payment	(75)	60	
Loss on disposal of Hose Limited not allowable for tax purposes	516	-	
Share of tax of associates and joint ventures	364	136	
Lower taxes on overseas earnings	(67)	(45)	
Tax over provided in previous years	(200)	(12)	
Movement in previously unrecognised tax losses	241	(30)	
Total tax expense	<u>3,512</u>	<u>2,612</u>	FRS 102.29.27(b)(i)

(d) Factors that may affect future tax charges

The Group has tax losses arising in the UK of £2,596,000 (2025: £1,173,000) that are available indefinitely for offset against future taxable profits of those companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as they may not be used to offset taxable profits elsewhere in the Group, and they have arisen in subsidiaries that have been loss-making for some time.

FRS 102.29.27(e)  
FRS 102.29.27(f)

The Group's overseas tax rates are lower than those in the UK primarily because the profits earned in Wireworks Inc. are taxed at a rate of 21% (2025: 21%).

No deferred tax is recognised on the unremitted earnings of overseas subsidiaries, associates and joint ventures, as the Group has no liability to additional taxation if such amounts are remitted due to the availability of double taxation relief.

FRS 102.29.27(g)

(e) Deferred tax

1 Sch 60

*Group*

The deferred tax included in the balance sheet is as follows:

	2026	2025	
	£000	£000	
Included in debtors (Note 15)	311	-	
Included in provisions for liabilities (Note 20)	(2,244)	(2,021)	
	<u>(1,933)</u>	<u>(2,021)</u>	
Accelerated capital allowances	(2,674)	(2,541)	FRS 102.29.27(e)
Share-based payment	247	148	
Tax losses carried forward	311	-	
Pension costs	183	372	
Provision for deferred tax	<u>(1,933)</u>	<u>(2,021)</u>	

The Group expects deferred tax assets of £311,000 (2025: £nil) and deferred tax liabilities of £650,000 (2025: £1,035,000) to reverse in 2027 as tax losses are utilised and capital allowances reduce.

FRS 102.29.27(c)

# Notes to the financial statements *continued*

## 10. Tax *continued*

### (e) Deferred tax *continued*

#### Group *continued*

The balance of deferred tax for tax losses carried forward at 31 December 2026 relates to capital losses (which would expire in 2032) arising in Extinguishers Limited, recoverability of which is dependent on future capital gains in excess of those arising from the reversal of deferred tax liabilities. The capital losses to which the deferred tax asset relates arose on the disposal of plant and machinery following the closure of one of the operating sites. Negotiations are at an advanced stage for the disposal of the land from this site, and it is anticipated that such disposal will generate a capital gain significantly in excess of the loss arising in the current year, and against which this loss can be relieved.

FRS 102.29.27(f)  
1 Sch 67(1)

#### Parent Company

The deferred tax included in the balance sheet is as follows:

	2026	2025	
	£000	£000	
Included in provisions for liabilities (Note 20)	<u>(781)</u>	<u>(965)</u>	
Share-based payment	195	115	FRS 102.29.27(e)
Accelerated capital allowances	(1,111)	(1,298)	
Pension costs	<u>135</u>	<u>218</u>	
Provision for deferred tax	<u>(781)</u>	<u>(965)</u>	

The Parent Company expects deferred tax liabilities of £262,000 (2025: £264,000) to reverse in 2027.

FRS 102.29.27(c)

#### Tax

1 Sch 60

The provision for deferred tax must be shown separately from the provision for other tax.

1 Sch 67(1)

Particulars must be given of any special circumstances affecting the overall tax charge or credit for the period or future periods.

1 Sch 67(2)

The following amounts must be stated:

- (a) Amount of the charge for United Kingdom corporation tax
  - (b) If that amount would have been greater but for relief from double taxation, the amount which it would have been but for such relief
  - (c) Amount of the charge for United Kingdom income tax
- And
- (d) Amount of the charge for taxation imposed outside the United Kingdom of profits, income and (so far as charged to revenue) capital gains.

These amounts must be stated separately in respect of each of the amounts which is or would but for paragraph 4(2)(b) be shown under the item "tax on profit or loss" in the profit and loss account.

FRS 102.29.25

An entity shall disclose information that enables users of its financial statements to evaluate the nature and financial effect of the current and deferred tax consequences of recognised transactions and other events.

#### Author's note

Good Practice Group Limited considers that the illustrative disclosures made to comply with the disclosure in FRS 102.29.26 to 27 indirectly address the general requirement in FRS 102.29.25.

# Notes to the financial statements *continued*

## 10. Tax *continued*

### FRS 102.29.26

An entity shall disclose separately the major components of tax expense (income). Such components of tax expense (income) may include:

- (a) Current tax expense (income)
  - (b) Any adjustments recognised in the period for current tax of prior periods
  - (c) Amount of deferred tax expense (income) relating to the origination and reversal of timing differences
  - (d) Amount of deferred tax expense (income) relating to changes in tax rates or the imposition of new taxes
  - (e) Adjustments to deferred tax expense (income) arising from a change in the tax status of the entity or its shareholders
  - (f) Amount of tax expense (income) relating to changes in accounting policies and material errors
- And

- (g) Current tax expense (income) relating to Pillar Two income tax

### FRS 102.29.27

An entity shall disclose separately:

- (a) Aggregate current and deferred tax relating to items that are recognised as items of other comprehensive income or equity
  - (b) Reconciliation between:
    - (i) Tax expense (income) included in profit or loss

And

    - (ii) Profit or loss before tax multiplied by the applicable tax rate
  - (c) Amount of the net reversal of deferred tax assets and deferred tax liabilities expected to occur during the year beginning after the reporting period together with a brief explanation for the expected reversal
  - (d) Explanation of changes in the applicable tax rates compared with the previous reporting period
  - (e) Amount of deferred tax liabilities and deferred tax assets at the end of the reporting period for each type of timing difference and the amount of unused tax losses and tax credits
  - (f) Expiry date, if any, of timing differences, unused tax losses and unused tax credits
- And
- (g) In the circumstances described in paragraph 29.14, an explanation of the nature of the potential income tax consequences that would result from the payment of dividends to its shareholders

### *Author's note*

During the year, no changes in the tax rates applies, no new taxes are imposed, and the tax status of the entity and its shareholder remains unchanged. The disclosures requirements under FRS 102.29.26(d)-(e) and FRS 102.29.27(d) are not applicable.

### FRS 102.29.28

If, based on known or reasonably estimable information, an entity is, or expects to be, within the scope of Pillar Two legislation:

- (a) It shall disclose that fact
- And
- (b) When such legislation has been enacted or substantively enacted by the reporting date but is not yet in effect for the entity, the entity shall disclose known or reasonably estimable information that helps users of financial statements understand the entity's exposure to Pillar Two income tax arising from that legislation.

### FRS 102.29.29

To meet the requirement in sub-paragraph 29.28(b), an entity shall disclose qualitative and quantitative information about its exposure to Pillar Two income tax at the end of the reporting period. This information does not have to reflect all the specific requirements of the Pillar Two legislation and can be provided in the form of an indicative range. To the extent information is not known or reasonably estimable, an entity shall instead disclose a statement to that effect and disclose information about the entity's progress in assessing its exposure.

### *Author's note*

Good Practice Group Limited is not in the scope of the OECD Pillar Two model rules as its consolidated revenues are less than €750,000,000. Therefore, current tax expense (income) relating to Pillar Two income tax has not been illustrated in the financial statements. Further, the Group does not expect to be in scope of Pillar Two legislation, hence, information required in FRS 102.29.28(a) is not disclosed.

There is no change in tax rates in the current or prior year.

## Notes to the financial statements *continued*

### Fixed assets (tangible assets and intangible assets)

1 Sch 51, FRS 102.16.10(e), 17.31(e), 18.27(e), 19.26

Disclose separately for each class of asset the amounts for cost/valuation and depreciation at the beginning and end of the year and the movements during the year (i.e., aggregate additions, disposals, acquisitions through business combinations, revaluations, impairments and transfers). The disclosures must be given for each class of fixed assets.

An entity is not required to show comparative details of additions, disposals, revaluations, transfers and cumulative depreciation of tangible and intangible assets, including goodwill.

1 Sch 19(2), 1 Sch 19(3)

Provision must be made for any fixed asset which has diminished in value if the reduction is expected to be permanent. If the provision is not shown on the face of the profit and loss account, it must be disclosed by way of a note.

#### *Author's note*

While the Companies Act requires provisions to be made for a permanent diminution in value, FRS 102 Section 27 sets out when an impairment provision is required for most types of assets.

### Impairment of tangible assets and intangible assets

FRS 102.27.32

An entity shall disclose the following for each class of assets indicated in paragraph 27.33:

(a) Amount of impairment losses recognised in profit or loss during the period and the line item(s) in the statement of comprehensive income (or in the income statement, if presented) in which those impairment losses are included

And

(b) Amount of reversals of impairment losses recognised in profit or loss during the period and the line item(s) in the statement of comprehensive income (or in the income statement, if presented) in which those impairment losses are reversed

FRS 102.27.33

An entity shall disclose the information required by paragraph 27.32 for each of the following classes of asset:

(a) Inventories

(b) Property, plant and equipment (including investment property accounted for by the cost method)

(bA) Right-of-use assets

(c) Goodwill

(d) Intangible assets other than goodwill

(e) Investments in associates

And

(f) Investments in joint ventures

FRS 102.27.33A

An entity shall disclose a description of the events and circumstances that led to the recognition or reversal of the impairment loss.

#### *Author's note*

Disclosures relating to impairment of tangible assets and inventories are disclosed in Notes 12 and 14, respectively.

No disclosures were made with respect to the line items in the income statement in which those impairment losses are included as Good Practice Group Limited has chosen to present impairment loss in the face of the income statement.

## Notes to the financial statements *continued*

### 11. Intangible assets

Group	Development					Total	1 Sch formats
	costs	Trademark	Patents	Goodwill			FRS 102.18.27(e)
	£000	£000	£000	£000	£000		FRS 102.19.26 1 Sch 51
<b>Cost</b>							
At 1 January 2026	1,010	-	500	250	1,760		FRS 102.18.27(c)
Additions during the year	575	-	-	-	575		
Acquisition of subsidiary undertaking	-	595	-	1,342	1,937		
At 31 December 2026	<u>1,585</u>	<u>595</u>	<u>500</u>	<u>1,592</u>	<u>4,272</u>		FRS 102.18.27(c)
<b>Amortisation</b>							
At 1 January 2026	40	-	10	25	75		FRS 102.18.27(c)
Provided during the year	155	131	50	114	450		
At 31 December 2026	<u>195</u>	<u>131</u>	<u>60</u>	<u>139</u>	<u>525</u>		FRS 102.18.27(c)
<b>Net book value</b>							
At 1 January 2026	<u>970</u>	<u>-</u>	<u>490</u>	<u>225</u>	<u>1,685</u>		
At 31 December 2026	<u>1,390</u>	<u>464</u>	<u>440</u>	<u>1,453</u>	<u>3,747</u>		

Goodwill is being amortised as follows:

- Goodwill arising on the acquisition of Bright Sparks Limited is being amortised evenly over the directors' estimate of its useful life of 9 years

And

- Goodwill arising on the acquisition of Extinguishers Limited is being amortised evenly over the directors' estimate of its useful life of 10 years.

The estimated useful life is based on a variety of factors such as the expected use of the acquired business, any legal, regulatory or contractual provisions that can limit useful life and assumptions that market participants would consider in respect of similar businesses.

Development costs are amortised evenly over their useful lives of 10 years, reflecting the life cycle over which benefits from additional sales are expected. This includes a past project for developing a new extinguisher costing £1,010,000. This has a remaining useful life of 5.3 years. The remaining development project to develop a new hose attachment for commercial extinguishers is still in progress.

FRS 102.19.25(g)

FRS 102.18.27(a)  
FRS 102.18.27(b)  
FRS 102.18.28(a)

Other intangible assets are being amortised as follows:

- Trademarks are amortised evenly over their useful lives of 5 to 10 years
- Patents are being amortised evenly over their useful lives of 10 years.

FRS 102.18.27(a)  
FRS 102.18.27(b)

# Notes to the financial statements *continued*

## 11. Intangible assets *continued*

### Intangible assets

1 Sch formats

Show separate amounts for all significant intangible asset categories. As a minimum, these categories are:

- Development costs
- Concessions, patents, licences, trademarks and similar rights and assets
- Goodwill
- Payments on account

FRS 102.18.27(c),(e)

An entity shall disclose the following for each class of intangible assets:

- (c) Reconciliation of the carrying amount at the beginning and end of the reporting period showing separately
- (e) Gross carrying amount and any accumulated amortisation (aggregated with accumulated impairment losses) at the beginning and end of the reporting period.
  - (i) Additions, indicating separately those from internal development and those acquired separately
  - (ii) Disposals
  - (iii) Acquisitions through business combinations
  - (iv) Revaluations
  - (v) Amortisation
  - (vi) Impairment losses recognised or reversed in profit or loss in accordance with Section 27 *Impairment of Assets*
    - And
  - (vii) Other changes

This reconciliation need not be presented for prior periods.

1 Sch 22(2), 1 Sch 22(3), 1 Sch 22(4)

Where in exceptional cases the useful life of intangible assets cannot be reliably estimated, such assets must be written off over a period chosen by the directors (which must not exceed 10 years). The period chosen for writing off such an asset and the reasons for choosing that period must be disclosed.

FRS 102.18.28

An entity shall also disclose:

- (a) A description, the carrying amount and the remaining amortisation period of any individual intangible asset that is material to the entity's financial statements
- (b) For intangible assets acquired by way of a grant and initially recognised at fair value:
  - (i) The fair value initially recognised for these assets
    - And
  - (ii) Their carrying amounts
- (c) The existence and carrying amounts of intangible assets to which the entity has restricted title or that are pledged as security for liabilities
- (d) The amount of contractual commitments for the acquisition of intangible assets

#### *Author's note*

Good Practice Group Limited did not acquire intangible assets by way of grant. The Group also does not have intangible assets with restricted title or pledged as security for liabilities. The Group does not have commitments for the acquisition of intangible assets. Therefore, the disclosure requirements under FRS 102.18.28(b)-(d) are not applicable.

FRS 102.18.28A

When, as part of a business combination, an acquirer chooses to recognise intangible assets separately from goodwill that meet condition (a) and only one of (b) or (c) in paragraph 18.8, the acquirer shall disclose the nature of those intangible assets and the reason why they have been separated from goodwill.

#### *Author's note*

This disclosure is provided in Note 13.

# Notes to the financial statements *continued*

## 11. Intangible assets *continued*

### FRS 102.18.29A

If intangible assets are accounted for at revalued amounts, an entity shall disclose the following:

- (a) The effective date of the revaluation
  - (b) Whether an independent valuer was involved
  - (c) Methods and significant assumptions applied in estimating the assets' fair values
- And
- (d) For each revalued class of intangible assets, the carrying amount that would have been recognised had the assets been carried under the cost model.

#### *Author's note*

Good Practice Group Limited account for all intangible assets under the cost model as outlined in Note 2.7 ((c) [Intangible assets](#)). The disclosure requirements under FRS 102.18.29A are not applicable.

### FRS 102.19.25(g)

For each business combination that was affected during the period, the acquirer shall disclose the useful life of goodwill, and if this cannot be reliably estimated, supporting reasons for the period chosen.

### FRS 102.19.26

An acquirer shall disclose a reconciliation of the carrying amount of goodwill at the beginning and end of the reporting period, showing separately:

- (a) Additional goodwill recognised during the reporting period arising from new business combinations
  - (b) Amortisation
  - (c) Impairment losses recognised during the reporting period in accordance with Section 27
  - (d) Goodwill derecognised during the reporting period in relation to previously acquired businesses
- And
- (e) Other changes.

The reconciliation need not be presented for prior periods.

### FRS 102.19.26A

An acquirer shall disclose a reconciliation of the carrying amount of negative goodwill at the beginning and end of the reporting period showing separately:

- (a) Changes arising from new business combinations
- (b) Amounts recognised in profit or loss for negative goodwill
- (c) Disposals of previously acquired businesses; and
- (d) Other changes.

This reconciliation need not be presented for prior periods.

### FRS 102.19.26B

If, in exceptional cases, an entity was unable to make a reliable estimate of the useful life of goodwill arising on a business combination in a previous reporting period, it shall disclose for each such business combination the period over which the goodwill is being amortised, and supporting reasons for the period chosen.

#### *Author's note*

All business acquisitions of Good Practice Group Limited resulted in recognition of a positive goodwill in the current year. For positive goodwill recognised as part of the business acquisitions in the previous year, Good Practice Group Limited made a reliable estimate of the useful life of that goodwill. Thus, disclosure requirements under FRS 102.19.26A and FRS 102.19.26B are not applicable for these accounts.

## Notes to the financial statements *continued*

### 12. Tangible assets

#### Group

	Investment properties	Land and buildings	Plant and machinery	Total	
	£000	£000	£000	£000	
<i>1 Sch formats</i>					
<i>1 Sch 58(2)</i>					
<i>FRS 102.17.31(e)</i>					
<i>FRS 102.20.14</i>					
<i>FRS 102.16.10(e)</i>					
<i>FRS 102.20.120</i>					
Cost or fair value					
At 1 January 2026	7,003	13,402	19,850	40,255	<i>FRS 102.17.31(d)</i>
Effect of initial application of the revised Section 20	-	-	(2,102)	(2,102)	
Adjusted balance at 1 January 2026	7,003	13,402	17,748	38,153	<i>FRS 102.17.31(d)</i>
Exchange adjustment	-	50	775	825	
Additions	2,063	660	10,092	12,815	
Acquisition of subsidiary undertaking	-	2,897	4,145	7,042	
Fair value adjustment	(350)	-	-	(350)	
Disposals	(1,625)	(2,000)	(7,250)	(10,875)	
Disposal of subsidiary undertaking	-	(3,108)	(2,701)	(5,809)	
At 31 December 2026	7,091	11,901	22,809	41,801	<i>FRS 102.17.31(d)</i>
Depreciation and impairment					
At 1 January 2026	-	1,675	8,525	10,200	<i>FRS 102.17.31(d)</i>
Effect of initial application of the revised Section 20	-	-	(872)	(872)	
Adjusted balance at 1 January 2026	-	1,675	7,653	9,328	<i>FRS 102.17.31(d)</i>
Exchange adjustment	-	4	546	550	
Provided during the year	-	425	2,657	3,082	
Impairment loss	-	-	2,200	2,200	
Disposals	-	(904)	(2,396)	(3,300)	
Disposal of subsidiary undertaking	-	(217)	(521)	(738)	
At 31 December 2026	-	983	10,139	11,122	<i>FRS 102.17.31(d)</i>
Net book value					
At 1 January 2026	7,003	11,727	11,325	30,055	
At 31 December 2026	7,091	10,918	12,670	30,679	
<i>Parent company</i>					
	Investment properties	Land and buildings	Plant and machinery	Total	
	£000	£000	£000	£000	
<i>FRS 102.17.31(e)</i>					
<i>FRS 102.16.10(e)</i>					
Cost or fair value					
At 1 January 2026	3,900	4,404	9,450	17,754	<i>FRS 102.17.31(d)</i>
Effect of initial application of the revised Section 20	-	-	(2,102)	(2,102)	
Adjusted balance at 1 January 2026	3,900	4,404	7,348	15,652	<i>FRS 102.17.31(d)</i>
Additions	1,063	212	4,475	5,750	
Fair value adjustment	(154)	-	-	(154)	
Disposals	(625)	-	(4,000)	(4,625)	
At 31 December 2026	4,184	4,616	7,823	16,623	<i>FRS 102.17.31(d)</i>
Depreciation and impairment					
At 1 January 2026	-	500	3,150	3,650	<i>FRS 102.17.31(d)</i>
Effect of initial application of the revised Section 20	-	-	(872)	(872)	
Adjusted balance at 1 January 2026	-	500	2,278	2,778	<i>FRS 102.17.31(d)</i>
Provided during the year	-	250	527	777	
Impairment loss	-	-	2,200	2,200	<i>FRS 102.27.32(a)</i>
Disposals	-	-	(2,050)	(2,050)	<i>FRS 102.27.33</i>
At 31 December 2026	-	750	2,955	3,705	<i>FRS 102.17.31(d)</i>
Net book value					
At 1 January 2026	3,900	3,904	6,300	14,104	
At 31 December 2026	4,184	3,866	4,868	12,918	

## Notes to the financial statements *continued*

### 12. Tangible assets *continued*

As a result of falling profits in the electronics division, the carrying values of the UK based assets in this division at 31 December 2026, have been compared to their recoverable amounts, represented by their value in use to the Group and Parent Company. This resulted in an impairment in the year of £2.2m. FRS 102.27.33A

The value in use has been derived from discounted cash flow projections using a pre-tax discount rate of 12.1% (2025: 11.8%). Cash flows have been projected over five years based on management's most recent business forecast. After that a steady growth rate of 2% has been assumed which is consistent with the average UK fire extinguishers industry growth rate.

