

PINNACLE HOUSING LIMITED

Registered number 02246643

Annual Report

For the year ended 31 March 2020



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Strategic Report

Pinnacle Housing Limited is based on firm foundations with long term index linked contracts worth in excess of £240m over periods of up to 16 years and a healthy pipeline of new contracts and opportunities. Over the past twelve months, as a growing number of institutional investors have entered the UK residential market attracted by the long term opportunities in the build to rent and private rental markets, Pinnacle Housing Limited has shown itself to be an operating partner of choice with a strong track record of mixed tenure management. Significant contract wins have been secured with notable investors including Legal and General Affordable Homes, with the promise of a secure and growing pipeline. While the wider economic outlook remains uncertain, the country continues to face an acute shortage of housing, particularly in the affordable sector, which coupled with the strong reputation that Pinnacle Housing Limited enjoys among our clients and in the markets we operate, provides ongoing new business opportunities.

Pinnacle Housing Limited continued to deliver existing services in line with all financial and operational targets, including Contract KPIs. Our offer to the market is the provision of commercially minded, socially principled management solutions and our focus remains on providing services that are rooted in the communities we serve. We are committed to effective 'place-keeping' and always put resident satisfaction at the heart of what we do. In the year ended 31st March 2020 we had over 27,000 homes of all tenures in management.

To maintain high levels of customer satisfaction we place a significant emphasis on building relationships with residents through the creation and support of tenants and residents' associations, which provide managers with a continuous feedback loop. We also work hard to develop stronger, more strategic relationships with our clients.

The outsourcing market remains attractive due to long term contracts and visibility of earnings, which means it is subject to strong competition. The Company seeks to maintain its competitive advantage by ensuring it delivers first class services to its clients for a price that represents value for money for the taxpayer. The culture it instils in its employees means that the service its customers receive separates it from the competition.

Summary of Results and Key Performance Indicators (KPIs)

The Company uses the following KPIs to assist in the understanding of the performance of the business:

- Company revenues were £68,195k against £65,210k in the prior year.
- Profit before tax is £4,232k. (2019 £1,799k).

The Company does not currently report on non-financial KPIs.

Balance Sheet and Cash

The net assets of the Company at 31st March 2020 were £23,790k compared to £22,605k at 31st March 2019 and at 31st March 2020 the Company had £2,191k in cash compared to £1,333k at 31st March 2019.

Strategic Report continued

Stakeholder Agenda

Section 172(1) statement - Companies Act 2006

This report sets out how the Directors comply with the requirements of Section 172 Companies Act 2006 and how these requirements have impacted the Board's decision making throughout the year.

The Role of the Board

The Board's primary role is to promote the long-term success of the Company, by creating and delivering sustainable shareholder value through the provision of high quality services and jobs that sustain and enhance communities by ensuring they operate effectively and affordably. This relies on a number of factors, including maintaining positive relationships with a wide range of stakeholders.

A formal schedule of reserved matters is set out and reviewed regularly to ensure it remains fit for purpose. This will include decisions on the ongoing strategic direction of the group, approval of the business plan and budget, the acquisition or disposal of assets, entry into major new contracts and changes in key policies.

The Board also monitors the effectiveness of the Group's internal controls, governance and risk management processes.

The Board delegates the day-to-day running of the business to the Group Chief Executive who is supported in that role by the Executive Committee (ExCom) made up of the senior management of the Group. The Company is the largest operating subsidiary of the Group, and its Directors are all members of ExCom, which ensures that they are involved in all key decisions relating to the Company. The Board also delegates certain responsibilities to the Audit Committee and Remuneration Committee. These committees are made up of Non-Executive Directors and provide the Board with independent oversight.

Board Governance

We have updated our approach to reflect changes in the reporting requirements, most notably the 2018 UK Corporate Governance Code and The Companies (Miscellaneous Reporting) Regulations 2018.

At Group level, we have chosen to apply the Wates Corporate Governance Principles for Large Private Companies for the year ended 31 March 2020, which have allowed us to reflect on where we have done well, and where we can learn from best practice to raise our corporate governance standards to a higher level.