The carrying amount of land, included in land and buildings, comprises:

	Group		Parent Company		
	2026	2025	2026	2025	
	£000	£000	£000	£000	
Properties at cost:					
Freehold	<u>5,918</u>	<u>6,727</u>	<u>1,866</u>	<u>1,904</u>	1 Sch 53

The historical cost of investment properties held at fair value is as follows:

	Group		Parent Company		
	2026	2025	2026	2025	
	£000	£000	£000	£000	
Historical cost	<u>2,052</u>	<u>1,379</u>	<u>1,419</u>	<u>746</u>	1 Sch 58(3)(a)

The Group's investment properties consist of three commercial properties in England. Please see [Note 19](#) for details of the Group's lease arrangements with respect to its investment property portfolio. The freehold investment properties were valued by an independent valuer with a recognised and relevant professional qualification and with recent experience in the location and category of the investment property being valued, Chartered Surveyors & Co. as at 31 December 2026, on the basis of fair value in accordance with Royal Institution of Chartered Surveyors (RICS) Valuation - Global Standards (Red Book Global Standards). The critical assumptions made relating to the valuations are set out below: FRS 102.16.10(a)  
FRS 102.16.10(b)  
1 Sch 58(2)

	2026	2025
Yields	6%-7%	5-6%
Inflation rate	3.5%	3%
Long-term vacancy rate	9%	8%
Long-term growth in real rental rates	3%	3%

As at 31 December 2025, the plant and machinery above included the following amounts relating to finance leased assets and assets acquired under hire purchase contracts: FRS 102.20.13(a)

	Group and Parent Company
	£000
Cost	2,102
Accumulated depreciation	<u>(872)</u>
Carrying amount at 31 December 2025	<u>1,230</u>

As at 31 December 2026, this plant and machinery was presented within right-of-use assets, a separate line item in the balance sheet as a result of the application of revised Section 20, see [Note 19](#).

# Notes to the financial statements *continued*

## 12. Tangible assets *continued*

### Tangible assets

#### 1 Sch formats

Show separate amounts for all significant tangible asset categories. As a minimum, these categories are:

- Land and buildings
- Plant and machinery
- Fixtures, fittings, tools and equipment
- Payments on account and assets in course of construction

#### FRS 102.17.31(d)-(e)

An entity shall disclose the following for each class of property, plant and equipment:

- (d) Gross carrying amount and accumulated depreciation (aggregated with accumulated impairment losses) at the beginning and end of the reporting period
- (e) Reconciliation of the carrying amount at the beginning and end of the reporting period showing separately:
  - (i) Additions
  - (ii) Disposals
  - (iii) Acquisitions through business combinations
  - (iv) Revaluations
  - (v) Transfers to investment property
  - (vi) Impairment losses recognised or reversed in profit or loss in accordance with Section 27
  - (vii) DepreciationAnd
  - (viii) other changes.

This reconciliation need not be presented for prior periods.

#### FRS 102.17.31A

An entity shall disclose the carrying amount at the end of the reporting period of investment property rented to another group entity, when the entity has chosen to account for such properties using the cost model in accordance with this section.

#### *Author's note*

No investment property has been rented between the group entities, thus, disclosure requirements of FRS 102.17.30A and FRS 102.17.31A are not applicable.

#### FRS 102.17.32

The entity shall also disclose the following:

- (a) The existence and carrying amounts of property, plant and equipment to which the entity has restricted title or that is pledged as security for liabilities
- (b) The amount of contractual commitments for the acquisition of property, plant and equipment

#### FRS 102.17.32A

If items of property, plant and equipment are stated at revalued amounts, the following shall be disclosed:

- (a) Effective date of the revaluation
  - (b) Whether an independent valuer was involved
  - (c) Methods and significant assumptions applied in estimating the items fair values
- And
- (d) For each revalued class of property, plant and equipment, the carrying amount that would have been recognised had the assets been carried under the cost model

#### 1 Sch 53, 10 Sch 7

For amounts shown as land and buildings, disclosure is required to distinguish land attributable to freeholds, long leaseholds (over 50 years unexpired at the reporting date) and short leaseholds.

#### 1 Sch 34, 1 Sch 52

For each class of assets revalued under the alternative accounting rules, other than listed investments, disclose:

- Items affected and the basis or bases of valuation
- Comparable amounts for the items affected determined according to historical cost accounting rules being the carrying amount that would have been included in the financial statements had the tangible fixed assets been carried at historical cost less depreciation. 'Comparable amounts' covers aggregate cost and aggregate depreciation
- If valuation is made during the current year, the name of the valuer(s) or the valuer's organisation and a description of their qualifications
- Year/s in which the assets are valued and the valuation

# Notes to the financial statements *continued*

## 12. Tangible assets *continued*

### *Author's note*

Investment properties (which are not property, plant and equipment under FRS 102) are classified as tangible assets. Within tangible assets, only the investment properties are revalued. Revaluation of investment properties at fair value through profit or loss uses the fair value accounting rules (not the alternative accounting rules) and the disclosures in 1 Sch 34 and 1 Sch 52 do not apply.

### Investment Property

#### FRS 102.16.10

An entity shall disclose the following:

- (a) Methods and significant assumptions applied in determining the fair value of the investment property
- (b) Extent to which the fair value of the investment property (as measured or disclosed in the financial statements) is based on a valuation by an independent valuer who holds a recognised and relevant professional qualification and has recent experience in the location and class of the investment property being valued. If there has been no such valuation, that fact should be disclosed
- (c) Existence and amounts of restrictions on the realisability of investment property or remittance of income and proceeds of disposal
- (d) Contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements
- (e) A reconciliation between the carrying amounts of investment property at the beginning and end of the period (not required for the comparative period) showing separately:
  - (i) Additions, disclosing separately those additions resulting from acquisitions through business combinations
  - (ii) Net gains or losses from fair value adjustments
  - (iii) Transfers to and from property, plant and equipment
  - (iv) Transfers to and from inventories
  - (v) Other changes

This reconciliation need not be presented for prior periods.

### *Author's note*

Good Practice Group Limited does not have any restrictions on the realisability of investment property or remittance of income and proceeds of disposal. Therefore, disclosure requirement under (c) is not applicable.

#### FRS 102.16.11

In accordance with Section 20, an entity shall provide all relevant disclosures required in that section about leases into which it has entered.

### *Author's note*

The contractual obligations for repairs and maintenance of investment property are illustrated in Note 27.

The relevant disclosures about leases with respect to its investment property are illustrated in Note 19.

#### 1 Sch 58

Where investment property is held at fair value through profit and loss, the entity must disclose:

- Balance sheet items affected, and the basis of valuation adopted in determining the amounts of the assets
- Comparable amounts determined according to the historical cost accounting rules or the differences between those amounts and the corresponding amounts actually shown in the balance sheet.

### Leases (January 2022 version of FRS 102)

#### xFRS 102.20.13(a)

A lessee shall disclose for finance leases, for each class of asset the net carrying amount at the end of the reporting period.

#### xFRS 102.20.14

The requirements for disclosure about assets in accordance with Sections 17, 18 and 27 apply to lessees for assets leased under finance leases.

#### xFRS 102.20.31

In addition, the requirements for disclosure about assets in accordance with Sections 17, 18 and 27 apply to lessors for assets provided under operating leases.

## Notes to the financial statements *continued*

### 12. Tangible assets *continued*

#### *Author's note*

The above disclosures were in relation to the comparative balances which were not restated in the adoption of the revised FRS 102.

Where the Group and Company is a lessor, all lease arrangements are classified as operating leases, and all the assets under these arrangements are investment properties.

### 13. Investments

<i>Group</i>	Joint ventures	Associated undertakings	Other investments	Total	
	£000	£000	£000	£000	<i>1 Sch formats</i>
Cost					
At 1 January 2026	978	1,177	2,101	4,256	
Additions	-	-	465	465	
Share of profit of joint venture	1,557	-	-	1,557	<i>FRS 102.15.20</i>
Share of profit of associated undertakings	-	405	-	405	<i>FRS 102.14.14</i>
Amortisation of goodwill	-	(70)	-	(70)	
Dividends received	(700)	(135)	-	(835)	
Fair value adjustment	-	-	95	95	
Disposals	-	-	(475)	(475)	
At 31 December 2026	<u>1,835</u>	<u>1,377</u>	<u>2,186</u>	<u>5,398</u>	
Impairment					
At 1 January 2026 and 31 December 2026	<u>-</u>	<u>-</u>	<u>825</u>	<u>825</u>	
Carrying amount					
At 1 January 2026	<u>978</u>	<u>1,177</u>	<u>1,276</u>	<u>3,431</u>	<i>FRS 102.14.12(b)</i> <i>FRS 102.15.19(b)</i>
At 31 December 2026	<u>1,835</u>	<u>1,377</u>	<u>1,361</u>	<u>4,573</u>	<i>FRS 102.14.12(b)</i> <i>FRS 102.15.19(b)</i>

Other investments are further broken down as follows:

	Listed	Unlisted	Total	
	£000	£000	£000	<i>1 Sch 54(1)</i>
Cost				
At 1 January 2026	-	2,101	2,101	
Additions ( <a href="#">Note 29</a> )	465	-	465	
Fair value adjustment ( <a href="#">Note 29</a> )	95	-	95	<i>FRS 102.11.48(a)(i)</i> <i>1 Sch 55(2)(b)</i>
Disposals	-	(475)	(475)	
At 31 December 2026	<u>560</u>	<u>1,626</u>	<u>2,186</u>	
Impairment				
At 1 January 2026 and 31 December 2026	<u>-</u>	<u>825</u>	<u>825</u>	
Carrying amount				
At 1 January 2026	<u>-</u>	<u>1,276</u>	<u>1,276</u>	
At 31 December 2026	<u>560</u>	<u>801</u>	<u>1,361</u>	<i>FRS 102.11.41</i>

Listed investments are classified as financial assets at fair value through profit or loss. For further details refer to [Note 29](#).

Unlisted investments are held at cost less impairment as fair value cannot be reliably determined.

All other investments are held by Good Practice Group Limited.

## Notes to the financial statements *continued*

### 13. Investments *continued*

<i>Parent Company</i>	Subsidiary undertakings	Joint ventures	Other investments	Total	
	£000	£000	£000	£000	£000
Cost					
At 1 January 2026	6,420	675	2,101	9,196	
Exchange adjustment	130	-	-	130	
Additions	9,250	-	-	9,250	
Award of share options to employees of subsidiaries	70	-	-	70	
Disposals	(1,010)	-	(475)	(1,485)	
At 31 December 2026	<u>14,860</u>	<u>675</u>	<u>1,626</u>	<u>17,161</u>	
Impairment					
At 1 January 2026 and 31 December 2026	<u>-</u>	<u>-</u>	<u>825</u>	<u>825</u>	
Carrying amount					
At 1 January 2026	<u>6,420</u>	<u>675</u>	<u>1,276</u>	<u>8,371</u>	<i>FRS 102.14.12(b)</i> <i>FRS 102.15.19(b)</i>
At 31 December 2026	<u>14,860</u>	<u>675</u>	<u>801</u>	<u>16,336</u>	<i>FRS 102.14.12(b)</i> <i>FRS 102.15.19(b)</i>

Details of the investments in which the Group and the Parent Company (unless indicated) hold 20% or more of the nominal value of any class of share capital are as follows:

Name of company	Holding	Proportion of voting rights and shares held	Country of incorporation	
<i>Subsidiary undertakings</i>				<i>4 Sch 1</i>
Extinguishers Limited	Ordinary shares	100%	UK	<i>4 Sch 17</i>
Bright Sparks Limited	Ordinary shares	95%	UK	
	Preference shares	45% $\phi$		
Wireworks Inc.	Ordinary shares	98%	USA	
Sprinklers Inc.	Ordinary shares	100%	USA	
Lightbulbs Limited	Ordinary shares	100%	UK	
$\phi$ Held by a subsidiary undertaking.				<i>4 Sch 3</i>
<i>Joint venture</i>				<i>4 Sch 19</i>
Showers Limited	Ordinary shares	50%	UK	
<i>Associate</i>				<i>4 Sch 19</i>
Power Works Limited	Ordinary shares	25% $\ddagger$	UK	

$\ddagger$  7% held by a subsidiary undertaking.

The registered office of the UK investments is 47 Mining Lane, London EC4 3AB

The registered office of the USA subsidiaries is 123 Washington Way, Phoenix, Arizona

# Notes to the financial statements *continued*

## 13. Investments *continued*

### Investments

#### 1 Sch formats

Show separate amounts for all significant investment categories. As a minimum, these categories are:

- Shares in group undertakings
- Loans to group undertakings
- Participating interests
- Loans to undertakings in which the company has a participating interest
- Other investments other than loans
- Other loans
- Own shares

#### FRS 102.15.19(b)-(d)

The financial statements of the venturer shall disclose:

- (b) Carrying amount of investments in jointly controlled entities
  - (c) Fair value of each investment in a jointly controlled entity, if a market price for the investment is quoted and the venturer accounts for the jointly controlled entity using the equity method
- And
- (d) Aggregate amount of its commitments relating to joint ventures, including its share in the commitments that have been incurred jointly with other venturers

#### *Author's note*

As Good Practice Group Limited's investments in joint ventures are not listed, there is no market price quoted. The Group also does not have commitments related to these joint ventures. Thus, the requirements of FRS 102.15.19(c) and FRS 102.15.19(d) do not apply.

#### FRS 102.14.12(b)-(c)

The financial statements shall disclose:

- (b) Carrying amount of investments in associates; and
- (c) Fair value of each investment in associate, if a market price for the investment is quoted and the entity accounts for the associate using the equity method.

#### *Author's note*

As Good Practice Group Limited's investments in associates are not listed, there is no market price quoted. Thus, the requirement of FRS 102.14.12(c) does not apply.

#### FRS 102.15.20

For jointly controlled entities accounted for using the equity method, the venturer shall disclose separately its share of the profit or loss of such investments and its share of any discontinued operations of such jointly controlled entities.

#### 1 Sch formats

Shares in subsidiary undertakings, associated undertakings and other participating interests must be distinguished from loans to these undertakings.

#### *Author's note*

Good Practice Group do not have participating interests other than those which are subsidiary, associates and joint ventures.

#### FRS 102.14.14

For investments in associates accounted for using the equity method, an investor shall disclose separately its share of the profit or loss of such associates and its share of any discontinued operations of such associates.

#### 1 Sch 54

Investments (whether fixed or current assets) must be split between listed and unlisted investments. Investments in companies traded on the Alternative Investment Market are not 'listed'.

Provide the aggregate market value of listed investments and if the stock exchange value is less than the market value for any listed investments, disclose both.

# Notes to the financial statements *continued*

## 13. Investments *continued*

1 Sch 57

If the company has any financial fixed assets which could be held at fair value but are valued in excess of their fair value and no provision for diminution has been made, disclose:

- Amount at which these assets or groups of assets are included in the balance sheet
- Fair value of those assets or groups of assets
- And
- Reasons and nature of evidence for not making a provision for diminution

*Author's note*

Good Practice Group Limited does not have financial assets held at fair value through profit and loss that are held in excess of their fair value.

1 Sch 28(3)

Where investments have been valued as 'fungible' assets, the difference (where material) between that amount and either the replacement cost or, if considered more appropriate, the most recent actual purchase price before the balance sheet date, must be disclosed.

*Author's note*

The Group do not hold investments which fall under definition of fungible assets. Hence, the disclosure required by 1 Sch 28(3) is not applicable.

1 Sch 32(3)

Where fixed asset investments are carried at a value which appears to the directors to be appropriate (directors' valuation), details of the method of valuation adopted and the reasons for adopting it must be disclosed.

*Author's note*

This disclosure is required where on transition, investments in subsidiaries, associates and jointly controlled entities were included at a deemed cost of the previous GAAP carrying amount [FRS 102.35.10(f)].

FRS 102.11.48A

An entity in the UK, including an entity that is not a company, shall provide the following disclosures only for financial instruments measured at fair value through profit or loss in accordance with paragraph 36(4) of Schedule 1 to the Regulations. This does not include financial liabilities held as part of a trading portfolio nor financial liabilities that are derivatives.

An entity in the Republic of Ireland shall provide the following disclosures for financial instruments measured at fair value. The required disclosures are:

- (a) For a financial liability designated as at fair value through profit or loss, the amount of change, during the period and cumulatively, in the fair value of the financial instrument that is attributable to changes in the credit risk of that instrument, determined either:
  - (i) As the amount of change in its fair value that is not attributable to changes in market conditions that give rise to market risk
  - Or
  - (ii) Using an alternative method the entity believes more faithfully represents the amount of change in its fair value that is attributable to changes in the credit risk of the instrument
- (b) Method used to establish the amount of change attributable to changes in own credit risk, or, if the change cannot be measured reliably or is not material, that fact.
- (c) For a financial liability, the difference between the financial liability's carrying amount and the amount the entity would be contractually required to pay at maturity to the holder of the obligation.
- (d) If an instrument contains both a liability and an equity feature, and the instrument has multiple features that substantially modify the cash flows and the values of those features are interdependent (such as a callable convertible debt instrument), the existence of those features.
- (e) If there is a difference between the fair value of a financial instrument at initial recognition and the amount determined at that date using a valuation technique, the aggregate difference yet to be recognised in profit or loss at the beginning and end of the period and a reconciliation of the changes in the balance of this difference.
- (f) Information that enables users of the entity's financial statements to evaluate the nature and extent of relevant risks arising from financial instruments to which the entity is exposed at the end of the reporting period. These risks typically include, but are not limited to, credit risk, liquidity risk and market risk. The disclosure should include both the entity's exposure to each type of risk and how it manages those risks.

# Notes to the financial statements *continued*

## 13. Investments *continued*

### *Author's note*

The Group and Parent Company hold equity instruments at fair value through profit or loss in accordance with paragraph 36(4) of Schedule 1 to the Regulations. In relation to this, only the requirement in (f) is applicable for the Group and Parent Company, which has been disclosed in Note 29. The rest of the disclosure requirements ((a) to (e)) are not applicable to Good Practice Group Limited.

1 Sch 19(3)

Provisions made for diminution in value for fixed asset investments must be charged to the profit and loss account, and disclosed separately in a note to the accounts if not shown separately in the profit and loss account.

1 Sch 20(2)

Any amounts written back, where reasons for which any provision (for diminution) was made have ceased to apply to any extent, must be recognised in the profit and loss account and disclosed separately in a note to the accounts if not shown separately in the profit and loss account.

4 Sch 1, 4 Sch 3, 4 Sch 17

For all subsidiary undertakings held by the parent company and in group accounts, also by the group (shown separately if different) at the end of the year disclose:

- Name of the undertaking
- Address of the undertaking's registered office (whether in or outside the United Kingdom)
- If unincorporated, the address of its principal place of business
- Number, description, and amount (e.g., proportion) of the shares in the company held by or on behalf of its subsidiary undertakings

4 Sch 19

Where an undertaking included in the consolidation has an interest in an associated undertaking, the company need to disclose following:

- Name of the associated undertaking must be stated
- If the undertaking is incorporated outside the United Kingdom, the country in which it is incorporated
- Address of the undertaking's registered office (whether in or outside the United Kingdom)
- For each class of shares held by the parent company and the Group, the identity of each class of shares held and the proportion of the nominal value of the shares of that class represented by those shares. Disclosure is made separately for the parent company and the Group

s409(3)-(5)

The information required by 4 Sch about related undertakings need not be given if disclosure of an investment in an undertaking incorporated, or carrying on business, outside the UK would be seriously prejudicial and the Secretary of State agrees that the information need not be disclosed. The fact that advantage has been taken of the exemption must be stated.

### *Author's note*

The above requirement is not relevant as the Group has disclosed information required by Schedule 4.

### Acquisition of subsidiary

On 1 May 2026, the Group and Parent Company acquired 100% of the share capital of Extinguishers Limited for a consideration of £8,750,000 satisfied by the issue of 2,500,000 ordinary shares of £1 at £3.50 each.

One of the Group's main principal areas of activities is the installation of fire prevention equipment. The acquisition of Extinguishers Limited has been considered by the board to be a significant strategic alignment for further expanding the Group's share in the UK market.

The transaction is accounted for using the acquisition method (purchase method) of accounting in accordance with Section 19.

*FRS 102.19.25(a)*  
*FRS 102.19.25(aA)*  
*FRS 102.19.25(b)*  
*FRS 102.19.25(c)*  
*FRS 102.19.25(d)*  
*6 Sch 13 (1)*  
*6 Sch 13(4)*

## Notes to the financial statements *continued*

### 13. Investments *continued*

#### Analysis of the acquisition of Extinguishers Limited

FRS 102.19.25B

The following table summarises the provisional fair value of the assets and liabilities recognised in the acquisition on 1 May 2026.

	Book value	Revaluation adjustments		Provisional fair value to Group	
	£000	£000		£000	
Intangible assets - Trademark	-	595	(a)	595	
Tangible assets	5,684	1,358	(b)	7,042	
Stocks	3,504	540	(c)	4,044	
Debtors (including deferred taxation of £300,000)	2,170	(134)	(d)	2,036	
Cash	230	-		230	
Current taxation	(730)	-		(730)	
Creditors due within one year	(3,569)	-		(3,569)	
Provisions for warranties	(300)	(100)	(e)	(400)	
Deferred taxation	(645)	(695)	(f)	(1,340)	
Net assets	<u>6,344</u>	<u>1,564</u>		<u>7,908</u>	
Goodwill arising on acquisition				<u>1,342</u>	
Purchase consideration transferred				<u>9,250</u>	
Discharged by:					
Fair value of shares issued (Note 22)				8,750	FRS 102.19.25(d) 6 Sch 13(3)
Costs associated with the acquisition				<u>500</u>	
				<u>9,250</u>	

#### Adjustments:

- Trademark with a fair value of £595,000 was identified on acquisition and have been recognised separately as they arise from legal rights. 6 Sch 13(4)  
FRS 102.18.28A
- Increase in value of long leasehold properties and plant and machinery to fair value
- Increase in value of stock to fair value
- Write-down of debtors following reassessment of specific bad debt provision
- Reassessment of the provision for assurance-type warranties on Extinguishers Limited's products
- Deferred tax asset arising on fair value adjustments to trademark, tangible assets, stocks, debtors and provision for assurance-type warranties and reassessment of the likelihood of recoverability of deferred tax assets (that qualify for offset against deferred tax liabilities)
- Goodwill of £1,342,000 comprises the value of expected synergies arising from the acquisition and a customer list, which is not separately recognised. Due to the contractual terms imposed on acquisition, the customer list is not separable. Therefore, it does not meet the criteria for recognition as an intangible asset under Section 18. FRS 102.19.25(fA)

The useful life of goodwill is estimated to be 10 years. FRS 102.19.25(g)

Revenue of £18.2m and profit after tax of £0.9m arose in the period from acquisition to 31 December 2026 relating to Extinguishers Limited. FRS 102.19.25A

#### Disposal of a subsidiary

On 30 November 2026, the Group and Parent Company completed the sale of Hose Limited for a consideration of £4,155,000 (of which £4,000,000 was in loan notes and £155,000 in cash). 6 Sch 15

The carrying value of net assets at the date of disposal was £6,192,000 leading to a loss of £2,037,000 being recognised on disposal. The investment's carrying value in the Parent Company financial statements at the date of disposal is £1,010,000.

Hose Limited contributed losses of £563,000 up to the date of disposal on 30 November 2026.

The net cash flow effect of the disposal was £155,000 plus £1,930,000 overdrafts derecognised on the disposal. There was no tax arising on the disposal of the subsidiary.

# Notes to the financial statements *continued*

## 13. Investments *continued*

### Business combinations and disposals

FRS 102.19.25 (except (g))

For each business combination, excluding group reconstructions that was effected during the period, the acquirer shall disclose the following:

- (a) Names and descriptions of the combining entities or businesses
  - (aA) Primary reasons for the business combination and a description of how the acquirer obtained control of the acquiree
  - (b) Acquisition date
  - (c) Percentage of voting equity instruments acquired
  - (cA) Amount of any non-controlling interest in the acquiree recognised at the acquisition date
  - (d) Cost of the combination and a description of the components of that cost (such as cash, equity instruments and debt instruments)
  - (dA) Contingent consideration arrangements:
    - (i) Amount recognised as of the acquisition date
    - (ii) Description of the arrangement and the basis for determining the amount of the paymentAnd
    - (iii) Estimate of the range of outcomes (undiscounted) or, if a range cannot be estimated, that fact and the reasons why a range cannot be estimated. If the maximum amount of the payment is unlimited, the acquirer shall disclose that fact.
  - (e) Amounts recognised at the acquisition date for each class of the acquiree's assets, liabilities and contingent liabilities, including goodwill
  - (fA) Qualitative description of the nature of intangible assets included in goodwill
  - (h) Periods in which the negative goodwill will be recognised in profit or loss
- And
- (i) For each contingent liability that is not recognised in accordance with paragraph 19.15F because its fair value cannot be measured reliably, the acquirer shall disclose the information required by paragraph 21.15.

#### *Author's note*

The Group acquired 100% of Extinguishers Limited. There was no contingent consideration as part of the deal. No contingent liabilities were also recognised at the acquisition date. Purchase consideration was higher than the net assets transferred resulting in a positive goodwill.

Therefore, disclosure requirements under FRS 102.19.25(cA), FRS 102.19.25(dA), FRS 102.19.25(h) and FRS 102.19.25(i) are not applicable.

FRS 102.19.25A

The acquirer shall disclose, separately for each material business combination that occurred during the period, the amounts of revenue and profit or loss of the acquiree since the acquisition date included in the consolidated statement of comprehensive income for the reporting period. The disclosure may be provided in aggregate for business combinations that occurred during the reporting period which, individually, are not material.

FRS 102.19.25B

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, and the acquirer has recognised in its financial statements provisional amounts for the items for which the accounting is incomplete in line with paragraph 19.19, the acquirer shall disclose that fact and the line items for which provisional amounts have been recognised.

6 Sch 13

For acquisitions that took place in the financial year, the following disclosures are required:

- (a) Name of the undertaking acquired, or where a group was acquired, the name of the parent undertaking of that group
- (b) Whether the acquisition has been accounted for by the acquisition or the merger method of accounting

For acquisitions which significantly affects the figures shown in the Group accounts, further disclosures are required:

- (a) Composition and fair value of the consideration
- (b) Where the acquisition method of accounting has been adopted, the book values immediately prior to the acquisition, and the fair values at the date of acquisition, of each class of assets and liabilities of the undertaking or group acquired must be stated in tabular form, including a statement of the amount of any goodwill or negative consolidation difference arising on the acquisition together with an explanation of any significant judgements made.

# Notes to the financial statements *continued*

## 13. Investments *continued*

6 Sch 15

Where during the financial year there has been a disposal of an undertaking or group which significantly affects the figures shown in the group accounts, there must be stated in a note to the accounts:

- (a) Name of that undertaking or, as the case may be, of the parent undertaking of that group, and
- (b) Extent to which the profit or loss shown in the group accounts is attributable to the profit or loss of that undertaking or group.

## 14. Stocks

	Group		Parent Company		1 Sch formats FRS 102.13.22(b)
	2026	2025	2026	2025	
	£000	£000	£000	£000	
Raw materials and consumables	7,265	6,375	3,155	2,300	
Work in progress	9,716	8,425	4,395	3,125	
Finished goods and goods for resale	7,720	5,300	3,750	1,700	
Right of return assets	1,124	-	320	-	FRS 102.23.53(c)
<b>Total stocks</b>	<b>25,825</b>	<b>20,100</b>	<b>11,620</b>	<b>7,125</b>	

There were impairment losses of £434,000 (2025: £672,000) in the period relating primarily to obsolete stock lines. These have been recognised in cost of sales. For a subsequent event related to stocks, refer to [Note 30](#). FRS 102.13.22(d)

### Stocks

1 Sch formats

Show separate amounts for all significant stock categories. As a minimum, these categories are:

- (a) Raw materials and consumables
- (b) Work in progress
- (c) Finished goods and goods for resale
- (d) Payments on account

FRS 102.13.22(b)-(e)

An entity shall disclose the following:

- (b) Total carrying amount of inventories and the carrying amount in classifications appropriate to the entity
  - (d) Impairment losses recognised or reversed in profit or loss in accordance with Section 27 *Impairment of Assets*
- And
- (e) Total carrying amount of inventories pledged as security for liabilities.

*Author's note*

Good Practice Group does not have inventories pledged as security for liabilities.

1 Sch 28(3)

Disclose the difference, if material, for each category of stock, between carrying value and replacement cost. The most recent purchase price or production cost may be used but only if it constitutes, in the directors' opinion, a more appropriate standard of comparison than replacement cost. This need not be given if the stock is stated at actual cost.

1 Sch 39, 1 Sch 58

Stocks may be included at fair value, provided that all such stocks are so included where their fair value, determined in accordance with generally accepted accounting principles or practice, can reliably be determined. The balance sheet items affected and the basis of valuation adopted in determining the amounts of the stocks in question in the case of each such item must be disclosed in a note to the accounts.

*Author's note*

Good Practice Group Limited's stock is stated at cost. Hence, the disclosure required by 1 Sch 28(3) and 1 Sch 58 is not applicable.

FRS 102.23.53(c)

To account for revenue for the transfer of products with a right of return (and for some services that are provided subject to a refund), an entity shall recognise a refund asset, classified as inventory, for products expected to be returned (and corresponding adjustment to cost of sales).

# Notes to the financial statements *continued*

## 14. Stocks *continued*

xFRS 102.23.35

Costs incurred less costs recognised as contract expenses shall be presented as contract work in progress within inventories, unless an entity has chosen to adapt its statement of financial position in accordance with paragraph 4.2A.

*Author's note*

Good Practice Group Limited does not have such balance in the prior period.

## 15. Debtors

	Group		Parent Company		1 Sch formats
	2026	2025	2026	2025	
	£000	£000	£000	£000	
Loan notes	4,000	-	4,000	-	
Trade debtors	13,920	10,402	3,745	4,027	
Amounts owed by group undertakings	-	-	6,900	6,350	
Amounts owed by associates	230	145	-	-	
Deferred tax	311	-	-	-	
Contract assets	1,138	-	373	-	
Accrued income	-	180	-	150	
Amounts due from customers for contract work	-	800	-	800	FRS 102.23.32(a)
Prepayments	533	210	-	-	
	<u>20,132</u>	<u>11,737</u>	<u>15,018</u>	<u>11,327</u>	

Amounts falling due after more than one year included above are:

1 Sch formats note 5

	Group		Parent Company	
	2026	2025	2026	2025
	£000	£000	£000	£000
Loan notes	4,000	-	4,000	-
Amounts owed by group undertakings	-	-	6,900	6,350
Contract assets	200	-	-	-
Amounts due from customers for contract work	-	155	-	155
	<u>4,200</u>	<u>155</u>	<u>10,900</u>	<u>6,505</u>

Loan notes with a par value (and fair value) of £4m were received as part of the disposal of Hose Limited. These are interest bearing at 4% per annum and are redeemable on 31 October 2029.

FRS 102.11.42

Amounts owed by Group undertakings are interest-free and have a rolling 367-day notice period.

FRS 102.11.42

Deferred tax assets relate to the £300,000 deferred tax assets acquired with Extinguishers Limited (see [Note 13](#)) and £11,000 credit included in the amount recognised in profit or loss.

### Debtors

1 Sch formats

Show separate amounts for all significant debtor categories. As a minimum, these categories are:

- Trade debtors
- Amounts owed by group undertakings
- Amounts owed by undertakings in which the company has a participating interest
- Other debtors
- Called up share capital not paid
- Prepayments and accrued income

1 Sch formats note 5

For each item included under debtors, disclose the amount falling due after more than one year.

1 Sch 64(2)

Where any outstanding loans made under s682(2)(b)-(d) (various cases of financial assistance by a company for purchase of its own shares) in connection with employees or employee share schemes are included in any item shown in the company's balance sheet, the aggregate amount of those loans must be disclosed for each item in question.

# Notes to the financial statements *continued*

## 15. Debtors *continued*

### *Author's note*

Good Practice Group Limited does not have loans falling under s682(2)(b)-(d).

The amounts owed by group undertakings have been disclosed as falling due after more than 1 year as they have a rolling 367-day notice period. No interest has been imputed as required by FRS 102.11.20 because the adjustment to the carrying amount of the intercompany loan required by the continual remeasurement of the loan would be recognised in profit or loss and would offset any interest charged in the period. The net effect is that no interest is charged on the rolling intra-group loan until notice is given.

### xFRS 102.23.32(a)

An entity shall present the gross amount due from customers for contract work as an asset.

### xFRS 102.23.33

The gross amount due from customers for contract work is the net amount of:

- (a) costs recognised as contract expenses plus recognised profits; less
- (b) the sum of recognised losses and progress billings

for all contract in progress for which contract expenses plus recognised profits (less recognised losses) exceed progress billings.

## 16. Creditors: amounts falling due within one year

	Group		Parent Company		1 Sch formats
	2026	2025	2026	2025	
	£000	£000	£000	£000	
Loans (Note 18)	1,491	477	1,491	498	
Bank overdraft	760	3,770	-	-	
Lease liabilities (Note 19)	470	-	206	-	FRS 102.20.74(b)
Obligations under finance leases and hire purchase contracts (Note 19)	-	370	-	370	
Trade creditors	6,524	12,581	2,150	1,720	
Derivative financial instruments (Note 29)	53	101	53	101	
Amounts owed to joint ventures	30	12	-	-	
Corporation tax	4,750	2,829	1,310	2,164	
Other taxes and social security costs	150	420	60	95	1 Sch formats note 9
Contract liabilities	2,275	-	1,675	-	
Deferred income	-	719	-	525	
Amounts due to customers for contract work	-	1,500	-	1,400	xFRS 102.23.32(b)
Deferred government grants	686	563	394	308	
Accruals	1,274	775	651	531	
Refund liabilities	6,242	-	2,045	-	
	<u>24,705</u>	<u>24,117</u>	<u>10,035</u>	<u>7,712</u>	

Terms and conditions of the above liabilities:

FRS 102.11.42

- Trade creditors are non-interest bearing and are normally settled by the Group and Parent Company on 60-day terms, including those trade creditors that are included in the Group's and Parent Company's supplier finance arrangement.
- The bank overdraft is secured by a floating charge over trade debtors of the Parent Company (see Note 16).

FRS 102.7.20C(b)(ii)

FRS 102.11.46  
1 Sch 61(4)

The Group and Parent Company established a supplier finance arrangement that is offered to some of the Group's and Parent Company's key suppliers. Participation in the arrangement is at the suppliers' own discretion. Suppliers that participate in the supplier finance arrangement will receive early payment on invoices sent to the Group and Parent Company from the Group's and Parent Company's external finance provider. If suppliers choose to receive early payment, they pay a fee to the finance provider, to which the Group or Parent Company is not a party. In order for the finance provider to pay the invoices, the goods must have been received or supplied and the invoices approved by the Group and Parent Company. Payments to suppliers ahead of the invoice due date are processed by the finance provider and, in all cases, the Group and Parent Company settle the original invoice by paying the finance provider in line with the original invoice maturity date described above. Payment terms with suppliers have not been renegotiated in conjunction with the arrangement. The Group and Parent Company provide no security to the finance provider.

FRS 102.7.20C(a)

## Notes to the financial statements *continued*

### 16. Creditors: amounts falling due within one year *continued*

All trade creditors subject to the supplier finance arrangement are included in Creditors: amounts falling due within one year in the consolidated statement of financial position and within Trade creditors in the table above. FRS 102.7.20C(b)(i)

	Group		Parent Company		
	2026	2025	2026	2025	
	£000	£000	£000	£000	
Carrying amount of trade creditors that are part of a supplier finance arrangement	3,278	5,437	1,097	970	FRS 102.7.20C(b)(i)

There were no significant non-cash changes in the carrying amount of the trade creditors included in the Group's or Parent Company's supplier finance arrangement. FRS 102.7.20C(c)

### 17. Creditors: amounts falling due after more than one year

	Group		Parent Company		
	2026	2025	2026	2025	
	£000	£000	£000	£000	
Loans (Note 18)	11,691	8,402	9,216	8,402	1 Sch formats
Liability component of convertible preference shares	2,830	2,696	2,830	2,696	1 Sch formats note 7
Lease liabilities (Note 19)	1,682	-	1,075	-	FRS 102.20.74(b)
Obligations under finance leases and hire purchase contracts (Note 19)	-	1,162	-	1,162	
Deferred government grants	1,371	1,127	789	617	
Cash-settled share-based payment (Note 26)	299	194	299	194	
	<u>17,873</u>	<u>13,581</u>	<u>14,209</u>	<u>13,071</u>	

#### *Convertible cumulative preference shares*

At 31 December 2026 and 2025, there were 2,500,000 of convertible cumulative redeemable preference shares in issue. Each share has a nominal value of £1 and is convertible at the option of the holder at 1 March 2028 on the basis of one ordinary share for every three preference shares held. The preference shares are redeemable at the option of the shareholder for a price of £1.20 per share on 1 March 2028. Any preference shares not converted will be redeemed on 31 December 2028 at a price of £1.20 per share. The preference shares carry a cumulative dividend of 7% per annum, payable half yearly in arrears on 30 June and 31 December. When the preference shares were issued, the prevailing market interest rate for a similar instrument without conversion options was higher than the interest rate at which the preference shares were issued, and therefore the preference shares were split into a liability and equity element. See Note 22.

FRS 102.11.42  
1 Sch 47(2)  
1 Sch 49

#### Creditors

1 Sch formats

Show separate amounts for all significant creditor categories. As a minimum, these categories are:

- (a) Debenture loans
- (b) Bank loans and overdrafts
- (c) Payment received on account
- (d) Trade creditors
- (e) Bills of exchange payable
- (f) Amounts owned to group undertakings
- (g) Amounts owed to undertakings in which the company has a participating interest
- (h) Other creditors including taxation and social security
- (i) Accruals and deferred income

1 Sch formats note 9

The amount for creditors in respect of taxation and social security costs must be shown separately from the amounts for other creditors.

1 Sch 61(4)

For each item shown under 'Creditors' in the balance sheet also disclose the aggregate amount of secured liabilities and give an indication of the nature and form of the securities.

## Notes to the financial statements *continued*

### 17. Creditors: amounts falling due after more than one year *continued*

#### FRS 102.11.42

An entity shall disclose information that enables users of its financial statements to evaluate the significance of financial instruments for its financial position and performance. For example, for long-term debt such information would normally include the terms and conditions of the debt instrument (such as interest rate, maturity, repayment schedule, and restrictions that the debt instrument imposes on the entity). When the risks arising from financial instruments are particularly significant to the business (for example, because they are principal risks for the entity), additional disclosure may be required.

#### FRS 102.11.46

When an entity has pledged financial assets as collateral for liabilities or contingent liabilities, it shall disclose the following:

- (a) Carrying amount of the financial assets pledged as collateral

And

- (b) Terms and conditions relating to its pledge

#### xFRS 102.23.32(b)

An entity shall present the gross amount due to customers for contract work as a liability.

### Supplier finance arrangements

#### FRS 102.7.20C

An entity shall disclose in aggregate for its supplier finance arrangements:

- (a) The key terms and conditions of the arrangements (e.g. extended payment terms, interest charges, and security or guarantees provided). However, an entity shall disclose separately the key terms and conditions of arrangements that have dissimilar key terms and conditions.
- (b) As at the end of the reporting period:
  - (i) The carrying amounts and associated line items presented in the entity's statement of financial position of the financial liabilities that are part of a supplier finance arrangement; and
  - (ii) The range of payment due dates (e.g. 30-40 days after the invoice date) for both the financial liabilities disclosed under sub-paragraph (i) and comparable trade payables that are not part of a supplier finance arrangement. Comparable trade payables are, for example, trade payables within the same line of business or jurisdiction as the financial liabilities disclosed under sub-paragraph (i). If ranges of payment due dates are wide, an entity shall disclose explanatory information about those ranges or disclose additional ranges (e.g. stratified ranges).
- (c) The type and effect of non-cash changes in the carrying amounts of the financial liabilities disclosed under sub-paragraph (b)(i). Examples of non-cash changes include the effect of business combinations, exchange differences or other transactions that do not require the use of cash or cash equivalents (see paragraph 7.18).

### Convertible cumulative redeemable preference shares

#### 1 Sch formats note 7

The amount of any convertible loan must be shown separately.

#### 1 Sch 47(2)

In the case of any part of the allotted share capital that consists of redeemable shares disclose:

- (a) Earliest and latest dates on which the company has power to redeem those shares
- (b) Whether those shares must be redeemed in any event or are liable to be redeemed at the option of the company or of the shareholder

And

- (c) Whether any (and, if so, what) premium is payable upon redemption

#### 1 Sch 49

With respect to any contingent right to the allotment of shares in the company (i.e., any option to subscribe for shares and any other right to require the allotment of shares to any person whether arising on the conversion into shares of securities of any other description or otherwise) the following particulars must be given:

- (a) Number, description and amount of the shares in relation to which the right is exercisable
  - (b) Period during which it is exercisable
- And
- (c) Price to be paid for the shares allotted

## Notes to the financial statements *continued*

### 17. Creditors: amounts falling due after more than one year *continued*

The 'contingent right to the allotment of shares' means any option to subscribe for shares and any other right to require the allotment of shares to any person whether arising on the conversion into shares or securities of any other description or otherwise.

### 18. Loans

Loans repayable, included within creditors, are analysed as follows:

1 Sch 61(1)

	Group		Parent Company		FRS 102.11.42
	2026	2025	2026	2025	
	£000	£000	£000	£000	
Wholly repayable within five years	3,973	4,432	3,973	4,453	
Not wholly repayable within five years	9,209	4,447	6,734	4,447	
	<u>13,182</u>	<u>8,879</u>	<u>10,707</u>	<u>8,900</u>	

Details of loans not wholly repayable within five years are as follows:

	Group		Parent Company		FRS 102.11.42 1 Sch 61(2)
	2026	2025	2026	2025	
	£000	£000	£000	£000	
8.25% secured loan of US\$3,600,000 repayable on 31 May 2035	2,305	-	2,305	-	
3% above SONIA secured loan repayable on 31 July 2036	2,500	-	-	-	
8% debentures repayable in 10 annual instalments of £450,000 commencing 1 January 2037	4,500	4,500	4,500	4,500	
	<u>9,305</u>	<u>4,500</u>	<u>6,805</u>	<u>4,500</u>	
Less: unamortised issue costs	(96)	(53)	(71)	(53)	
	<u>9,209</u>	<u>4,447</u>	<u>6,734</u>	<u>4,447</u>	

The long-term secured loans and debentures are secured by fixed charges over tangible assets with a carrying amount of £6,000,000 (2025: £4,000,000).