The Principles also support directors in meeting the requirements of Section 172 with guidance on the following areas:

- Purpose and leadership;

Strategic Report continued

- Board Composition;
- Director responsibilities;
- Opportunity and risk;
- Remuneration; and
- Stakeholders.

Our Corporate Governance Statement, which is set out in Pinnacle Group Limited statutory accounts, sets out how the Group has applied these principles.

Board Activity during the year

The strategy and strategic priorities of the Group were set out in a 3-year Business Plan (FY2020-FY2022), which was signed off by our shareholders in January 2019. In approving the plan, the

Directors also considered external factors such as the market and our competitors, as well as economic and political conditions.

We provide quarterly reviews to staff on our progress against the plan, and any changes to our strategic direction where relevant.

During the year, the Directors made the following key decisions:

- To bid for the National Accommodation Services contract for the chance to manage 50,000 service family homes across the UK, being let by the Defence Infrastructure Organisation.
- To enter into a commercial lease with Westminster City Council for a discounted market residential development of nearly 200 units at Dudley House, Paddington.

It is the Board's priority to ensure that Directors have acted in the way that they consider, in good faith, is most likely to promote the success of the company and its members as a whole. This includes the matters set out in paragraphs a-f of Section 172 of the Companies Act 2006, as follows:

- a. The likely consequences of any decision in the long term
 - Decisions to enter new customer contracts follow a robust Investment Committee (IC) process.
 - Decisions to enter any new Key Supplier arrangements are taken to and approved by ExCom.

Strategic Report continued

- Decisions to make any material changes to Employee T&Cs, Pension Scheme arrangements, the Business Plan (and budget), dividends to parent companies, etc. are all reviewed at ExCom.
- Final approvals for making any changes to the corporate structure / material changes to the Business Plan, and entering into major contracts, settling any material disputes or litigation are matters reserved to the Pinnacle Group Limited board, and the shareholders.

b. The interests of the company's employees

- The Directors recognise that our staff remain the lifeblood of the business and are essential to its long-term success. The Group is certified to Silver standard by Investors in People, and continually strives to improve the way it interacts with its staff.
- The health & safety of staff remains a top priority, and the Directors review the performance in this area at each meeting.
- Significant investment in JobWatch for our site-based Facility Management (FM) teams, and further roll-out and training of O365 functionality across the group during the year has had a big impact on the number and ways of achieving

meaningful two-way communication with our staff. We will look to enhance this further in the coming year. Our relaunched Performance Management Framework, Investors in People processes, and employee satisfaction surveys form the bedrock for understanding the views of our employees and provide a mechanism to develop ideas on how we treat our staff.

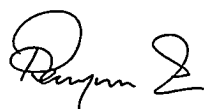
c. The need to foster business relationships with suppliers, customers and others

- The Board regularly reviews how the Group maintains positive relationships with all key stakeholders.
- During the year, the decision was made to seek ISO44001 accreditation, to enhance our credentials and more formally embed our collaborative working arrangements with stakeholders.
- A number of customer engagement surveys were carried out during the course of the year across our portfolio of Housing contracts - the results of these surveyed are reported back through the Shareholder Control Group forum.
- We have rigorous processes in place to ensure that our suppliers are paid promptly, in accordance with contract terms. Quarterly reviews with key suppliers provide the mechanism for jointly seeking opportunities to develop our contractual arrangements for the benefit of both parties.