1 Sch 61(4)  
FRS 102.11.46  
FRS 102.17.32(a)

The Group's and Parent Company's loans wholly repayable within five years include £1,500,000 (2025: £1,500,000) secured by a floating charge over the Parent Company's assets.

#### Loans

1 Sch 61(1)

In respect of the aggregate of all items shown under creditors in the balance sheet disclose the aggregate of the following amounts:

(a) Amount of any debts included under creditors which are payable or repayable otherwise than by instalments and fall due for payment or repayment after the end of the period of five years beginning with the day next following the end of the financial year

And

(b) For debts which are payable or repayable by instalments, the amount of any which fall due for payment after the end of that period

10 Sch 9

A loan or advance (or an instalment thereof) is treated as falling due for repayment on the earliest date on which the lender could require repayment or payment if he exercised all options and rights available to him.

1 Sch 61(2)-(3)

Repayment terms and rates of interest must be given for each debt wholly or partly repayable later than five years from the balance sheet date. Where, in the opinion of the directors, a statement would be of excessive length, only a general indication of the repayment terms and rates of interest is required.

#### Author's note

The Group has disclosed all relevant repayment terms and rates of interest for all of the loans and borrowings that are wholly or partially repayable later than five years.

## Notes to the financial statements *continued*

### 18. Loans *continued*

1 Sch 61(4)

For each item shown under creditors, also disclose the aggregate amount of secured liabilities and give an indication of the nature and form of the securities.

1 Sch 50(1)

Where debentures have been issued during the year, disclose:

- Classes of debenture issued

And

- Amount of each class of debenture issued and the consideration received.

1 Sch 50(2)

The nominal amount and book value of any of the company's debentures held by a nominee of, or trustee for, the company must be disclosed.

*Author's note*

The Group did not issue new debentures in the current year, hence the disclosure requirements in 1 Sch 50(1) and 1 Sch 50(2) are not applicable to Good Practice Group Limited.

### 19. Leases

#### Group or Parent Company as a lessee

The Group and Parent Company have lease contracts for buildings, and various items of plant and machinery used in its operations. Leases of buildings have lease terms of 20 years, while leases of plant and machinery generally have lease terms between 5 and 15 years. The Group's and Parent Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Group and Parent Company are restricted from assigning and subleasing the leased assets. There are no other covenants imposed by the lease contracts. There are several lease contracts that include extension and termination options, which are further discussed below.

FRS 102.20.76  
FRS 102.20.77(b)  
xFRS 102.20.13(c)

The Group and Parent Company applied the revised Section 20 retrospectively with the cumulative effect of initially applying the amendments recognised at the date of initial application of 1 January 2026 (see [Note 12](#)). The comparative information as at and for the period ending 31 December 2025 is not restated.

Upon the adoption of the revised Section 20, the Group and Parent Company identified certain leases of machinery with lease terms of 12 months or less and those that are of low value. The Group and Parent Company apply the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

FRS 102.20.82

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

FRS 102.20.81

#### Group

	Land and buildings	Plant and machinery	Total
	£000	£000	£000
Cost			
At 1 January 2026	-	-	-
Effect of initial application of the revised Section 20	391	1,756	2,147
Adjusted balance at 1 January 2026	391	1,756	2,147
Additions	-	356	356
At 31 December 2026	391	2,112	2,503
Depreciation			
At 1 January 2026	-	-	-
Depreciation expense	43	478	521
At 31 December 2026	43	478	521
Carrying amount			
At 1 January 2026	-	-	-
At 31 December 2026	348	1,634	1,982

## Notes to the financial statements *continued*

### 19. Leases *continued*

#### Parent Company

	Land and buildings	Plant and machinery	Total
	£000	£000	£000
Cost			
At 1 January 2026	-	-	-
Effect of initial application of the revised Section 20	78	1,292	1,370
Adjusted balance at 1 January 2026 and 31 December 2026	<u>78</u>	<u>1,292</u>	<u>1,370</u>
Depreciation			
At 1 January 2026	-	-	-
Depreciation expense	9	321	330
At 31 December 2026	<u>9</u>	<u>321</u>	<u>330</u>
Carrying amount			
At 1 January 2026	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2026	<u>69</u>	<u>971</u>	<u>1,040</u>

Set out below are the carrying amounts of lease liabilities (included under creditors) and the movements during the period:

	Group		Parent Company		
	2026	2025	2026	2025	
	£000	£000	£000	£000	
At 1 January 2026	-	-	-	-	
Effect of initial application of the revised Section 20	2,362	-	1,672	-	
Adjusted balance at 1 January 2026	<u>2,362</u>	-	<u>1,672</u>	-	
Additions	356	-	-	-	
Accretion of interest	87	-	47	-	FRS 102.20.80(a)
Payments	(653)	-	(438)	-	
At 31 December 2026	<u>2,152</u>	-	<u>1,281</u>	-	
Amounts falling due within one year (Note 16)	470	-	206	-	
Amounts falling due after more than one year (Note 17)	<u>1,682</u>	-	<u>1,075</u>	-	
	<u>2,152</u>	-	<u>1,281</u>	-	

The Group and Parent Company use both incremental borrowing rate and obtainable rate in calculating its lease liabilities. The proportion of the total lease liability calculated using each of these type of discount rate is as follows:

FRS 102.20.77(c)

	Group	Parent Company
Incremental borrowing rate	2026	2026
Obtainable borrowing rate	30%	35%
	70%	65%

The following are the amounts of lease commitments for short-term leases and leases of low-value assets:

FRS 102.20.82

	Group	Parent Company
	2026	2026
	£000	£000
Not later than one year	23	5
Later than one year and not later than five years	16	3
Later than five years	-	-
	<u>39</u>	<u>8</u>

## Notes to the financial statements *continued*

### 19. Leases *continued*

The following are the amounts recognised in profit or loss:

	Group	Parent Company	
	2026	2026	
	£000	£000	
Interest expense on lease liabilities	87	47	FRS 102.20.80(a)
Expense relating to short-term leases	15	3	FRS 102.20.80(b)
Expense relating to leases of low-value assets	8	-	FRS 102.20.80(c)

The Group had total cash outflows for leases of £676,000 in 2026. The non-cash addition to the right-of-use assets and lease liabilities of £356,000 during the year relates to the new 10-year lease of a specialised machine. FRS 102.20.80(f)  
FRS 102.7.18

The Group and Parent Company have several lease contracts that include extension and termination options. These options are negotiated by management to provide flexibility in managing the leased-asset portfolio and align with the Group's and Parent Company's business needs. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised (see [Note 3](#)).

Set out below are the undiscounted potential future rental payments relating to periods following the exercise date of extension and termination options that are not included in the lease term: FRS 102.20.77(a)

<i>Group</i>	Within five years	More than five years	Total
	£000	£000	£000
As at 31 December 2026			
Extension options expected not to be exercised	350	70	420
Termination options expected to be exercised	<u>186</u>	<u>-</u>	<u>186</u>
	<u>536</u>	<u>70</u>	<u>606</u>

There are no extension or termination options in the Parent Company's lease contracts.

Prior to the initial application of the revised Section 20, the Group and Parent Company classifies a lease either as an operating or finance lease under the then-extant Section 20. Therefore, as at 31 December 2025, the Group and Parent Company only recognise leased assets and lease liabilities for finance leases. The leased assets were presented within tangible assets and lease liabilities were presented as obligations under finance leases and hire purchase contracts within creditors: amounts falling due within one year and creditors: amounts falling due after more than one year.

Obligations under finance leases and hire purchase contracts of plant and machinery that were included in creditors at 31 December 2025 were reclassified to lease liabilities, and lease assets at 31 December 2025 within tangible assets were reclassified to right-of-use assets on 1 January 2026 in the initial application of the revised Section 20. These amounts were included in the effect of initial application of the revised Section 20 in the analysis above.

Future minimum lease payments due from finance leases and hire purchase contracts as at 31 December 2025 are as follows: xFRS 102.20.13(b)

<i>Group and Parent Company</i>	2025
	£000
Amounts payable:	
Not later than one year	410
Later than one year and not later than five years	<u>1,244</u>
	1,654
less: finance charges allocated to future periods	<u>(122)</u>
	<u>1,532</u>

For leases of buildings and plant and equipment that were classified as operating leases as at 31 December 2025, the Group and Parent Company have recognised right-of-use assets and lease liabilities as at 1 January 2026, except for short-term and low-value leases.

## Notes to the financial statements *continued*

### 19. Leases *continued*

Future minimum rentals payable under non-cancellable operating leases as at 31 December 2025 are as follows:

*xFRS 102.20.16(a)*

	Group	Parent Company
	2025	2025
	£000	£000
Not later than one year	235	31
Later than one year and not later than five years	551	96
Later than five years	220	44
	<u>1,006</u>	<u>171</u>

#### Group or Parent Company as a lessor

The Group and Parent Company entered into operating leases on its investment property portfolio consisting of certain office and manufacturing buildings (see ). These leases have terms of between 5 and 10 years. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. The lessee is also required to provide a residual value guarantee on the properties.

*FRS 102.16.11*  
*xFRS 102.20.30(c)*  
*FRS 102.20.114*  
*FRS 102.20.115*

Rental income recognised by the Group during the year is £1,404,000 (2025: £1,377,000).

*FRS 102.20.116(b)*

The adoption of the revised Section 20 did not have a significant impact to the Group's and Parent Company's leases.

Future minimum rentals receivable under non-cancellable operating leases as at 31 December are, as follows:

	2026	2025
	£000	£000
Within one year	1,418	1,390
Between 1 and 2 years	1,387	1,371
Between 2 and 3 years	1,411	1,389
Between 3 and 4 years	1,452	1,420
Between 4 and 5 years	1,380	1,340
More than 5 years	5,901	5,864
	<u>12,949</u>	<u>12,774</u>

*FRS 102.20.121*  
*xFRS 102.30.30(a)*

#### Leases (September 2024 version of FRS 102)

##### Lessee

*FRS 102.20.76*

Disclose a general description of its significant leasing arrangements.

*FRS 102.20.77*

If necessary to enable users to understand its significant leasing arrangements, a lessee shall provide additional qualitative and quantitative information. As a minimum, when relevant, a lessee shall disclose:

- (a) Information about future cash outflows to which the lessee is potentially exposed that are not reflected in the measurement of lease liabilities, including variable lease payments, extension options and termination options, residual value guarantees and leases not yet commenced to which the lessee is committed
- (b) Information about restrictions or covenants imposed by leases
- (c) Types of discount rate (interest rate implicit in the lease, lessee's incremental borrowing rate or lessee's obtainable borrowing rate) used in calculating lease liabilities and the proportion of the total lease liability calculated using each of those types of discount rate

And

# Notes to the financial statements *continued*

## 19. Leases *continued*

- (d) Information about sale and leaseback transactions, including:
- (i) Lessee's reasons for sale and leaseback transactions and the prevalence of those transactions
  - (ii) Key terms and conditions of individual sale and leaseback transactions
  - (iii) Payments not included in the measurement of lease liabilities
  - (iv) The cash flow effect of sale and leaseback transactions in the reporting period
- And
- (v) When relevant, the entity having made the accounting policy choice to apply paragraph 20.123(a)(ii) in respect of sale and leaseback transactions when the transfer of the asset is a sale.

### FRS 102.20.79

When an entity has remeasured a lease liability as a result of a lease modification (applying paragraph 20.71) and has used an unchanged discount rate (applying paragraph 20.72), it shall disclose:

- (a) That fact
- And
- (b) Carrying amount at the end of the reporting period of lease liabilities which have been remeasured in that manner

### *Author's note*

There were no lease modifications during the year. Thus, the disclosure requirements under FRS 102.20.79 are not applicable.

### FRS 102.20.80

Disclose the following amounts for the reporting period:

- (a) Interest expense on lease liabilities
  - (b) Expense relating to short-term leases accounted for applying paragraph 20.6. This expense need not include the expense relating to leases with a lease term of one month or less
  - (c) Expense relating to leases of low-value assets accounted for applying paragraph 20.6. This expense shall not include the expense relating to short-term leases of low-value assets included in paragraph 20.80(b)
  - (d) Expense relating to variable lease payments not included in the measurement of lease liabilities
  - (e) Income from subleasing right-of-use assets
  - (f) Total cash outflow for leases
- And
- (g) Gains or losses arising from sale and leaseback transactions

### *Author's note*

Good Practice Group Limited does not have sale and leaseback transactions during the year. Thus, the disclosure requirements under FRS 102.20.77(d) and FRS 102.20.80(g) are not applicable.

Good Practice Group Limited does not have variable lease payments in its lease agreements. The Group also does not sublease any of its properties. Disclosure requirements under FRS 102.20.80(d) and FRS 102.20.80(e) are not applicable.

### FRS 102.20.81

Disclose the following amounts for the reporting period for right-of-use assets, by class of underlying asset:

- (a) Gross carrying amount and the accumulated depreciation at the beginning and end of the reporting period
- And
- (b) Reconciliation of the carrying amount at the beginning and end of the reporting period showing separately:
    - (i) Additions
    - (ii) Disposals
    - (iii) Acquisitions through business combinations
    - (iv) Revaluations
    - (v) Impairment losses recognised or reversed in profit or loss in accordance with Section 27
    - (vi) Depreciation
- And
- (vii) Other changes

This reconciliation need not be presented for prior periods.

# Notes to the financial statements *continued*

## 19. Leases *continued*

### FRS 102.20.82

A lessee that accounts for short-term leases or leases of low-value assets applying paragraph 20.6 shall disclose that fact and shall disclose separately the amount of its lease commitments for short-term leases and for leases of low-value assets at the end of the reporting period, for each of the following periods:

- (a) Not later than one year
- (b) Later than one year and not later than five years

And

- (c) Later than five years

### Lessor

### FRS 102.20.114

Disclose a general description of its significant leasing arrangements, including, if necessary to enable users to understand those arrangements, information about variable lease payments, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by lease arrangements.

### FRS 102.20.115

If necessary to enable users to understand its significant leasing arrangements, a lessor shall disclose additional qualitative and quantitative information.

### FRS 102.20.116

A lessor shall disclose the following amounts for the reporting period:

- (a) For finance leases:
  - (i) Selling profit or loss
  - (ii) Finance income on the net investment in the leaseAnd
  - (iii) Income relating to variable lease payments not included in the measurement of the net investment in the lease
- (b) For operating leases, lease income, separately disclosing income relating to variable lease payments that do not depend on an index or a rate.

### *Author's note*

Good Practice Group Limited does not have operating lease income that includes variable lease payments that do not depend on an index or a rate.

### Finance leases

### FRS 102.20.117

A lessor shall provide a qualitative and quantitative explanation of the significant changes during the reporting period in the carrying amount of the net investment in finance leases.

### FRS 102.20.118

Disclose a maturity analysis of the lease payments receivable, showing the undiscounted lease payments to be received on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years. A lessor shall reconcile the undiscounted lease payments to the net investment in the lease. The reconciliation shall identify the unearned finance income relating to the lease payments receivable and any discounted unguaranteed residual value. A lessor shall disclose the accumulated allowance for uncollectible lease payments receivable.

### *Author's note*

Good Practice Group Limited, as a lessor, does not have finance leases.

### Operating leases

### FRS 102.20.119

For items of property, plant and equipment subject to an operating lease, apply the disclosure requirements of Section 17.

In applying the disclosure requirements in Section 17, disaggregate each class of property, plant and equipment into assets subject to operating leases and assets not subject to operating leases.

Accordingly, a lessor shall provide the disclosures required by Section 17 for assets subject to an operating lease (by class of underlying asset) separately from owned assets held and used by the lessor.

# Notes to the financial statements *continued*

## 19. Leases *continued*

### FRS 102.20.120

A lessor shall apply the disclosure requirements in Section 16, Section 18, Section 27 and Section 34 for assets subject to operating leases.

### FRS 102.20.121

A lessor shall disclose a maturity analysis of the lease payments receivable, showing the undiscounted lease payments to be received on an annual basis for a minimum of each of the first five years and a total of the amounts for the remaining years.

#### *Author's note*

The assets held by Good Practice Group Limited subject to an operating lease where the Group is a lessor are investment properties.

## Leases (January 2022 version of FRS 102)

### Lessee

#### xFRS 102.20.13

A lessee shall make the following disclosures for finance leases:

- (a) For each class of asset, the net carrying amount at the end of the reporting period
- (b) Total of future minimum lease payments at the end of the reporting period, for each of the following periods:
  - (i) Not later than one year
  - (ii) Later than one year and not later than five yearsAnd
  - (iii) Later than five years
- (c) A general description of the leasing arrangements including, for example, information about contingent rent, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by lease arrangements.

#### xFRS 102.20.16

A lessee shall make the following disclosures for operating leases:

- (a) Total of future minimum lease payments under non-cancellable operating leases for each of the following periods:
    - (i) Not later than one year
    - (ii) Later than one year and not later than five yearsAnd
    - (iii) Later than five years
  - (b) Lease payments recognised as an expense
- And
- (c) Amount of the change in lease payments recognised in profit or loss in accordance with paragraph 20.15C.

#### *Author's note*

Good Practice Group Limited does not recognise any change in lease payments arising from rent concessions occurring as a direct consequence of the COVID-19 pandemic. Thus, disclosure requirements under FRS 102.20.16(c) are not applicable for the prior year.

### Lessor

#### xFRS 102.20.23

Disclose for finance leases:

- (a) Reconciliation between the gross investment in the lease at the end of the reporting period, and the present value of minimum lease payments receivable at the end of the reporting period. In addition, a lessor shall disclose the gross investment in the lease and the present value of minimum lease payments receivable at the end of the reporting period, for each of the following periods:
  - (i) Not later than one year
  - (ii) Later than one year and not later than five yearsAnd
  - (iii) Later than five years
- (b) Unearned finance income
- (c) Unguaranteed residual values accruing to the benefit of the lessor

## Notes to the financial statements *continued*

### 19. Leases *continued*

(d) Accumulated allowance for uncollectible minimum lease payments receivable

(e) Contingent rents recognised as income in the period

And

(f) General description of the lessor's significant leasing arrangements, including, for example, information about contingent rent, renewal or purchase options and escalation clauses, subleases, and restrictions imposed by lease arrangements.

#### *Author's note*

Good Practice Group Limited, as a lessor, does not have finance leases.

xFRS 102.20.30

A lessor shall disclose the following for operating leases:

(a) Future minimum lease payments under non-cancellable operating leases for each of the following periods:

(i) Not later than on year

(ii) Later than one year and not later than five years

And

(iii) Later than five years;

(b) Total contingent rents recognised as income

And

(c) General description of the lessor's significant leasing arrangements, including for example, information about contingent rent, renewal or purchase options and escalation clauses, and restrictions imposed by lease arrangements.

xFRS 102.20.35

Disclosure requirements for lessees and lessors apply equally to sale and leaseback transactions. The required description of significant leasing arrangements includes description of unique or unusual provisions of the agreement or terms of the sale and leaseback transactions.

#### *Author's note*

The Group and Company did not enter sale and leaseback transactions during the comparative period.

### 20. Provisions for liabilities

<i>Group</i>	Provision for	Assurance-	National	Deferred	Total	
	warranties	type warranties	Insurance on share options	tax (Note 10)		
	£000	£000	£000	£000	£000	
At 1 January 2026	412	-	4	2,021	2,437	FRS 102.21.14(a)(i)
Effect of application of the revised Section 23	(412)	64	-	-	(348)	
Adjusted balance at 1 January 2026	-	64	4	2,021	2,089	
Exchange adjustment	-	-	-	(44)	(44)	
Acquisition of subsidiary undertaking	-	400	-	1,340	1,740	FRS 102.21.14(a)(ii)
Disposal of subsidiary undertaking	-	-	-	(558)	(558)	
Additions during the year	-	192	27	-	219	FRS 102.21.14(a)(iii)
Utilised	-	-	(19)	-	(19)	FRS 102.21.14(a)(iii)
Released during the year	-	(219)	-	(720)	(939)	FRS 102.21.14(a)(iv)
Charged to other comprehensive income	-	-	-	205	205	
At 31 December 2026	-	437	12	2,244	2,693	FRS 102.21.14(a)(i)

1 Sch formats  
1 Sch 59  
1 Sch 60

## Notes to the financial statements *continued*

### 20. Provision for liabilities *continued*

	Provision for warranties	Assurance-type warranties	National Insurance on share options	Deferred tax (Note 10)	Total	
	£000	£000	£000	£000	£000	
<i>Parent Company</i>						
At 1 January 2026	122	-	2	965	1,089	FRS 102.21.14(a)(i)
Effect of application of the revised Section 23	(122)	6	-	-	(116)	
Adjusted balance at 1 January 2026	-	6	2	965	973	
Additions during the year	-	70	13	(184)	(101)	
Utilised	-	-	(10)	-	(10)	
Released during the year	-	(73)	-	-	(73)	
At 31 December 2026	-	3	5	781	789	FRS 102.21.14(a)(i)

1 Sch formats  
1 Sch 59  
1 Sch 60

#### *Warranties*

FRS 102.21.14(b)  
FRS 102.21.14(c)

As at 31 December 2025, warranty provisions comprise both assurance-type and service-type warranties. Details regarding the nature of these warranties are provided in the accounting policy in (g) [Turnover \(revenue from contracts with customers\)](#) and (j) [Provisions for liabilities](#). Under the then-extant Section 23 both types of warranties are accounted for as provisions under *Provisions for warranties*. Under the revised Section 23, assurance-type warranty is accounted for as provisions under *Assurance-type warranties* while service-type warranty is a separate performance obligation to which the Group and Parent Company allocate a portion of the transaction price.