Strategic Report continued

- d. The impact of our operations on the community and the environment
- The Directors are committed to providing a secure, safe and healthy environment for all our stakeholders.
 - During the year, we have maintained our ISO14000 accreditation and ESOS compliance, and made the strategic commitment to reduce our carbon footprint and thus achieve carbon neutrality by 2025. Our environmental targets are reviewed on an annual basis.
 - During the year, we have continued to take an active role in the communities we serve. Our involvement in a wide range of social value projects and community activities is described in more detail in the Social Value section of this report.
- e. Desirability of the company to maintain a reputation for high standards of business conduct.
- The reputation of the Company is of upmost importance to our Directors, and this is not just limited to financial and operational performance. To that end, the Board has approved the Group's policies on Modern Slavery, and Anti-Bribery and Corruption.
 - We monitor compliments and complaints from our customers, our key suppliers are signed up to a Code of Conduct, and all staff must adhere to our Core HR Policies and our staff handbook, which incorporates a section on "Living the Values".
 - The Board has also considered the findings of our Gender Pay Gap report, including areas to focus going forward.
- f. The need to act fairly between members of the company.
- The shareholders are committed to the business plan (FY2020 – FY2022), which sets out targets for and looks to develop all the main areas of the group. This is reinforced through the approval of the annual budget.
 - Decisions from the Board are filtered down through ExCom, whose membership includes all the statutory directors for its largest operating business, Pinnacle Housing Limited.

This report was approved by the Board on 30th October 2020 and signed on its behalf.



Peregrine Lloyd
Group Chief Executive

Directors' Report

Financial Statements

The directors present their annual report and financial statements of Pinnacle Housing Limited (the "Company") for the year ended 31 March 2020.

Principal Activities

The Company's principal activity is housing management and estates services.

Results and Dividends

Profit for the year after tax amounted to £3,302,000 (2019: £1,332,000).

A dividend of £2,350k was paid to the Company's parent company Pinnacle PSG Limited during the year (2019: £nil).

Going Concern

The Company has made a profit for the financial year of £3,302,000 (2019: £1,332,000) and has net assets of £23,790,000 (2019: £22,605,000) at the year end.

As part of their review the directors have considered the implications of the current Coronavirus Pandemic on the going concern assumption. The economic impact on the business due to the Coronavirus Pandemic is subject to an unprecedented level of uncertainty with the full range of possible effects unknown. This could lead to future material adverse impacts on the activities of the Company due to factors outside the control of the Board. The Company has adopted flexible remote working practices and other measures to continue normal service levels and the directors have considered a range of financial outcomes to conclude that the Company has sufficient cash resources to continue its activities. As events evolve the directors will take all necessary measures to minimise where possible the negative economic impacts on the business. Pinnacle Group Limited has indicated its willingness to financially support Pinnacle Housing Limited for a period of at least 12 months from the date these financial statements were approved and authorised for issue by way of a letter of support.

On this basis the Directors believe that the Company will have adequate resources to continue in operational existence for the foreseeable future and meet its obligations as they fall due. As such the financial statements are prepared on a going concern basis

Donations

No political or charitable donations were made in the year (2019: £nil).

Payments to Suppliers

Settlements terms are agreed with suppliers as part of the contract terms and it is the Company's policy to pay in accordance with these terms. Other creditors are paid in accordance with invoice terms.

Creditor days for the current year are approximately 27 days (2019: 23 days).

Directors' Report continued

Financial Instruments

The Company does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. The nature of its financial instruments means that they are not subject to price risk or liquidity risk.

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

PMA Lloyd
CM Hodson
NP Wright
N Fergus
C Kober
JL Saunders
AM Lee

Corporate Responsibility and Governance

The Board of Directors recognises the importance of high standards of corporate responsibility and governance. This is evidenced through the following:

(a) Social value - charity and community activities

The Company strongly believes in giving something back to the communities in which we work. We actively support and contribute to a number of community projects and initiatives nationwide. By working closely and in partnership with residents, community groups, local charities and businesses we are able to ensure that we help transform the social aspect of the communities we serve, not just the physical.