As of 31 December 2026, assurance-type warranties relate to expected standard warranty claims on products sold during the year, based on past experience of the level of repairs and returns. It is expected that these costs will be incurred in the next financial year. Assumptions used to calculate the provision were based on current sales levels and current information available about returns based on the warranty period for all products sold.

#### *National Insurance contributions on share options*

Provision has been made for National Insurance contributions on share options awarded under unapproved share option schemes, which are expected to be exercised. The provision has been calculated based on the difference between the year-end share price of £4.43 and the weighted average exercise price of outstanding shares of £3.33 and is being allocated over the period from the date of award to the date the employee will become unconditionally entitled to the options.

#### Provisions for liabilities

1 Sch formats

Show separate amounts for all significant categories of provision for liabilities. As a minimum, these categories are:

- (a) Provisions and similar obligations
- (b) Taxation, including deferred taxation
- (c) Other provisions

1 Sch 59

Disclose each provision included with "Other provisions" if material.

Disclose, in tabular format, the amount of each of the provisions at the beginning and end of the year and the movements during the year and the source or application of these movements.

## Notes to the financial statements *continued*

### 20. Provision for liabilities *continued*

1 Sch 60

The amount of any provision for deferred taxation must be stated separately from any provision for other taxation.

FRS 102.21.14

For each class of provision, disclose the following:

- (a) Reconciliation showing:
  - (i) Carrying amount at the beginning and end of the period
  - (ii) Additions during the period, including adjustments that result from changes in measuring the discounted amount
  - (iii) Amounts charged against the provision during the periodAnd
  - (iv) Unused amounts reversed during the period
- (b) Brief description of the nature of the obligation and the expected amount and timing of any resulting payments
- (c) Indication of the uncertainties about the amount or timing of those outflows
- (d) Amount of any expected reimbursement, stating the amount of any asset that has been recognised for that expected reimbursement

Comparative information for prior periods is not required.

*Author's note*

Good Practice Group Limited is not expecting any reimbursement with respect to its provisions. Hence, the requirement under FRS 102.21.14(d) is not applicable.

FRS 102.21.17

In extremely rare cases, disclosure of some or all of the information required by paragraphs 21.14 to 21.16 can be expected to prejudice seriously the position of the entity in a dispute with other parties on the subject matter of the provision, contingent liability or contingent asset. In such cases, an entity need not disclose all of the information required by those paragraphs insofar as it relates to the dispute, but shall disclose at least the following.

In relation to provisions, the following information shall be given:

- (a) Table showing the reconciliation required by paragraph 21.14(a) in aggregate, including the source and application of any amounts transferred to or from provisions during the reporting period
  - (b) Particulars of each provision in any case where the amount of the provision is material
- And
- (c) The fact that, and reason why, the information required by paragraph 21.14 has not been disclosed

In relation to contingent liabilities, the following information shall be given:

- (a) Particulars and the total amount of any contingent liabilities (excluding those which arise out of insurance contracts) that are not included in the statement of financial position
- (b) Total amount of contingent liabilities which are undertaken on behalf of or for the benefit of:
  - (i) Any parent or fellow subsidiary of the entity
  - (ii) Any subsidiary of the entityOr
  - (iii) Any entity in which the reporting entity has a participating interest shall each be stated separatelyAnd
  - (c) The fact that, and reason why information required by paragraph 21.15 has not been disclosed.

In relation to contingent assets, the entity shall disclose the general nature of the dispute together with the fact that, and reason why, the information required by paragraph 21.16 has not been disclosed.

*Author's note*

Good Practice Group Limited did not identify information required by FRS 102.21.14 to FRS 102.21.16 to prejudice seriously the position of the Group in a dispute.

## Notes to the financial statements *continued*

### 21. Pensions and other post-retirement benefits

The Group operates two final salary defined benefit pension schemes; one is operated by the Parent Company in the United Kingdom, the Good Practice Group Employee Pension Scheme, and one by the Group for staff in the United States, the Good Practice Group Employee Pension Plan. Both schemes are funded by the payment of contributions to separately administered trust funds.

FRS 102.28.41(a)  
1 Sch 63(5)

The Parent Company is the sponsoring employer of the United Kingdom defined benefit pension scheme and has legal responsibility for the plan. There is no contractual arrangement or stated policy for charging the net defined benefit cost of the plan as a whole to individual Group entities and therefore the Parent Company has recognised the entire net defined benefit cost and the relevant net defined benefit liability of the United Kingdom scheme in its individual financial statements.

The Group also provides certain additional post-retirement healthcare benefits to senior employees in the United States. These benefits are unfunded.

FRS 102.28.42

The Group also operates a defined contribution scheme. An expense of £204,000 (2025: £110,000) was recognised in respect of the defined contribution scheme.

FRS 102.28.40

The valuation used has been based on the most recent actuarial valuation at 31 December 2024 and was updated by Actuary and Co. to take account of the requirements of FRS 102 in order to assess the liabilities of the schemes at 31 December 2026 and 31 December 2025. Scheme assets are stated at their market values at the respective balance sheet dates and overall expected rates of return are established by applying published brokers' forecasts to each category of scheme assets. The Trustees have agreed a schedule of contributions of £100k per annum with the Group, with the intention of clearing the scheme deficit over a 10-year period. The schedule of contributions is based on a valuation performed in accordance with UK pension regulations.

FRS 102.28.41(d)

The assets and liabilities of the schemes at 31 December are:

	UK Pensions	US Pensions	US Medical	Total
As at 31 December 2026	£000	£000	£000	£000
Equities	2,167	209	-	2,376
Bonds	594	494	-	1,088
Properties	208	247	-	455
Fair value of scheme assets	2,969	950	-	3,919
Present value of scheme liabilities	(3,767)	(1,066)	(117)	(4,950)
Net defined benefit liability	<u>(798)</u>	<u>(116)</u>	<u>(117)</u>	<u>(1,031)</u>
As at 31 December 2025	£000	£000	£000	£000
Equities	984	107	-	1,091
Bonds	562	385	-	947
Properties	191	144	-	335
Fair value of scheme assets	1,737	636	-	2,373
Present value of scheme liabilities	(3,017)	(984)	(95)	(4,096)
Net defined benefit liability	<u>(1,280)</u>	<u>(348)</u>	<u>(95)</u>	<u>(1,723)</u>

FRS 102.28.42  
FRS 102.28.41(h)

The pension plans have not invested in any of the Group's own financial instruments nor in properties or other assets used by the Group.

FRS 102.28.41(i)

## Notes to the financial statements *continued*

### 21. Pensions and other post-retirement benefits *continued*

The amounts recognised in the consolidated income statement and in the consolidated statement of comprehensive income for the year are analysed as follows:

Year ended 31 December 2026	UK Pensions	US Pensions	US Medical	Total	
	£000	£000	£000	£000	
Current service cost	(715)	(430)	(28)	(1,173)	
Net interest on net defined benefit liability (Note 9)	(14)	(36)	(5)	(55)	
Total recognised in the income statement	<u>(729)</u>	<u>(466)</u>	<u>(33)</u>	<u>(1,228)</u>	
Actual return on scheme assets	823	294	-	1,117	FRS 102.28.41(j)
Less: amounts included in net interest on the net defined benefit liability	(105)	(45)	-	(150)	
	718	249	-	967	
Actuarial gains and (losses)	(485)	121	10	(354)	
Total remeasurements recognised in other comprehensive income	<u>233</u>	<u>370</u>	<u>10</u>	<u>613</u>	
Year ended 31 December 2025	UK Pensions	US Pensions	US Medical	Total	
	£000	£000	£000	£000	
Current service cost	(751)	(322)	(5)	(1,078)	
Net interest on net defined benefit liability (Note 9)	(27)	(76)	(6)	(109)	
Total recognised in the income statement	<u>(778)</u>	<u>(398)</u>	<u>(11)</u>	<u>(1,187)</u>	
Actual return on scheme assets	(464)	(214)	-	(678)	FRS 102.28.41(j)
Less: amounts included in net interest on the net defined benefit liability	(100)	(3)	-	(103)	
	(564)	(217)	-	(781)	
Actuarial gains and (losses)	(156)	377	(4)	217	
Total remeasurements recognised in other comprehensive income	<u>(720)</u>	<u>160</u>	<u>(4)</u>	<u>(564)</u>	
<i>Pensions</i>	United Kingdom		United States		
	2026	2025	2026	2025	
	%	%	%	%	
<i>Main assumptions:</i>					
Rate of salary increases	3.5	4.0	3.8	4.1	FRS 102.28.41(k)(iii)
Rate of increase in pensions in payment	2.1	2.1	2.2	2.3	FRS 102.28.41(k)(v)
Discount rate	4.9	5.5	5.7	5.9	FRS 102.28.41(k)(i)
Inflation assumption	2.6	2.7	2.4	2.6	FRS 102.28.41(k)(v)
Post-retirement mortality					FRS 102.28.41(k)(iv)
Current pensioners at 65 - male	19.0	19.0	17.7	17.7	
Current pensioners at 65 - female	21.0	21.0	20.3	20.3	
Future pensioners at 65 - male	22.0	22.0	20.0	20.0	
Future pensioners at 65 - female	25.0	25.0	22.0	22.0	
Claim rates for medical plans	N/A	N/A	35.0	34.0	FRS 102.28.41(k)(v)
Rate of increase in healthcare costs	<u>N/A</u>	<u>N/A</u>	<u>7.2</u>	<u>7.3</u>	FRS 102.28.41(k)(iv)

The post-retirement mortality assumptions allow for expected increases in longevity. The "current" disclosures above relate to assumptions based on longevity (in years) following retirement at the balance sheet date, with "future" being that relating to an employee retiring in 2050.

## Notes to the financial statements *continued*

### 21. Pensions and other post-retirement benefits *continued*

Changes in the present value of the defined benefit obligations are analysed as follows:

	UK Pensions	US Pensions	US Medical	Total	FRS 102.28.41(e)(i)
	£000	£000	£000	£000	
As at 1 January 2026	3,017	984	95	4,096	
Current service cost	715	430	28	1,173	FRS 102.28.41(f)(i)
Interest cost	119	81	5	205	FRS 102.28.41(f)(ii)
Benefits paid	(569)	(299)	-	(868)	FRS 102.28.41(f)(vi)
Actuarial gains and losses	485	(121)	(10)	354	FRS 102.28.41(f)(iii)
Foreign currency differences	-	(9)	(1)	(10)	FRS 102.28.41(f)(vii)
As at 31 December 2026	<u>3,767</u>	<u>1,066</u>	<u>117</u>	<u>4,950</u>	

Changes in the fair value of plan assets are analysed as follows:

	UK Pensions	US Pensions	Total	FRS 102.28.41(e)(ii)
	£000	£000	£000	
As at 1 January 2026	1,737	636	2,373	
Remeasurement gain:				
Actual return on plan assets less interest income	718	249	967	FRS 102.28.41(f)(iii)
Interest income	105	45	150	FRS 102.28.41(f)(ii)
Employer contributions	978	325	1,303	FRS 102.28.41(f)(v)
Benefits paid	(569)	(299)	(868)	FRS 102.28.41(f)(vi)
Foreign currency differences	-	(6)	(6)	FRS 102.28.41(f)(vii)
As at 31 December 2026	<u>2,969</u>	<u>950</u>	<u>3,919</u>	

#### Pensions and other post-retirement benefits

FRS 102.28.41(d)-(l)

Disclose the following information about defined benefit plans (except for any multi-employer defined benefit plans that are accounted for as a defined contribution plan in accordance with paragraphs 28.11 and 28.11A, for which the disclosures in paragraphs 28.40 and 20.40A apply instead). If an entity has more than one defined benefit plan, these disclosures may be made in aggregate, separately for each plan, or in such groupings as are considered to be the most useful:

- (d) The date of the most recent comprehensive actuarial valuation and, if it was not as of the reporting date, a description of the adjustments that were made to measure the defined benefit obligation at the reporting date
- (e) A reconciliation of opening and closing balances for each of the following:
  - (i) Defined benefit obligation
  - (ii) Fair value of plan assets

And

  - (iii) Any reimbursement right recognised as an asset
- (f) Each of the reconciliations in paragraph 28.41(e) shall show each of the following, if applicable:
  - (i) Change in the defined benefit liability arising from employee service rendered during the reporting period in profit or loss
  - (ii) Interest income or expense
  - (iii) Remeasurement of the defined benefit liability, showing separately actuarial gains and losses and the return on plan assets less amounts included in (ii) above
  - (iv) Plan introductions, changes, curtailments and settlements
  - (v) Contributions to the plan
  - (vi) Payments from the plan
  - (vii) Effect of changes in foreign exchange rates

And

  - (viii) Effect of business combinations and disposals

## Notes to the financial statements *continued*

### 21. Pensions and other post-retirement benefits *continued*

- (h) For each major class of plan assets, which shall include, but is not limited to, equity instruments, debt instruments, property and all other assets, the percentage or amount that each major class constitutes of the fair value of the total plan assets at the reporting date
- (i) The amounts included in the fair value of plan assets for:
  - (i) Each class of the entity's own financial instruments
  - And
  - (ii) Any property occupied by, or other assets used by the entity
- (j) Return on plan assets
- (k) Principal actuarial assumptions used, including, when applicable:
  - (i) Discount rates
  - (iii) Expected rates of salary increases
  - (iv) Medical cost trend rates
  - And
  - (v) Any other material actuarial assumptions used
- (l) When applicable, the basis used to determine the limit on recognising a plan surplus (see paragraph 28.22).

The reconciliations above need not be presented for prior periods.

#### *Author's note*

Good Practice Group Limited does not have any reimbursement rights recognised as asset. During the year, there were neither new pension plans introduced, changes to the existing plans, curtailments nor settlements. In addition, the Group did not acquire any plan assets/liabilities from its business combination transactions. The pension plans of the Group are not in surplus.

Therefore, the following disclosure requirements are not applicable: FRS 102.28.41(e)(iii), FRS 102.28.41(f)(iv), FRS 102.28.41(f)(viii) and FRS 102.28.41(l).

#### FRS 102.28.23

An entity shall recognise the cost of a defined benefit plan, except to the extent that another section of FRS 102 requires part or all of the cost to be recognised as part of the cost of an asset, as follows:

- (a) Change in the net defined benefit liability arising from employee service rendered during the reporting period in profit or loss
- (b) Net interest on the net defined benefit liability during the reporting period in profit or loss
- (c) Cost of plan introductions, benefit changes, curtailments and settlements in profit or loss
- And
- (d) Remeasurement of the net defined benefit liability in other comprehensive income

Some defined benefit plans require employees or third parties to contribute to the cost of the plan. Contributions by employees reduce the cost of the benefits to the entity.

#### Termination benefits

##### FRS 102.28.43

For each category of termination benefits that an entity provides to its employees, the entity shall disclose the nature of the benefit, its accounting policy, and the amount of its obligation and the extent of funding at the reporting date.

##### FRS 102.28.44

When there is uncertainty about the number of employees who will accept an offer of termination benefits, a contingent liability exists. Section 21 requires an entity to disclose information about its contingent liabilities unless the possibility of an outflow in settlement is remote.

#### *Author's note*

Good Practice Group Limited did not provide termination benefits during the current and prior year period. As a result, the disclosure requirements under FRS 102.28.43 and FRS 102.28.44 are not applicable.

## Notes to the financial statements *continued*

### 22. Allotted and issued share capital

#### Group and Parent Company

	2026	2025	2026	2025	
	Thousands	Thousands	£000	£000	
Allotted, called-up and fully paid					1 Sch 47(1)
Ordinary shares of £1 each	12,075	10,000	12,075	10,000	1 Sch formats note 12 FRS 102.4.12(a)(ii)
7% convertible cumulative redeemable preference shares of £1 each (classified as a liability)	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	<u>2,500</u>	FRS 102.4.12(a)(iii)

On 15 January 2026, 75,000 ordinary shares with aggregate nominal value of £75,000 were allotted for cash at £2.33 each on the exercise of share options. 1 Sch 48

On 1 May 2026, 2,500,000 ordinary shares with aggregate nominal value of £2,500,000, were issued at a fair value of £3.50 each in exchange for the issued share capital of Extinguishers Limited (see [Note 13](#)).

On 8 June 2026, 500,000 ordinary shares with an aggregate nominal value of £500,000 were purchased by the company and subsequently cancelled. The shareholders approved a resolution at the AGM to purchase these shares. The ordinary shares were acquired for a consideration of £1,800,000, at an average price of £3.40 per share. The consideration includes stamp duty and commission of £100,000. The ordinary shares acquired represented 4% of the called-up ordinary share capital immediately prior to the acquisition. These shares were acquired in order to buy back the shares of a minority shareholder.

The 7% convertible cumulative redeemable preference shares, which were issued at par on 1 January 2014, are convertible at the option of the company or the shareholder into ordinary shares on 1 March 2028 on the basis of one ordinary share for every three preference shares. They are redeemable at the option of the shareholder on 1 March 2028 at £1.20 per share. Any preference shares not converted are redeemable at £1.20 per share on 31 December 2028. 1 Sch 47(2)  
FRS 102.4.12(a)(v)

The preference shares carry a dividend of 7% per annum, payable half-yearly in arrears on 30 June and 31 December. The dividend rights are cumulative.

The preference shares carry no votes at meetings unless the dividend thereon is six months or more in arrears or the company fails to redeem the shares on the redemption date or the business of the meeting includes a resolution for the winding up of the Parent Company or reducing its share capital, in which event each holder will be entitled to one vote on a show of hands or one vote per share on a poll.

On winding up, the preference shareholders have a right to receive, in preference to payments to ordinary shareholders, £1 per share plus any accrued dividend.

#### Allotted and issued share capital

1 Sch 47(1)

In respect of the company's share capital disclose:

(a) Number and aggregate nominal value of each class of shares allotted

And

(b) Where shares are held as treasury shares, the number and aggregate nominal value of the treasury shares and, where shares of more than one class have been allotted, the number and aggregate nominal value of the shares of each class held as treasury shares.

1 Sch formats note 12

The amount of allotted share capital and the amount of called up share capital which has been paid up must be shown separately.

1 Sch 48

For all shares allotted during the year, disclose on a per-class basis, the classes of shares allotted, the number of shares allotted, the aggregate nominal value and the consideration received.

4 Sch 3

Give the number, description and amount of shares in, or debentures of, the company held or owned beneficially by its subsidiary undertakings or their nominees.

*Author's note*

Good Practice Group Limited does not have shares in, or debentures of, the company held or owned beneficially by its subsidiary undertakings or their nominees.

## Notes to the financial statements *continued*

### 22. Allotted and issued share capital *continued*

1 Sch 47(2)

For redeemable shares disclose:

- (a) Earliest and latest dates on which the company has power to redeem those shares
- (b) Whether those shares must be redeemed in any event or are liable to be redeemed at the option of the company or of the shareholder

And

- (c) Whether any (and, if so, what) premium is payable on redemption

FRS 102.4.12(a)

An entity with share capital shall disclose the following, either in the statement of financial position or in the notes:

- (a) For each class of share capital:
  - (ii) Number of shares issued and fully paid and issued but not fully paid
  - (iii) Par value per share, or that the shares have no par value
  - (v) Rights, preferences and restrictions attaching to that class including restrictions on the distribution of dividends and the repayment of capital
  - (vi) Shares in the entity held by the entity or by its subsidiaries, associates, or joint ventures
  - (vii) Shares reserved for issue under options and contracts for the sale of shares, including the terms and amounts.

### 23. Dividends and other appropriations

	<u>2026</u>	<u>2025</u>	
	£000	£000	1 Sch 43(a)-(b) FRS 102.6.3B
Equity dividends on ordinary shares:			
Final dividend for 2024: 5.55p	-	537	
Interim for 2025: 6.55p	-	633	
Final for 2025: 6.55p	633	-	
Interim for 2026: 6.56p	<u>798</u>	-	
	<u>1,431</u>	<u>1,170</u>	
Proposed for approval by shareholders at the AGM:			
Final dividend for 2026: 8.79p (2025: 6.55p)	<u>1,061</u>	<u>633</u>	1 Sch 43(d) 1 Sch 72B

Subject to approval by shareholders at the AGM the proposed dividend will be paid on 10 April 2027 and will be accounted for as an appropriation of retained earnings in the year ended 31 December 2027. 1 Sch 72B

The finance cost on the convertible cumulative 7% preference shares is recognised within interest payable and similar expenses. Dividends of £175,000 (2025: £175,000) were recognised and paid in the year. 1 Sch 43  
FRS 102.6.3B

There are no dividends that the Group and Parent Company are liable to pay at the year end. 1 Sch 43(c)

### Dividends and other appropriations

1 Sch 43

Disclose:

- (a) Any amount set aside or proposed to be set aside to, or withdrawn or proposed to be withdrawn from, reserves
- (b) Aggregate amount of dividends paid in the financial year (other than those for which a liability existed at the immediately preceding balance sheet date)
- (c) Aggregate amount of dividends that the company is liable to pay at the balance sheet date

And

- (d) Aggregate amount of dividends that are proposed before the approval of the accounts, and not otherwise disclosed under sub-paragraph (b) or (c)

FRS 102 6.3B

If an entity has more than one class of share capital, disclose dividends paid (in aggregate and per share) separately for each class of share capital.

## Notes to the financial statements *continued*

### 23. Dividends and other appropriations *continued*

1 Sch 62

Disclose the amount and period for which each class of fixed cumulative dividends are in arrears.

*Author's note*

The Group does not have cumulative dividends in arrears.

1 Sch 72B

Particulars must be given of the proposed appropriation of profit or treatment of loss or, where applicable, particulars of actual appropriation of profits or treatment of the losses.

*Author's note*

Good Practice Group's articles require a final dividend to be approved by the shareholders in general meeting. The determination of the point at which an equity dividend becomes a legal liability is discussed in TECH 02/17 BL.

### 24. Reserves

#### *Share premium account*

This reserve records the amount above the nominal value received for shares sold, less transaction costs. FRS 102 4.12(b)

#### *Capital redemption reserve*

This reserve records the nominal value of shares repurchased and cancelled by the Group and Parent Company. FRS 102 4.12(b)

#### *Reserve for own shares*

The Good Practice Group Employee Share Trust holds 335,000 (2025: 335,000) shares in Good Practice Group Limited with a nominal value of £1 each totalling £335,000 (2025: £335,000). The cost of the shares acquired is £774,000 (2025: £774,000), The Trust is funded by Good Practice Group Limited to meet their obligations under the share option schemes and all the shares held by the Trust are solely for this purpose. FRS 102 4.12(b)  
FRS 102.4.12(a)(vii)  
FRS 102.9.38  
1 Sch 47(1)(b)

The shares held by the Trust are distributed to employees in accordance with Good Practice Group Limited's instructions. All expenses incurred by the Trust are settled directly by Good Practice Group Limited and charged in the financial statements as incurred. Good Employee Share Trust has waived the dividends payable on the 335,000 (2025: 335,000) shares that it owns.

#### *Equity component of convertible preference shares*

This balance represents the equity component of the instrument; net of deferred tax provided in relation to the separation of the instrument between its debt and equity components. FRS 102 4.12(b)

#### *Merger reserve*

The merger reserve is a non-distributable reserve created by the exercise of s612 merger relief for the amount in excess of the nominal value of the 2,500,000 ordinary shares issued in connection with the acquisition of Extinguishers Limited. FRS 102 4.12(b)

#### *Retained earnings*

The retained earnings reserve holds the retained earnings of the Group and Parent Company, after the deduction of any dividends paid in the period. FRS 102 4.12(b)

### Reserves

FRS 102.4.12(b)

An entity with share capital shall disclose the following, either in the statement of financial position or in the notes:

(b) a description of each reserve within equity.

## Notes to the financial statements *continued*

### 24. Reserves *continued*

#### FRS 102.9.38

When a sponsoring entity recognises the assets and liabilities held by an intermediary, it should disclose sufficient information in the notes to its financial statements to enable users to understand the significance of the intermediary and the arrangement in the context of the sponsoring entity's financial statements. This should include:

- (a) A description of the main features of the intermediary including the arrangements for making payments and for distributing equity instruments
  - (b) Any restrictions relating to the assets and liabilities of the intermediary
  - (c) The amount and nature of the assets and liabilities held by the intermediary, which have not yet vested unconditionally with the beneficiaries of the arrangement
  - (d) The amount that has been deducted from equity and the number of equity instruments held by the intermediary, which have not yet vested unconditionally with the beneficiaries of the arrangement
  - (e) For entities that have their equity instruments listed or publicly traded on a stock exchange or market, the market value of the equity instruments held by the intermediary which have not yet vested unconditionally with employees
  - (f) The extent to which the equity instruments are under option to employees, or have been conditionally gifted to them
- And
- (g) The amount that has been deducted from the aggregate dividends paid by the sponsoring entity

#### *Author's note*

The Employee Share Trust only holds Good Practice Group Limited shares. Therefore, the Trust does not have listed or publicly traded equity instruments.

#### 6 Sch 14

Disclose the cumulative amount of goodwill in relation to acquisitions written off in previous years to reserves, net of goodwill relating to disposals prior to the balance sheet date.

#### 6 Sch 16

The information required by 6 Sch 13, 14 or 15 may be omitted in respect of a subsidiary undertaking incorporated, or carrying on business, outside the UK if, in the opinion of the directors of the parent company, disclosure would be seriously prejudicial to the business of that undertaking or to the business of the parent company or any of its subsidiary undertakings, and the Secretary of State agrees.

### Non-distributable reserve

#### FRS 102.A3.28

Entities measuring financial instruments, investment properties and living animals and plants at fair value should note that they may transfer such amounts to a separate non-distributable reserve, instead of a transfer to retained earnings, but are not required to do so. Presenting fair value movements that are not distributable profits in the separate reserve may assist with the identification of profits available for that purpose.

#### *Author's note*

Good Practice Group has not transferred the changes in fair value measurement to a separate reserve. Entities will need to keep a record of non-distributable elements within their retained earnings.

### Capital redemption reserve

#### s733(2)

Where shares of a company are redeemed or purchased wholly out of the company's profits, the amount by which the company's issued share capital is diminished in accordance with s688(b) on the cancellation of the shares redeemed, or s706(b)(ii) on the cancellation of shares purchased must be transferred to the capital redemption reserve.

### Merger reserve

#### *Author's note*

Good Practice Group Limited has applied s612 merger relief in respect of the shares issued for the acquisition of Extinguishers Limited and therefore the excess of the issue price of the shares over their nominal value has been taken to a separate non-distributable reserve rather than to the share premium account.

Any issue costs on transactions where merger relief has been applied are required to be debited to the profit and loss reserve.

## Notes to the financial statements *continued*

### 25. Notes to the consolidated statement of cash flows

#### (a) Reconciliation of profit to net cash (outflow)/inflow from operating activities

	2026	2025	
	£000	£000	
Group profit before tax	7,686	7,047	FRS 102.7.7(a)
Adjustments to reconcile Group profit before tax to net cash flow from operating activities:			FRS 102.7.8(b)
Loss on revaluation of investment properties	350	474	
Depreciation and impairment of tangible fixed assets	5,282	2,610	
Depreciation of right-of-use assets	521	-	
Amortisation of intangible assets	450	75	
Share-based payment (equity-settled)	307	398	
Difference between pension charge and cash contributions	(130)	(196)	
Increase in provision for warranties	200	50	
Provision for warranties utilised	(219)	(25)	
Deferred government grants released	(588)	(650)	
Share of profit in joint venture	(1,557)	(555)	
Share of profit in associate	(405)	(195)	
(Profit)/loss on disposal of tangible fixed assets	(1,250)	850	
Loss on disposal of fixed asset investments	350	-	
Loss on sale of discontinued operations	2,037	-	
Net finance costs	104	738	FRS 102.7.8(c)
Amortisation of goodwill arising on acquisition of associate	70	70	
Working capital changes:			FRS 102.7.8(a)
Increase in debtors	(4,298)	(2,694)	
Increase in stocks	(4,556)	(2,529)	
Decrease in creditors	(3,550)	(319)	
Tax paid	(2,208)	(1,329)	FRS 102.7.17
Net cash (outflow)/inflow from operating activities	<u>(1,404)</u>	<u>3,820</u>	

#### (b) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following at 31 December: FRS 102.7.20

	2026	2025
	£000	£000
Cash at bank and in hand	5,441	9,291
Short-term deposits	1,483	2,039
	<u>6,924</u>	<u>11,330</u>
Bank overdrafts	(760)	(3,770)
Cash and cash equivalents	<u>6,164</u>	<u>7,560</u>

#### (c) Major non-cash transactions

See [Note 13](#) for detail of the acquisition of Extinguishers Limited and the disposal of Hose Limited. FRS 102.7.18

## Notes to the financial statements *continued*

### 25. Notes to the statement of cash flows *continued*

#### (d) Analysis of changes in Group net debt

	Cash and cash equivalents	Loans	Liability component of convertible preference shares	Derivatives	Lease liabilities	Finance leases	Net debt	
	£000	£000	£000	£000	£000	£000	£000	
At January 2026	7,560	(8,879)	(2,696)	(101)	-	(1,532)	(5,648)	
Effect of initial application of revised section 20	-	-	-	-	(2,362)	1,532	(830)	FRS 102.7.22(d)
Adjusted balance at 1 January 2026	7,560	(8,879)	(2,696)	(101)	(2,362)	-	(6,478)	
Cash flows	(3,401)	(3,249)	175	71	653	-	(5,751)	FRS 102.7.22(a)
Acquisition and disposal of subsidiaries	1,815	-	-	-	-	-	1,815	FRS 102.7.22(b)
Interest and finance charges	-	(1,054)	(309)	-	(87)	-	(1,450)	FRS 102.7.22(d)
Changes in market value/exchange rate	190	-	-	(23)	-	-	167	FRS 102.7.22(e)
New leases	-	-	-	-	(356)	-	(356)	FRS 102.7.22(c)
At 31 December 2026	<u>6,164</u>	<u>(13,182)</u>	<u>(2,830)</u>	<u>(53)</u>	<u>(2,152)</u>	<u>-</u>	<u>(12,053)</u>	

#### Notes to the statement of cash flows

##### FRS 102.7.7

Present cash flows from operating activities using either:

- (a) Indirect method, whereby a measure of profit or loss disclosed in the statement of comprehensive income (or separate income statement if presented) is adjusted for the effects of non-cash transactions, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense associated with investing or financing cash flows

Or

- (b) Direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed

##### FRS 102.7.8

Under the indirect method, present a reconciliation determining the net cash flow from operating activities by adjusting a measure of profit or loss disclosed in the statement of comprehensive income (or separate income statement if presented) for the effects of:

- (a) Changes during the period in inventories and operating receivables and payables  
 (b) Non-cash items such as depreciation, provisions, deferred tax, accrued income (expenses) not yet received (paid) in cash, unrealised foreign currency gains and losses, undistributed profits of associates, and non-controlling interests

And

- (c) All other items for which the cash effects relate to investing or financing

##### Author's note

Good Practice Group Limited presents its overdraft as part of cash and cash equivalents for purposes of the cash flow statement.

## Notes to the financial statements *continued*

### 25. Notes to the statement of cash flows *continued*

#### FRS 102.7.18

An entity shall exclude from the statement of cash flows investing and financing transactions that do not require the use of cash or cash equivalents. An entity shall disclose such transactions elsewhere in the financial statements in a way that provides all the relevant information about those investing and financing activities.

#### FRS 102.7.22

An entity shall disclose an analysis of changes in net debt from the beginning to the end of the reporting period showing changes resulting from:

- (a) Cash flows of the entity
  - (b) Acquisition and disposal of subsidiaries
  - (c) New leases entered into
  - (d) Other non-cash changes
- And
- (e) Recognition of changes in market value and exchange rate movements.

When several balances (or parts thereof) from the statement of financial position have been combined to form the components of opening and closing net debt, sufficient detail shall be shown to enable users to identify these balances.

This analysis need not be presented for prior periods.

#### *Author's note*

Good Practice Limited has only one category of "other non-cash changes" being the interest and finance charges on loans and leases. It has chosen to label this column in the table accordingly.

#### FRS 102 Glossary

Net debt consists of the borrowings of an entity, together with any related derivatives and obligations under leases, less any cash and cash equivalents.

### Components of cash and cash equivalents

#### FRS 102.7.20

An entity shall present the components of cash and cash equivalents and shall present a reconciliation of the amounts presented in the statement of cash flows to the equivalent items presented in the statement of financial position. However, an entity is not required to present this reconciliation if the amount of cash and cash equivalents presented in the statement of cash flows is identical to the amount similarly described in the statement of financial position.

#### FRS 102.7.21

An entity shall disclose, together with a commentary by management, the amount of significant cash and cash equivalent balances held by the entity that are not available for use by the entity. Cash and cash equivalents held by an entity may not be available for use by the entity because of, among other reasons, foreign exchange controls or legal restrictions.

#### *Author's note*

Good Practice Group Limited has no restricted cash.

## Notes to the financial statements *continued*

### 26. Share-based payments

#### *Senior Executive Plan*

FRS 102.26.18(a)  
1 Sch 49

Share options are granted to senior executives with more than 12 months of service. The exercise price of the options is equal to the estimated market price of the shares on the date of grant which is derived from market prices of similar quoted companies. The options vest if and when the Group's earnings per share amount increases by 12%, and if the employee is still employed. A failure to meet this target increase within three years from the date of grant causes the options to lapse. The contractual life of each option granted is five years. There are no cash settlement alternatives.

#### *All Employee Share-option Plan*

FRS 102.26.18(a)  
1 Sch 49

All other employees are entitled to a grant of options once they have been in service for two years. The options will vest if the employee remains in service for a period of three years from the date of grant, the volume of sales of a particular product increases by an average of 6% per year during the three-year service period and the estimated market price of the shares attains an average increase of 5% per year during the three-year period from the date of grant. The exercise price of the options is equal to the estimated market price of the shares less 17% on the date of grant. The contractual life of the options is five years and there are no cash settlement alternatives.

#### *Group and Parent Company*

The fair value of equity-settled share options granted is estimated as at the date of grant using a Monte-Carlo model, taking into account the terms and conditions upon which the options were granted, including market vesting conditions and non-vesting conditions where relevant. The Monte-Carlo model is a widely accepted model in valuing share-based payments that include market conditions.

FRS 102.26.19

Other features, such as service conditions or non-market vesting conditions, were not incorporated into the measurement of fair value.

#### *Share-based payment plan for employees working in the Electronics segment*

FRS 102.26.18(a)

The Group's employees working in the Electronics segment are granted share appreciation rights (SARs), which are only settled in cash. The SARs vest when a specified target number of new sales contracts (non-market vesting condition) are closed within three years from the date of grant and the employee continues to be employed by the Group at the vesting date. The SARs can be exercised up to three years after the three-year vesting period and therefore, the contractual term of the SARs is six years. The liability for the share appreciation rights is measured, initially and at the end of each reporting period until settled, at the fair value of the share appreciation rights, by applying an option pricing model, taking into account the terms and conditions on which the share appreciation rights were granted, and the extent to which the employees have rendered services to date.

#### *Group*

The fair value of the cash-settled options is measured at the grant date using the Black-Scholes option pricing model taking into account the terms and conditions upon which the instruments were granted.

FRS 102.26.20

The expense recognised for share-based payments in respect of employee services received during the year to 31 December 2026 is £412,000 (2025: £492,000). The portion of that expense arising from equity-settled share-based payment transactions is £307,000 (2025: £398,000).

FRS 102.26.23 (a)

## Notes to the financial statements *continued*

### 26. Share-based payments *continued*

#### Share Options

The following table illustrates the number and weighted average exercise prices (WAEP) of, and movements in, share options during the year.

	2026	2026	2025	2025	
	No.	WAEP	No.	WAEP	
Outstanding as at 1 January	575,000	£2.96	525,000	£2.75	FRS 102.26.18(b)(i)
Granted during the year <sup>1</sup>	250,000	£3.85	155,000	£3.13	FRS 102.26.18(b)(ii)
Forfeited during the year	-	-	(25,000)	£2.33	FRS 102.26.18(b)(iii)
Exercised <sup>2</sup>	(75,000)	£2.33	(65,000)	£3.07	FRS 102.26.18(b)(iv)
Expired during the year	(25,000)	£3.46	(15,000)	£2.13	FRS 102.26.18(b)(v)
Outstanding at 31 December	725,000	£3.33	575,000	£2.96	FRS 102.26.18(b)(vi)
Exercisable at 31 December	88,000	£2.33	75,000	£2.33	FRS 102.26.18(b)(vii)

<sup>1</sup> The weighted average fair value of options granted during the year was £1.32 (2025: £1.18).

<sup>2</sup> The weighted average share price at the date of exercise for the options exercised during the year was £4.09 (2025: £3.13).

The range of exercise prices for options outstanding at the end of the year was £2.33 - £3.85 (2025: £2.13 - £3.13). 1 Sch 49

#### Share Appreciation Rights

The carrying amount of the liability relating to the SARs at 31 December 2026 is £299,000 (2025: £194,000). FRS 102.26.23(b)  
No SARs had vested at 31 December 2026 (2025: Nil).

### Share-based payments

FRS 102.26.18(b)

Disclose the following information about the nature and extent of share-based payment arrangements that existed during the period:

(b) Number and weighted average exercise prices of share options for each of the following groups of options:

- (i) Outstanding at the beginning of the period;
- (ii) Granted during the period;
- (iii) Forfeited during the period;
- (iv) Exercised during the period;
- (v) Expired during the period;
- (vi) Outstanding at the end of the period; and
- (vii) Exercisable at the end of the period.

FRS 102.26.19

For equity settled share-based payment arrangements, disclose information about how the entity measured the fair value of goods or services received or the value of the equity instruments granted. If a valuation methodology was used, the entity shall disclose the method and its reason for choosing it.

FRS 102.26.20

For cash-settled share-based payment arrangements, an entity shall disclose information about how the liability was measured.

FRS 102.26.21

For share-based payment arrangements that were modified during the period, an entity shall disclose an explanation of those modifications.

#### Author's note

There were no modifications in share-based payment arrangements during the period.

## Notes to the financial statements *continued*

### 26. Share-based payments *continued*

#### FRS 102.26.22

If the entity is part of a group share based payment arrangement, and it measures its share-based payment expense on the basis of a reasonable allocation of the expense for the group, it shall disclose that fact and the basis for the allocation.

#### *Author's note*

Good Practice Group Limited does not measure its share-based payment expense in the Parent Company financial statements on the basis of a reasonable allocation of the expense for the Group.

#### FRS 102.26.23

An entity shall disclose the following information about the effect of share-based payment transactions on the entity's profit or loss for the period and on its financial position:

- (a) Total expense recognised in profit or loss for the period.
- (b) Total carrying amount at the end of the period for liabilities arising from share-based payment transactions

### 27. Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £4,500,000 for the Group and £1,750,000 for the Parent Company (2025: £4,250,000 and £950,000 respectively). These relate to the acquisition of property, plant and equipment. In addition, there are contractual obligations in the Group and Parent Company of £130,000 for repairs and maintenance of investment property (2025: £125,000).

1 Sch 63(2);  
FRS 102.17.32(b)  
FRS 102.16.10(d)

#### Commitments

##### 1 Sch 63(2)

Particulars and the total amount of any financial commitments, guarantees and contingencies that are not included in the balance sheet must be disclosed.

##### 1 Sch 63(7)

The total amount of any commitments, guarantees and contingencies which are undertaken on behalf or for the benefit of:

- (a) Any parent undertaking or fellow subsidiary undertaking of the company
- (b) Any subsidiary undertaking of the company

Or

- (c) Any undertaking in which the company has a participating interest

must be separately stated and those within each of the bullets above must also be stated separately from those within any other of those bullets.

#### *Author's note*

The company does not undertake any commitments, guarantees or contingencies on behalf of its subsidiaries, associates, joint ventures, or other entities in which the company has a participating interest. Thus, this disclosure requirement does not apply.

#### FRS 102.16.10(d)

An entity shall disclose contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

### 28. Contingent assets and liabilities

#### *Contingent liabilities*

An overseas customer has commenced an action against the Group and Parent Company in respect of equipment claimed to be defective. It has been estimated that the liability, should the action be successful, is £850,000. This legal case does not pertain to a current ongoing customer sales contract, as it arises from a dispute on the previous executed agreement rather than any active contractual obligation. This case is based on allegations of defectiveness that fall outside the scope of assurance-type warranties and no separate service-type warranties were sold together with the sale of this fire prevention equipment at the time. A trial date has not yet been set and therefore it is not practicable to state the timing of any payment.

1 Sch 63(2)  
FRS 102.21.15(a)  
FRS 102.21.15(b)

The Group and Parent Company have been advised by Counsel that it is possible, but not probable, the action will succeed and accordingly no provision for any liability has been made in these financial statements. The Group and Parent Company are not expecting to receive any reimbursement from insurer with respect to this case.

FRS 102.21.15(c)

# Notes to the financial statements *continued*

## 28. Contingent assets and liabilities *continued*

### Contingent liabilities

FRS 102.21.15

Unless the possibility of any outflow of resources in settlement is remote, an entity shall disclose, for each class of contingent liability at the reporting date, a brief description of the nature of the contingent liability and when practicable:

- (a) An estimate of its financial effect
- (b) An indication of the uncertainties relating to the amount or timing of any outflow
- And
- (c) Possibility of any reimbursement

If it is impracticable to make one or more of these disclosures, that fact shall be stated.

### Contingent assets

Wireworks Inc. sued a customer in March 2026 to recover unpaid price increases for the installation of fire prevention equipment. The initial ruling was in favour of the Group. However, the customer appealed against this ruling, with the appeals hearing still pending as at 31 December 2026. It has been estimated that the asset, should the appeal be not successful for the customer, is £130,000.

FRS 102.21.16

### Contingent assets

FRS 102.21.16

If an inflow of economic benefits is probable (more likely than not) but not virtually certain, an entity shall disclose a description of the nature of the contingent assets at the end of the reporting period, and, when practicable, an estimate of their financial effect. If it is impracticable to make this disclosure, that fact shall be stated.