Employees are involved in a diverse programme of social value projects focused on community investment and positive engagement with residents, which they undertake on a voluntary basis. Activities are determined locally by the staff working in a contract and tailored to the needs of residents. In Woking, the team continues to run a 'Wellbeing in Woking' campaign which includes weekly fitness classes and gardening club. This year staff have also supported a local environmental group by putting up 30 swift boxes on estates managed by the team to provide somewhere for the birds to nest. Our Housing PFI contracts in Canning town, Brockley and Myatts Field have run a successful programme of Community Action Days and events to engage residents including communal BBQs, coach trips and tea parties for sheltered scheme residents. In the London Borough of Hammersmith and Fulham our 'Community Connects' programme continues to be a success. It sees monthly events on different estates providing support on a range of topics including smoking cessation, health and well-being and money management along with an opportunity to meet the staff team and other service partners.

Directors' Report continued

(b) Equal opportunities

The Company's policy is one of equal opportunity in the selection, training, career development and promotion of employees regardless of age, gender, ethnic origin, religion and whether disabled or otherwise, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff suffering a disability every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged.

It is the policy of the Company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests. We are committed to narrowing our gender pay gap through promoting flexible working and other initiatives. Communication with employees continues through in-house newsletters, e-bulletins, the intranet, briefings and the distribution of the annual report and other monthly information such that employees are aware of the performance of the Company.

(c) Health and Safety

The Company recognises the importance of effective health and safety management and is committed to providing a secure, safe and healthy environment for both residents and employees. The Company has specific Health and Safety personnel who advise management and monitor activities to ensure appropriate levels are maintained.

(d) Quality, standards and customer service

The Company strives to deliver its services with the highest quality in standards and safety. Its operational governance is demonstrated by the following standards and awards: ISO9001, ISO14001, ISO27001, ISO44001 ISO45001, CHAS and Member of British Safety Council. In addition, the best practice Investors in People framework has long been embedded within our organisation.

(e) Environment

Environmental considerations play an increasingly prominent role in the areas we operate and we believe we can act as a positive catalyst to influence how residents view and treat their surroundings.

The Company has a formalised sustainability management programme where local contracts put their own local action plans in place. These feed into the overall company sustainability plan. Areas covered include fuel use, energy use, green waste and recycling, water use, pollution, biodiversity and staff/community awareness. A number of community initiatives have taken place including cycle cinemas and sustainable planting programmes on our estates.

The sharing of best practice has improved due to the co-ordination of company sustainability approaches within the business. Regular meetings with staff, residents and our clients help us identify any environmental issues and formulate quick responses, thus ensuring long term and sustainable improvements across all of our contracts nationally.

Directors' Report continued

We are committed to reducing our carbon footprint and have started a number of initiatives in that direction; e.g. using chemical free cleaning products on our contracts and testing the practicality of EV vehicles across our fleet.

(f) Our People

The Company is fortunate to have at its core, employees who share a common belief that prosperity for its stakeholders will be achieved through the delivery of excellent service. Our position in our markets is built on a perception that our people have respect for each other and our customers, and that from this respect comes a sustainable delivery capability. We will continue to strive to deliver for our people and for our clients, for to succeed will be our most potent weapon in creating a valuable, sustainable, and respected business.

Pinnacle Group Limited holds an annual awards ceremony each year. The awards recognise and celebrate the achievements of those members of staff who, over the year, have gone the extra mile and best displayed the Group's five key values: Trust, Respect, Involve, Challenge and Deliver Excellence.

Disclosure of Information to the Auditors

Each of the directors has confirmed that:

- so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- they have taken all the steps that ought to have been taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Independent Auditors

Under section 487 of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the Board on 30th October 2020 and signed on its behalf.



Christopher Hodson
Chief Financial Officer

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' Confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Christopher Hodson
Chief Financial Officer
30th October 2020

Independent auditors' report to the members of Pinnacle Housing Limited

Report on the audit of the financial statements

Opinion

In our opinion, Pinnacle Housing Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Statement of Financial Position as at 31 March 2020; the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the Notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



Diane Walmsley (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
2 November 2020

**Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31st March 2020**

	Notes	2020 £000	2019 £000
Revenue	2	68,195	65,210
Raw materials and consumables		(9,732)	(9,368)
Staff costs	3	(38,258)	(36,250)
Depreciation and amortization	4,8,9,10,14	(2,728)	(427)
Other operating expenses	4	(13,628)	(18,015)
Total expenses		(64,346)	(64,060)
Operating profit		3,849	1,150
Net interest	5	383	649
Profit before taxation		4,232	1,799
Tax on profit	6	(930)	(467)
Profit for the year		3,302	1,332
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Actuarial gain on pension plans (net of deferred tax)	17	233	432
Other comprehensive income for the year, net of tax		233	432
Total comprehensive income for the year		3,535	1,764

All the above amounts are attributable to continuing operations.

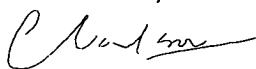
The notes on pages 18 to 40 form part of the financial statements.

**Statement of Financial Position
as at 31 March 2020**

	Notes	31 March 2020 £000	31 March 2019 £000
Non-Current Assets			
Investments	7	172	172
Intangible assets	8	62	95
Property, plant and equipment	9	835	824
Investment Property	10	17,271	-
Right-of-use (RoU) assets	14	2,971	-
Deferred tax asset	13	112	242
Retirement benefit asset	17	732	316
Total non-current assets		<u>22,155</u>	<u>1,649</u>
Current Assets			
Trade and other receivables	11	33,470	47,139
Cash and cash equivalents		<u>2,191</u>	<u>1,333</u>
Total current assets		<u>35,661</u>	<u>48,472</u>
Total Assets		<u>57,816</u>	<u>50,121</u>
Current Liabilities			
Trade and other payables	12	(12,930)	(27,393)
Short term lease liabilities	14	(4,594)	-
Current tax liability		<u>(854)</u>	<u>-</u>
Total current liabilities		<u>(18,378)</u>	<u>(27,416)</u>
Non-Current Liabilities			
Finance leases		-	(100)
Lease liabilities	14	(15,648)	-
Total non-current liabilities		<u>(15,648)</u>	<u>(100)</u>
Total liabilities		<u>(34,026)</u>	<u>(27,516)</u>
Net Assets		<u>23,790</u>	<u>22,605</u>
Capital and Reserves			
Called up share capital	15	50	50
Retained earnings		<u>23,740</u>	<u>22,555</u>
Total equity		<u>23,790</u>	<u>22,605</u>

These financial statements on pages 15 to 17 were approved by the board of directors on 30th October 2020 and signed on its behalf by:

CM Hodson



Chief Financial Officer

Company registered number: 02246643

The notes on pages 18 to 40 form part of the financial statements.

**Statement of Changes in Equity
for the year ended 31 March 2020**

	Share Capital £000	Retained earnings £000	Total equity £000
Balance at 1 April 2018	50	20,791	20,841
Profit for the year	-	1,332	1,332
Other comprehensive income	-	432	432
Balance at 31 March 2019	50	22,555	22,605
Profit for the year	-	3,302	3,302
Other comprehensive income	-	233	233
Dividends paid	-	(2,350)	(2,350)
Balance at 31 March 2020	50	23,740	23,790

The notes on pages 18 to 40 form part of the financial statements.

Notes to the financial statements

1. Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all of the years presented, unless otherwise stated.

1.1 Basis of Preparation

Pinnacle Housing Limited (the "Company") is a private limited company incorporated and domiciled in the United Kingdom. The registered address is 21st Floor Euston Tower, 286 Euston Road, London NW1 3DP.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

These financial statements have been prepared in accordance with The Companies Act 2006 as applicable to companies using FRS 101.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency and prepared on the historical cost basis.

In these financial statements, the company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79 (a) (iv) of IAS 1;
 - paragraph 73 (e) of IAS 16 'Property, plant and equipment'; and
 - paragraph 118 (e) of IAS 38 'Intangible assets' (reconciliation between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1:
 - 10 (d) (statement of cash flows);
 - 10 (f), 40 A - D (requirement for a third statement of financial position);
 - 16 (statement of compliance with all IFRS);
 - 38 A (requirement for minimum of two primary statements, including cash flow statements);
 - 38 B - D (additional comparative information);
 - 111 (cash flow statement information); and
 - 134 - 136 (capital management disclosures).
- A Cash Flow Statement and related notes;
- IFRS 9 'Financial instruments' and IFRS 15 'Revenue from Contracts with Customers' related disclosures;
- Disclosures in respect of transactions with wholly owned subsidiaries;

Notes to the financial statements continued

1.1 Basis of Preparation continued

- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective); and
- The requirement in IAS 24, 'Related party disclosures', to disclose related party transactions entered between two or more members of a group and key management compensation.