### Guarantees and other financial commitments

1 Sch 63(1)

Particulars must be given of any charge on the assets of the company to secure the liabilities of any other person including the amount secured.

FRS 102.21.17A

An entity shall disclose the nature and business purpose of the financial guarantee contracts it has issued (and if applicable the disclosures required by paragraphs 21.14 and 21.15).

#### Author's note

The Group and Parent Company has not issued any financial guarantees. No charge on the assets of the company within the Group has been made to secure the liabilities of any other person. Details of security for bank overdrafts and loans payable are given in Notes 16 and 18.

## 29. Financial instruments

	Group		Parent Company		
	2026	2025	2026	2025	FRS 102.11.41
	£000	£000	£000	£000	
<i>Financial assets at fair value through profit or loss</i>					
Listed investments (Note 13)	560	-	-	-	
<i>Financial liabilities at fair value through profit or loss</i>					
Interest rate swaps	(35)	-	(35)	-	
Forward foreign currency contracts	(18)	(101)	(18)	(101)	

The fair values of the listed investments held at fair value through profit and loss are determined using quoted prices for identical assets in an active market (London Stock Exchange).

FRS 102.11.43

## Notes to the financial statements *continued*

### 29. Financial instruments *continued*

The Group's listed equity investments on the London Stock Exchange are susceptible to market price risk (i.e., equity price risk) arising from uncertainties about future values of the investment securities. The Group manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

FRS 102.11.48A(f)

At the reporting date, the exposure to equity investments at fair value listed on the London Stock Exchange was £560,000. Given that the changes in fair values of the equity investments held are strongly positively correlated with changes of the FTSE 100 index, the Group has determined that an increase/(decrease) of 10% on the FTSE 100 index could have an impact after taxation of approximately £42,000 increase/(decrease) on the income and equity attributable to the Group.

The Group and Parent Company purchase interest rate swaps to manage interest rate risk volatility and forward foreign currency contracts to hedge currency exposure on firm future commitments. Hedge accounting has not been applied.

FRS 102.11.42

The interest rate swaps (which swap SONIA to 1.2%) expire evenly over the next three years. Their notional amounts at 31 December 2026 were £710,000 (2025: £nil).

FRS 102.11.42  
1 Sch 55(2)(c)

The forward foreign currency contracts fix at an average USD rate of \$1.28 and all expire within the next 12 months. Their notional amounts at 31 December 2026 were £360,000 (2025: £870,000).

FRS 102.11.42  
1 Sch 55(2)(c)

Quoted prices are not available for these derivatives and therefore the fair value has been calculated using a valuation technique. The valuation technique uses an option pricing model to discount the expected future cash flows at prevailing observable interest rates. The most significant assumption is the discount rate; a risk-free rate based on UK government bonds adjusted by 2% for credit risk has been used.

FRS 102.11.43  
1 Sch 55(2)(a)

#### Financial Instruments

FRS 102.11.41

Disclose separately the carrying amounts at the reporting date of financial assets and financial liabilities measured at fair value through profit or loss. This disclosure may be made separately by category of financial instrument. Financial liabilities that are not held as part of a trading portfolio and are not derivatives shall be shown separately.

FRS 102.11.43

For all financial assets and financial liabilities measured at fair value, disclose the basis for determining fair value, e.g., quoted market price in an active market or a valuation technique. When a valuation technique is used, the entity shall disclose the assumptions applied in determining fair value for each class of financial assets or financial liabilities. For example, if applicable, disclose information about the assumptions relating to prepayment rates, rates of estimated credit losses and interest rates or discount rates.

FRS 102.11.44

If a reliable measure of fair value is no longer available for any financial instruments that would otherwise be required to be measured at fair value through profit or loss in accordance with this FRS, the entity shall disclose that fact and the carrying amount of those financial instruments.

*Author's note*

The Group has reliable fair values for the financial instruments measured as fair value through profit or loss.

1 Sch 55(2)

Where financial instruments have been valued in accordance with, as appropriate, paragraph 36, 38 or 39, there must be stated:

- a) The significant assumptions underlying the valuation models and techniques used to determine the fair value of the instruments or other assets
- b) For each category of financial instrument or other asset, the fair value of the assets in that category and the changes in value:
  - i) Included directly in the profit and loss account
  - Or
  - ii) Credited to or (as the case may be) debited from the fair value reserve
- c) in respect of those assets, and for each class of derivatives, the extent and nature of the instruments, including significant terms and conditions that may affect the amount, timing and certainty of future cash flows

## Notes to the financial statements *continued*

### 29. Financial instruments *continued*

1 Sch 55(3)

Where any amount is transferred to or from the fair value reserve during the financial year, there must be stated in a tabular form:

- a) Amount of the reserve as at the date of the beginning of the financial year and as at the balance sheet date respectively
- b) Amount transferred to or from the reserve during the year  
And
- c) Source and application respectively of the amounts so transferred

FRS 102.11.45

If an entity has transferred financial assets to another party in a transaction that does not qualify for derecognition, the entity shall disclose the following for each class of such financial asset:

- (a) Nature of the assets
- (b) Nature of the risks and rewards of ownership to which the entity remains exposed  
And
- (c) Carrying amounts of the assets and of any associated liabilities that the entity continues to recognise

*Author's note*

The Group has not transferred financial assets to another party in a transaction that does not qualify for derecognition. Hence, the disclosure requirements are not applicable.

FRS 102.11.47

For loans payable recognised at the reporting date for which there is a breach of terms or default of principal, interest, sinking fund or redemption terms that has not been remedied by the reporting date, an entity shall disclose the following:

- (i) Details of that breach or default
- (ii) Carrying amount of the related loans payable at the reporting date  
And
- (iii) Whether the breach or default was remedied, or if the terms of the loans payable were renegotiated, before the financial statements were authorised for issue

*Author's note*

The Group did not breach any covenants from nor default in its payment of its borrowings. Thus, the disclosure requirements are not applicable.

### 30. Events after the reporting period

On 14 January 2027, a building of the Group with a net book value of £880,000 was severely damaged by fire. It is expected that insurance proceeds will fall short of the costs of rebuilding and loss of stocks by some £350,000. No provision has been made in these financial statements for this loss.

FRS 102.32.10  
1 Sch 72A

#### Events after the reporting period

1 Sch 72A

The nature and financial effect of material events arising after the balance sheet date which are not reflected in the profit and loss account or balance sheet must be stated.

FRS 102.32.10

An entity shall disclose the following for each category of non-adjusting event after the end of the reporting period:

- (a) Nature of the event  
And
- (b) Estimate of its financial effect, or a statement that such as estimate cannot be made.

## Notes to the financial statements *continued*

### 31. Related party transactions

#### Group

During the year the Group entered into transactions, in the ordinary course of business, with related parties other than directors and key management personnel. Transactions entered into, and trading balances outstanding at 31 December, are as follows:

1 Sch 72(1)  
1 Sch 72(2)  
1 Sch 72(3)  
FRS 102.33.9(a)  
FRS 102.33.9(b)

	Sales to related party	Purchases from related party	Amounts owed from related party	Amounts owed to related party	
	£000	£000	£000	£000	
Entities with significant influence over the Group					FRS 102.33.12(a)
2026	6,975	-	600	-	FRS 102.33.10(b)
2025	6,410	-	500	-	
Entities over which the Group has joint control or significant influence					FRS 102.33.10(a)
2026	2,800	580	230	30	
2025	2,300	430	145	12	
Entities controlled by a close family member of key management personnel					FRS 102.33.10(e)
2026	-	510	10	-	
2025	-	490	9	-	

#### Terms and conditions of transactions with related parties

Outstanding balances with entities are unsecured, interest-free and cash settlement is expected within 60 days of invoice. The Group has not provided or benefited from any guarantees for any related party receivables or payables. During the year ended 31 December 2026, the Group has not made any provision for doubtful debts relating to amounts owed by related parties (2025: nil).

1 Sch 72(1)  
FRS 102.33.9(b)  
FRS 102.33.9(c)  
FRS 102.33.9(d)

#### Commitments with related parties

FRS 102.33.9(b)

On 1 July 2026, Bright Sparks Limited entered into a two-year agreement ending 30 June 2028 with Power Works Limited to purchase specific electrical and optical cables that Bright Sparks Limited uses in its production cycle. Bright Sparks Limited expects the potential purchase volume to be £750,000 in 2027 and £250,000 in the first 6 months of 2028. The purchase price is based on Power Works Limited's actual cost plus a 5% margin and will be settled in cash within 30 days of receiving the inventories.

#### Key management personnel

All directors and certain senior employees who have authority and responsibility for planning, directing and controlling the activities of the Group are considered to be key management personnel. Total remuneration in respect of these individuals is £550,000 (2025: £525,000).

FRS 102.33.7

#### Transactions with directors

s413(2)  
s413(3)  
FRS 102.33.9

At the Annual General Meeting held on 21 April 2026 approval was given for an interest-free loan for 12 months up to a maximum of £10,000 to be made as necessary to J Archer to enable him to meet expenditure to be incurred in his capacity as sales director at marketing exhibitions and tours in the United States. During the year £6,500 was advanced to him for this purpose by the Group of which £4,068 has been repaid and at 31 December 2026 £2,432 was outstanding and is included in debtors.

# Notes to the financial statements *continued*

## 31. Related party transactions *continued*

### Parent Company

During the year the Parent Company entered into transactions with related parties, in the ordinary course of business. Transactions entered into, and trading balances outstanding at 31 December, are as follows:

Bright Sparks Limited, 95% subsidiary.

1 Sch 72(1)  
1 Sch 72(2)  
1 Sch 72(3)  
FRS 102.33.9(a)  
FRS 102.33.9(b)  
FRS 102.33.10(b)

	Sales to Bright Sparks	Purchases from Bright Sparks	Amounts owed from Bright Sparks	Amounts owed to Bright Sparks
	£000	£000	£000	£000
Related party				
2026	50	-	1,000	-
2025	60	-	900	-

FRS 102.33.12(a)

### Related party transactions

#### FRS 102.33.1A

Disclosures need not be given of transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member.

#### 1 Sch 72(4)

Particulars need not be given of transactions entered into between two or more members of a group, provided that any subsidiary undertaking which is party to the transaction is wholly owned by such a member.

#### FRS 102 *Basis for Conclusions* B33.2

Some respondents raised the issue of a possible exemption from the disclosure of outstanding balances as well as transactions. However, it was noted that there is a separate legal requirement, in relation to the format of the balance sheet, which requires disclosure of outstanding balances in aggregate for group undertakings and, separately, for undertakings in which the company has a participating interest. This should be met by compliance with the requirements of Section 4 *Statement of Financial Position*. As a result, the exemption in paragraph 33.1A does not extend to the requirements of Section 4, and it was not possible to provide an effective exemption from the disclosure, in aggregate, of outstanding balances with group undertakings.

#### 1 Sch 72(1)

Particulars may be given of transactions which the company has entered into with related parties and must be given if such transactions are material and have not been concluded under normal market conditions.

#### 1 Sch 72(2)

Where material related party transactions have been undertaken by the reporting entity and have not been concluded under normal market conditions

- (i) Amount of such transactions
  - (ii) Nature of the related party relationship
- And

- (iii) Other information about the transactions necessary for an understanding of the financial position of the company

#### 1 Sch 72(3)

Transactions may generally be disclosed on an aggregated basis unless disclosure of an individual transaction, or connected transactions, is necessary for an understanding of the impact of the transactions on the financial statements of the company.

#### FRS 102.33.6

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. Compensation includes all employee benefits including those in the form of share-based payments. Employee benefits include all forms of consideration paid, payable or provided by the entity, or on behalf of the entity, in exchange for services rendered to the entity. It also includes such consideration paid on behalf of a parent of the entity in respect of goods and services provided to the entity.

#### FRS 102.33.7

An entity shall disclose key management personnel compensation in total.

#### FRS 102.33.7A

When an entity is subject to a legal or regulatory requirement to disclose directors' remuneration (or equivalent), it is exempt from the requirements of paragraph 33.7 if the key management personnel and directors are the same.

#### Author's note

Good Practice Group has key management personnel who are not directors (see note 31) and has therefore not been able to take advantage of this exemption.

## Notes to the financial statements *continued*

### 31. Related party transactions *continued*

#### FRS 102.33.9

If an entity has related party transactions, it shall disclose the nature of the related party relationship as well as information about the transactions, outstanding balances and commitments necessary for an understanding of the potential effect of the relationship on the financial statements. Those disclosure requirements are in addition to the requirements in paragraph 33.7 to disclose key management personnel compensation\*. At a minimum, disclosures shall include:

- (a) Amount of the transactions.
- (b) Amount of the balances outstanding and commitments, and:
  - (i) Their terms and conditions, including whether they are secured, and the nature of the consideration to be provided in settlement
  - And
  - (ii) Details of any guarantees given or received
- (c) Provisions for uncollectible receivables related to the amount of the outstanding balances
- (d) The expense recognised during the period in respect of bad or doubtful debts due from related parties.

Such transactions could include purchases, sales or transfers of goods and services, leases, guarantees and settlements by the entity on behalf of the related party or *vice versa*.

\*When in accordance with paragraph 33.7A, an entity takes advantage of the exemption from disclosing key management personnel compensation it is not required, by this paragraph, to provide additional disclosure about directors' share-based payment arrangements.

#### FRS 102.33.10

An entity shall make the disclosures required by paragraph 33.9 separately for each of the following categories:

- (a) Entities with control, joint control or significant influence over the entity
- (b) Entities over which the entity has control, joint control or significant influence
- (c) Key management personnel of the entity or its parent (in the aggregate)
- (d) Entities that provide key management personnel services to the entity
- And
- (e) Other related parties

#### FRS 102.33.11

An entity is exempt from the disclosure requirements of paragraph 33.9 in relation to related party transactions, outstanding balances, and commitments, with:

- (a) Government that has control, joint control or significant influence over the reporting entity
- And
- (b) Another entity that is a related party because the same government has control, joint control or significant influence over both the reporting entity and the other entity.

However, the entity must still disclose a controlling party relationship as required by paragraph 33.5.

#### *Author's note*

Good Practice Group Limited does not have transactions in scope of the disclosure exemption in FRS 102.33.11

#### FRS 102.33.12

The following are examples of transactions that shall be disclosed if they are with a related party:

- (a) Purchases or sales of goods (finished or unfinished)
- (b) Purchases or sales of property and other assets
- (c) Rendering or receiving of services;
- (d) Leases
- (e) Transfers of research and development
- (f) Transfers under licence agreements
- (g) Transfers under finance arrangements (including loans and equity contributions in cash or in kind)
- (h) Provision of guarantees or collateral
- (hA) Commitments to do something if a particular event occurs or does not occur in the future
- (i) Settlement of liabilities on behalf of the entity or by the entity on behalf of another party
- And
- (j) Participation by a parent or subsidiary in a defined benefit plan that shares risks between group entities

## Notes to the financial statements *continued*

### 31. Related party transactions *continued*

#### FRS 102.33.13

An entity shall not state that related party transactions were made on terms equivalent to those that prevail in arm's length transactions unless such terms can be substantiated.

#### *Author's note*

The Group concluded that it does not have related party transactions that can substantiated to have been made on an arm's length terms.

#### FRS 102.33.14

An entity may disclose items of a similar nature in the aggregate except when separate disclosure is necessary for an understanding of the effects of related party transactions on the financial statements of the entity.

#### *Author's note*

The Group disclosed related party transactions of similar nature in aggregate. Good Practice Group Limited concludes that separate disclosure is not necessary to understand the effect of these transactions.

### Directors' advances, credit and guarantees

s413

Disclose details of:

- (i) For individual accounts, advances and credits granted by the company to its directors and guarantees entered into by the company to its directors
- And
- (ii) For group accounts, advances and credits granted to the directors of the parent company by the company or any of its subsidiaries and guarantees of any kind entered into by the parent company or any of its subsidiaries on behalf of the directors of the parent company

In addition, disclose the following details for each advance or credit:

- (a) Amount
- (b) Indication of the interest rate
- (c) Main conditions
- (d) Amounts repaid
- (e) Amounts written off
- And
- (f) Amounts waived

The aggregate totals of the amount of advances or credits, amounts repaid, written off, and waived must also be disclosed.

Disclose for each guarantee:

- (i) Its main terms
- (ii) Amount of the maximum liability that may be incurred by the company (or its subsidiary)
- (iii) Any amount paid and any liability incurred by the company (or its subsidiary) for the purpose of fulfilling the guarantee (including any loss incurred by reason of enforcement of the guarantee).

The aggregate totals of the maximum liability, amounts paid and liability incurred for the guarantees by the company must also be disclosed.

The requirements of this section apply to transactions with any person who was a director of the company at any time during the period, irrespective of whether he was such a director at any time that the transaction or arrangement was made. In the case of an advance, credit or guarantee involving a subsidiary, the requirements apply whether or not that undertaking was a subsidiary at the time it was entered into.

## Appendix 1 – Disclosure requirements not illustrated

In addition to those noted above, this publication does not illustrate the following disclosure requirements:

Topic	Reference	Description
Separate financial statements	FRS 102.9.27A	Disclosure requirement when parent uses one of the exemptions from presenting consolidated financial statements.
Separate financial statements	FRS 102.9.27B	Disclosure requirement when parent adopts a policy of accounting investments in subsidiaries, associates or joint ventures at fair value through profit and loss.
Hyperinflation	FRS 102.31 (entire section)	Disclosure requirement for entities whose functional currency is the currency of a hyperinflationary economy.
Transition to FRS 102	FRS 102.35 (entire section)	Disclosures applicable for a first-time adopter of FRS 102. The Group is not a first-time adopter.
Specialised activities	FRS 102.34 (entire section) FRS 102.11.48B FRS 102.11.48C	Disclosures required for entities with specialised activities. The Group is not engaged in specialised activities.
Debtors	FRS 102.11.48ZA FRS 102.11.48ZB	Disclosures on expected credit losses when applying IFRS 9. The Group has taken the policy choice to apply Sections 11 and 12 in accounting for financial instruments.
Hedge accounting	FRS 102.12.27 - FRS 102.12.30	Disclosure requirements relating to hedge accounting.
Leases	FRS 102.20.83 - FRS 102.20.85	Disclosure requirements with respect to right-of-use assets meeting the definition of investment property or heritage assets, or assets accounted for using the revaluation method.
Pensions and other post-retirement benefits	FRS 102.28.40A FRS 102.28.41A	Disclosure requirements where an entity treats a defined benefit multi-employer plan as defined contribution plan, or an entity participates in a defined benefit plan that shares risks between entities.
Pensions and other post-retirement benefits	1 Sch 63(4)	Separate disclosure of the total amount of any commitments concerning pensions not included in the balance sheet.
Pensions and other post-retirement benefits	1 Sch 63(6)	Where any pension commitment (both included and not included in the balance sheet) relates wholly or partly to pensions payable to past directors of the company separate particulars must be given of that commitment.
Investments	FRS 102.14.13	Disclosure of dividends and other distributions recognised as income for the associates accounted under the cost model.
Investments	FRS 102.14.15 FRS 102.15.21	Disclosures required by FRS 102.11.43 and FRS 102.11.44 with respect to associates and investments in joint ventures measured at fair value.
Investments	FRS 102.14.15A FRS 102.15.21A	Disclosures required for investments in associates and joint ventures by investors that are not a parent entity (except for investing entities that are exempt from preparing consolidating financial statements or would be exempt if they had subsidiaries).
Investments	4 Sch 4 4 Sch 5 4 Sch 6 4 Sch 20	Disclosure of information on all significant holdings that are neither subsidiary undertakings, joint ventures, nor associated undertakings.

## Appendix 1 – Disclosure requirements not illustrated *continued*

Topic	Reference	Description
Investments	4 Sch 2	Disclosure of information on each subsidiary undertaking not included in the consolidated financial statements.
Disposal groups	FRS 102.4.14	Disclosure requirements when entity has a binding sale agreement for a major disposal of assets or a disposal group at the reporting date.
Group reconstructions	FRS 102.19.33	Certain disclosure requirements for the combined entity for each group reconstruction that was effected during the period.
Loans and borrowings	FRS 102.11.49 FRS 102.11.50	Disclosures with respect to IBOR reform including progress in completing the transition.
Share capital	FRS 102.4.13	Disclosure requirements related to entities without share capital such as partnership or trust.
Related parties	FRS 102.33.5 4 Sch 8 4 Sch 9	Certain disclosures are required if the company is a subsidiary undertaking. Good Practice Group Limited is the ultimate parent of the Group.
Off-balance sheet arrangements	s410A	Disclosure of nature and purpose of the off-balance sheet arrangements and its financial impact on the company.

## Appendix 2 – Alternative method of applying the requirements of the revised Section 23 using the full retrospective approach

### Full retrospective approach in applying revised Section 23

In the illustrative financial statements presented, Good Practice Group Limited adopts the modified retrospective approach for applying revised Section 23. This Appendix illustrates the key changes to the Group's consolidated financial statements and parent company financial statements had the Group and the Parent entity elected to adopt the Section 23 using the full retrospective method resulting in the restatement of the comparative information.

An entity has an option to adopt the revised Section 23 using either the full retrospective method or the modified retrospective method as per paragraph 1.61 of the Standard. An entity that elects a fully retrospective method would apply Section 23 retrospectively in accordance with paragraph 10.12 of the Standard (apply the new accounting policy from the revised Section 23 to comparative information for periods to the earliest date for which it is practicable, as if that policy had always been applied). An entity must only disclose the amount of the adjustment for each financial statement line affected line item for the immediately preceding period.

An entity that chooses the full retrospective method can elect to use the following practical expedients:

- For completed contracts, an entity need not restate contracts that:
  - (i) Begin and end within the same annual reporting period.
  - Or
  - (ii) Are completed contracts at the beginning of the earliest period presented.
- For completed contracts that have variable consideration, an entity may use the transaction price at the date the contract was completed rather than estimating variable consideration amounts in the comparative reporting periods.
- For contracts that were modified before the date of initial application, an entity need not retrospectively restate the contract for those contract modifications. Instead, an entity may reflect the aggregate effect of all of the modifications that occurred before the beginning of the earliest period presented or before the date of initial application when:
  - (i) Identifying the satisfied and unsatisfied performance obligations.
  - (ii) Determining the transaction price.
  - And
  - (iii) Allocating the transaction price to the satisfied and unsatisfied performance obligations.
- For prior periods presented, an entity need not disclose the information required by paragraph 23.137 (explanation of the significance of unsatisfied performance obligations).

For any of the practical expedients that an entity uses, the entity must apply that expedient consistently to all contracts and periods presented and it must disclose that fact.

#### *Assumptions and elections*

There are certain assumptions used in developing the alternative presentation under the full retrospective method:

- The potential income tax implications of these adjustments have not been determined. While it is possible that they may give rise to an income tax effect, this has not been assessed in these financial statements.
- Good Practice Group Limited has applied the relevant optional practical expedients available under the applicable accounting framework. As at 1 January 2025, the entity had no uncompleted contracts with customers. In accordance with the practical expedient, contracts relating to periods prior to 1 January 2025 have not been restated. However, in practice, adjustments relating to periods prior to 1 January 2025 may arise.

#### *Key changes reflected in the alternative disclosure*

The following are the key changes to the Group's consolidated financial statements, and the Parent Company financial statements had the Group and Parent Company elected to adopt the revised Section 23 using the full retrospective approach:

- The comparative information for each of the primary financial statements has been restated.
- The accounting policies note have reflected a single accounting policy for revenue from contracts with customers as the same policy would have applied in both years.
- Note 2.4 *Changes in accounting policies and disclosures* sets out the impact of the changes on each affected financial statement line item for the prior reporting period. An explanation of the reasons for these changes has also been provided.

While not illustrated in this Appendix, the comparative information in the notes to the consolidated financial statements would be restated (e.g., Note 15 *Debtors*, Note 16 *Creditors: amounts falling due within one year*, Note 20 *Provisions for liabilities*, Note 25 (a) *Notes to the consolidated statement of cash flows*).

## Appendix 2 – Alternative method of applying the requirements of the revised Section 23 using the full retrospective approach *continued*

### Consolidated income statement

of Good Practice Group Limited

for the year ended 31 December 2026

		2026			2025 Restated (Note 2.4)		
		Continuing operations	Discontinued operations	Total	Continuing operations	Discontinued operations	Total
Notes		£000	£000	£000	£000	£000	£000
	Turnover	170,654	42,196	212,850	133,197	46,628	179,825
	Cost of sales	(134,030)	(38,121)	(172,151)	(105,169)	(39,449)	(144,618)
	Gross profit	36,624	4,075	40,699	28,028	7,179	35,207
	Distribution costs	(14,449)	(2,387)	(16,836)	(10,134)	(4,196)	(14,330)
	Administrative expenses						
	Before exceptional items	(14,064)	(2,251)	(16,315)	(12,098)	(3,528)	(15,626)
	Impairment of tangible fixed assets	(2,200)	-	(2,200)	-	-	-
	Flood damage	(655)	-	(655)	-	-	-
	After exceptional items	(16,919)	(2,251)	(19,170)	(12,098)	(3,528)	(15,626)
	Other operating income	3,242	-	3,242	2,027	-	2,027
	Operating profit/(loss)	8,498	(563)	7,935	7,823	(545)	7,278
	Income from interests in joint venture	1,557	-	1,557	555	-	555
	Income from interests in associated undertakings	335	-	335	125	-	125
	Income from other investments	250	-	250	200	-	200
	Gain on financial assets at fair value through profit and loss	95	-	95	-	-	-
	Net (loss)/gain on financial liabilities at fair value through profit and loss	(23)	-	(23)	30	-	30
	Loss on sale of discontinued operations	-	(2,037)	(2,037)	-	-	-
	Profit/(loss) before interest and taxation	10,712	(2,600)	8,112	8,733	(545)	8,188
	Bank interest receivable	1,079	-	1,079	395	-	395
	Interest payable and similar expenses	(1,505)	-	(1,505)	(1,363)	-	(1,363)
	Profit/(loss) before taxation	10,286	(2,600)	7,686	7,765	(545)	7,220
	Tax on profit	(3,512)	-	(3,512)	(2,612)	-	(2,612)
	Profit/(loss) for the financial year	6,774	(2,600)	4,174	5,153	(545)	4,608
	Attributable to:						
	Non-controlling interests			237			38
	Owners of the Parent Company			3,937			4,570
				4,174			4,608

Appendix 2 – Alternative method of applying the requirements of the revised Section 23 using the full retrospective approach  
*continued*

Consolidated statement of financial position

of Good Practice Group Limited

as at 31 December 2026		2025 Restated (Note 2.4)	
	Notes	2026 £000	£000
Fixed assets			
Intangible assets	11	3,747	1,685
Tangible assets	12	30,679	30,055
Right-of-use assets	19	1,982	-
Investments:	13		
Investment in joint ventures		1,835	978
Investment in associated undertakings		1,377	1,177
Other investments		1,361	1,276
		<u>40,981</u>	<u>35,171</u>
Current assets			
Stocks	14	25,825	20,100
Debtors	15	20,132	11,737
Short-term deposits	25(b)	1,483	2,039
Cash at bank and in hand	25(b)	5,441	9,291
		<u>52,881</u>	<u>43,167</u>
Creditors: amounts falling due within one year	16	<u>(24,705)</u>	<u>(24,292)</u>
Net current assets		<u>28,176</u>	<u>18,875</u>
Total assets less current liabilities		69,157	54,046
Creditors: amounts falling due after more than one year	17	(17,873)	(13,581)
Provisions for liabilities	20	(2,693)	(2,089)
Defined benefit pension liability	21	<u>(1,031)</u>	<u>(1,723)</u>
Net assets		<u>47,560</u>	<u>36,653</u>
Capital and reserves			
Called up share capital	22	12,075	10,000
Share premium account	24	600	500
Capital redemption reserve	24	500	-
Reserve for own shares	24	(774)	(774)
Equity component of convertible preference shares	24	200	200
Merger reserve	24	6,250	-
Retained earnings	24	<u>28,349</u>	<u>26,604</u>
Equity attributable to owners of the Parent Company		47,200	36,530
Non-controlling interests		<u>360</u>	<u>123</u>
Total equity		<u>47,560</u>	<u>36,653</u>

Jane Smith  
Director

31 March 2027

Appendix 2 – Alternative method of applying the requirements of the revised Section 23 using the full retrospective approach  
*continued*

Parent company statement of financial position

of Good Practice Group Limited

		2026	2025 Restated (Note 2.4)
	Notes	£000	£000
as at 31 December 2026			
Fixed assets			
Tangible assets	12	12,918	14,104
Right-of-use assets	19	1,040	-
Investments:	13		
Investment in subsidiary undertakings		14,860	6,420
Investment in joint ventures		675	675
Other investments		801	1,276
		<u>30,294</u>	<u>22,475</u>
Current assets			
Stocks	14	11,620	7,125
Debtors	15	15,018	11,327
Cash at bank and in hand	25(b)	2,230	6,554
		<u>28,868</u>	<u>25,006</u>
Creditors: amounts falling due within one year	16	<u>(10,035)</u>	<u>(7,769)</u>
Net current assets		<u>18,833</u>	<u>17,237</u>
Total assets less current liabilities		49,127	39,712
Creditors: amounts falling due after more than one year	17	(14,209)	(13,071)
Provisions for liabilities	20	(789)	(973)
Defined benefit pension liability	21	<u>(798)</u>	<u>(1,280)</u>
Net assets		<u>33,331</u>	<u>24,388</u>
Capital and reserves			
Called up share capital	22	12,075	10,000
Share premium account	24	600	500
Capital redemption fund reserve	24	500	-
Reserve for own shares	24	(774)	(774)
Equity component of convertible preference shares	24	200	200
Merger reserve	24	6,250	-
Retained earnings	24	<u>14,480</u>	<u>14,462</u>
Total equity		<u>33,331</u>	<u>24,388</u>

The profit of the Parent Company for the financial year is £2,754,000 (2025: £6,214,000).

Jane Smith  
Director

31 March 2027

Registered number: 1591134

## Appendix 2 – Alternative method of applying the requirements of the revised Section 23 using the full retrospective approach *continued*

### Consolidated statement of changes in equity

of Good Practice Group Limited

for the year ended 31 December 2026

	Equity attributable to owners of the Parent Company									
	Called-up share capital	Share Premium	Capital redemption reserve	Reserve for own shares	Equity component of convertible preference shares	Merger reserve	Retained earnings	Total	Non- controlling interest	Total Equity
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
At 1 January 2025	10,000	500	-	(774)	200	-	23,347	33,273	85	33,358
Profit for the year (restated) (Note 2.4)	-	-	-	-	-	-	4,570	4,570	38	4,608
Exchange differences on retranslation of foreign operations	-	-	-	-	-	-	(40)	(40)	-	(40)
Remeasurement (loss) recognised on defined benefit pension schemes (Note 21)	-	-	-	-	-	-	(564)	(564)	-	(564)
Movement on deferred tax relating to pension liability (Note 10)	-	-	-	-	-	-	63	63	-	63
Other comprehensive loss	-	-	-	-	-	-	(541)	(541)	-	(541)
Total comprehensive income for the year	-	-	-	-	-	-	4,029	4,029	38	4,067
Equity dividends paid (Note 23)	-	-	-	-	-	-	(1,170)	(1,170)	-	(1,170)
Share based payment transactions (Note 26)	-	-	-	-	-	-	398	398	-	398
At 31 December 2025 (restated) (Note 2.4)	10,000	500	-	(774)	200	-	26,604	36,530	123	36,653
At 1 January 2026	10,000	500	-	(774)	200	-	26,604	36,530	123	36,653
Profit for the year	-	-	-	-	-	-	3,937	3,937	237	4,174
Exchange differences on retranslation of foreign operations	-	-	-	-	-	-	324	324	-	324
Remeasurement gain recognised on defined benefit pension schemes (Note 21)	-	-	-	-	-	-	613	613	-	613
Movement on deferred tax relating to pension liability (Note 10)	-	-	-	-	-	-	(205)	(205)	-	(205)
Other comprehensive income	-	-	-	-	-	-	732	732	-	732
Total comprehensive income for the year	-	-	-	-	-	-	4,669	4,669	237	4,906
Equity dividends paid (Note 23)	-	-	-	-	-	-	(1,431)	(1,431)	-	(1,431)
New shares issued (Note 22)	2,575	100	-	-	-	6,250	-	8,925	-	8,925
Share buy back (Note 22)	(500)	-	500	-	-	-	(1,800)	(1,800)	-	(1,800)
Share based payment transactions (Note 26)	-	-	-	-	-	-	307	307	-	307
At 31 December 2026	12,075	600	500	(774)	200	6,250	28,349	47,200	360	47,560

## Appendix 2 – Alternative method of applying the requirements of the revised Section 23 using the full retrospective approach *continued*

### Parent company statement of changes in equity

of Good Practice Group Limited

for the year ended 31 December 2026

	Called-up capital	Share Premium	Capital redemption reserve	Reserve for own shares	Equity component of convertible preference shares	Merger reserve	Retained earnings	Total Equity
	£000	£000	£000	£000	£000	£000	£000	£000
At 1 January 2025	10,000	500	-	(774)	200	-	9,582	19,508
Profit for the year (restated) (Note 2.4)	-	-	-	-	-	-	6,214	6,214
Remeasurement loss recognised on defined benefit pension schemes	-	-	-	-	-	-	(720)	(720)
Movement on deferred tax relating to pension liability	-	-	-	-	-	-	158	158
Other comprehensive loss	-	-	-	-	-	-	(562)	(562)
Total comprehensive income for the year	-	-	-	-	-	-	5,652	5,652
Equity dividends paid (Note 23)	-	-	-	-	-	-	(1,170)	(1,170)
Share-based payment transactions (Note 26)	-	-	-	-	-	-	398	398
At 31 December 2025 (restated) (Note 2.4)	10,000	500	-	(774)	200	-	14,462	24,388
At 1 January 2026	10,000	500	-	(774)	200	-	14,462	24,388
Profit for the year	-	-	-	-	-	-	2,754	2,754
Remeasurement gain recognised on defined benefit pension schemes	-	-	-	-	-	-	233	233
Movement on deferred tax relating to pension liability	-	-	-	-	-	-	(45)	(45)
Other comprehensive income	-	-	-	-	-	-	188	188
Total comprehensive income for the year	-	-	-	-	-	-	2,942	2,942
Equity dividends paid (Note 23)	-	-	-	-	-	-	(1,431)	(1,431)
New shares issued (Note 22)	2,575	100	-	-	-	6,250	-	8,925
Share buyback (Note 22)	(500)	-	500	-	-	-	(1,800)	(1,800)
Share-based payment transactions (Note 26)	-	-	-	-	-	-	307	307
At 31 December 2026	12,075	600	500	(774)	200	6,250	14,480	33,331

## Appendix 2 – Alternative method of applying the requirements of the revised Section 23 using the full retrospective approach *continued*

### 2.4 Changes in accounting policies and disclosures

The Group and Parent Company apply the Amendments to FRS 102 and other FRSs - Periodic Review 2024 (Periodic Review 2024 Amendments) for the first time, except for Section 7 *Statement of Cash Flows* paragraph 7.20B and 7.20C in relation to supplier finance arrangements. These amendments to Section 7 were applied from 1 January 2025. FRS 102.1.37

The Periodic Review 2024 amendments introduced significant changes to Section 23 *Revenue from Contracts with Customers* and Section 20 *Leases*. The revised Section 23 introduced new accounting requirements for revenue recognition based on the five-step model for revenue recognition from IFRS 15 *Revenue from Contracts with Customers*. The revised Section 20 *Leases* introduced new lease accounting requirements based on the on-balance sheet model from IFRS 16 *Leases* with appropriate simplifications. These two principal amendments have a material impact in the Group's and Parent Company's financial statements and are further discussed below. FRS 102.10.13(a)

#### (a) Section 23 Revenue from Contracts with Customers

The Group and Parent Company applied the revised Section 23 retrospectively with the comparative information restated as if the revised Section 23 had always been applied. The Group applied the following practical expedients upon adoption with respect to amounts restated in 2025: FRS 102.10.13(b)  
FRS 102.1.61(b)

- The Group and Parent Company neither restated completed contracts at 1 January 2025 nor completed contracts that began and ended in that year.
- The Group and Parent Company used the transaction price at the date the contract was completed for completed contracts that have variable consideration.
- The Group did not disclose quantitative or qualitative explanation of the significance of unsatisfied performance obligations or expected timing for their satisfaction with respect to amounts recognised in 2025.

The amount of adjustments for each financial statement line item affected by the adoption of the revised Section 23 is disclosed below:

Impact on 2025 consolidated statement of profit or loss (increase/(decrease) in profit):

	Adjustments	2025	
		£000	
Turnover	(a), (b)	(175)	
Cost of sales	(a)	348	
Gross profit		173	
Operating profit/(loss)		173	
Profit/(loss) before interest and taxation		173	
Profit/(loss) before taxation		173	
Tax on profit		-	
Profit/(loss) for the financial year		173	
Attributable to:			
Non-controlling interests		1	
Owners of the Parent Company		172	

FRS 102.1.64  
FRS 102.10.13(b)

## Appendix 2 – Alternative method of applying the requirements of the revised Section 23 using the full retrospective approach *continued*

### 2.4 Changes in accounting policies and disclosures *continued*

#### (a) Section 23 Revenue from Contracts with Customers *continued*

Impact on 2025 consolidated and Parent Company statement of financial position (increase/(decrease) in equity):

FRS 102.1.64  
FRS 102.10.13(b)

	Adjustments	Group	Parent Company
		£000	£000
Creditors: amounts falling due within one year	(a), (b)	(175)	57
Net current assets		(175)	57
Total assets less current liabilities		(175)	57
Provisions for liabilities	(a)	348	(116)
Net assets		173	59
Retained earnings	(a), (b)	172	59
Equity attributable to owners of the Parent Company		172	-
Non-controlling interests		1	-
Total equity		173	59

The change did not have an impact on OCI for the period.

The revised Section 23 did not have an impact on the amounts presented in the *Net cash flows (used in)/from operating activities*, *Net cash flows from/(used in) investing activities*, and *Net cash flows (used in)/from financing activities* in the consolidated statement of cash flows for the year ended 31 December 2025. However, the revised Section 23 resulted in the restatement of certain line items within the operating activities in the reconciliation of profit to net cash (outflow)/inflow from operating activities (Note 25). Adjustments increased/(decreased) following line items:

FRS 102.1.64  
FRS 102.10.13(b)

	Adjustments	31 December 2025
		£000
Group profit before tax	(a), (b)	173
Increase in provision for warranties	(a)	(348)
Working capital changes:		
Decrease in creditors	(a), (b)	175

The nature of these adjustments is described below:

- Service-type warranties (a)

In certain non-standard contracts, the Group and Parent Company provide one-year warranties beyond fixing defects that existed at the time of sale. Under the revised Section 23, such warranties are accounted for as service-type warranties and as a separate performance obligation to which the Group and Parent Company allocates a portion of the transaction price.

FRS 102.1.64  
FRS 102.10.13(a)  
FRS 102.10.13(b)

As at and for the period ended 31 December 2025:

- Turnover and Cost of sales were reduced by £410,000 and £348,000 in the consolidated income statement, respectively. In the Parent Company, Turnover and Cost of sales decreased by £135,000 and £116,000, respectively.
- Contract liabilities (within Creditors: amounts falling due within one year) of £410,000 and £135,000 was recognised by the Group and the Parent Company, respectively, relating to unfulfilled service-type warranties as at 31 December 2025.
- Provisions for liabilities of £348,000 and £116,000, previously accounted under Section 21 were derecognised in the consolidated and Parent Company statement of financial position, respectively.
- The net adjustment to profit or loss of £62,000 and £19,000 in the consolidated and Parent Company income statement, respectively, was recognised as a decrease in Retained earnings as at 31 December 2025.

## Appendix 2 – Alternative method of applying the requirements of the revised Section 23 using the full retrospective approach *continued*

### 2.4 Changes in accounting policies and disclosures *continued*

#### (a) Section 23 Revenue from Contracts with Customers *continued*

- On the line items within Note 25(a) *Reconciliation of profit to net cash (outflow)/inflow from operating activities*:
  - *Group profit before tax* is reduced by £62,000
  - Within the *Adjustments to reconcile Group profit before tax to net cash flow from operating activities*, *Increase in provision for warranties* line is reduced by £348,000
  - Within *Working capital changes*, *Decrease in creditors* line is increased by £410,000
- Bundled sales of equipment and installation services (b)

Under the revised Section 23, the Group and Parent Company assessed that there were two performance obligations in a contract for bundled sales of equipment and installation services and performed an allocation of the transaction price based on their relative stand-alone selling prices.

As at and for the period ended 31 December 2025:

- Amounts within *Debtors* were restated. The Group and Parent Company previously recognised *Trade receivables* (within *Debtors*), even if the receipt of the total consideration was conditional on successful completion of installation services. Under the revised Section 23, any earned consideration that is conditional should be recognised as a contract asset rather than a receivable. £855,000 of *Trade receivables*, £800,000 of *Amounts due from customers for contract work* and £180,000 of *Accrued income* were reclassified to *Contract assets* in the consolidated financial statements. The Parent Company reclassified £800,000 from *Amounts due from customers for contract work* and £150,000 of *Accrued Income* to *Contract assets*.
- Amounts within *Creditors: amounts falling due within one year* were restated. *Deferred income* of £719,000 and *Amounts due to customers for contract work* of £1,500,000 were reclassified to *Contract liabilities* in the consolidated financial statements. The Parent Company reclassified £525,000 from *Deferred income* and £1,400,000 from *Amounts due to customers for contract work* to *Contract liabilities*.
- An additional amount of *Contract liabilities* (within *Creditors: amounts falling due within one year*) with a corresponding impact on *Turnover* was recognised by the Group and the Parent Company amounting to £235,000 and £78,000, respectively, with respect to the unfulfilled portion of the equipment sales performance obligation and installation services performance obligation.
- The adjustment to *Turnover* in the consolidated and Parent Company financial statements was recognised as a decrease in *Retained earnings* as at 31 December 2025.
- On the line items within Note 25(a) *Reconciliation of profit to net cash (outflow)/inflow from operating activities*:
  - *Group profit before tax* is increased by £235,000
  - Within *Working capital changes*, *Decrease in creditors* is reduced by £235,000

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