As the consolidated financial statements of Pinnacle Group Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures

New and amended standards adopted by the company

The Company has applied the following standards and amendments for the first time for their annual reporting year commencing 1 April 2019:

- IFRS 16 *Accounting for leases*

The Company had to change its accounting policies and make certain adjustments following the adoption of these standards.

IFRS 16 Leases

IFRS 16 replaces existing leases guidance, including IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC 15 *Operating leases – Incentives* and SIC 27 *Evaluating the Substance of transactions involving the legal Form of a Lease*.

IFRS 16 addresses the definition of a lease, recognition and measurement of leases, and it establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that it prescribes a single lessee accounting model that requires the recognition of a right of use asset and corresponding liability for all leases. The only exceptions are short-term (i.e. 12 months or less) and low-value leases.

Under IFRS 16, the right-of-use asset is depreciated in accordance with the requirements of IAS 16 *Property, plant and equipment* and will be tested for impairment in accordance with IAS 36 *Impairments of Assets*. The impairment testing process replaces the previous requirement to recognise a provision for onerous contracts.

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. However, IFRS 16 has changed and expanded the disclosure required, in particular regarding how a lessor manages the risks arising from its residual interest in a leased asset.

The Company reviewed all its leasing arrangements in light of the new lease accounting rules in IFRS 16. The standard affected primarily the accounting for the Company's operating leases.

Notes to the financial statements continued

1. Accounting Policies continued

1.1 Basis of Preparation continued

On initial adoption, the Company recognised right-of-use assets of £3,605k (carrying value excluding short-term leases exemption) and lease liabilities of £3,605k (after adjustments for prepayments and accrued lease payments recognised as at 31 March 2020 and short-term leases). The adoption of IFRS 16 does not have a material impact for the Company.

The Company adopted the standard from 1 April 2019. The Company has applied the modified retrospective approach. The Company made use of the practical expedient available on transition to IFRS 16 to not reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to apply to those leases entered or modified before 1 April 2019.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option;
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs;
- restoration costs

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Notes to the financial statements continued

1. Accounting Policies continued

1.1 Basis of Preparation continued

New standards and interpretations not yet adopted

The following accounting standards and amendments are in issue at the reporting date with an effective date after the current financial year:

- IFRS 17 Insurance Contracts
- Amendments to IFRS 9 Prepayment Features with Negative
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle

The Company does not anticipate the adoption of the new accounting standards and interpretations (listed above) to have a material effect on its financial statements.

1.2 Going Concern

The financial statements have been prepared on a going concern basis.

The Company has retained earnings to date of £23,740,000 (2019: £22,555,000) and has contracts in place which are forecast to be profitable over the life of the contract. The Company has a good cash position and has a positive cashflow forecast for the next twelve months.

As part of their review the directors have considered the implications of the current Coronavirus Pandemic on the going concern assumption. The economic impact on the business due to the Coronavirus Pandemic is subject to an unprecedented level of uncertainty with the full range of possible effects unknown. This could lead to future material adverse impacts on the activities of the Company due to factors outside the control of the Board. The Company has adopted flexible remote working practices and other measures to continue normal service levels and the directors have considered a range of financial outcomes to conclude that the Company has sufficient cash resources to continue its activities. As events evolve the directors will take all necessary measures to minimise where possible the negative economic impacts on the business. Pinnacle Group Limited has indicated its willingness to financially support Pinnacle Housing Limited for a period of at least 12 months from the date these financial statements were approved and authorised for issue by way of a letter of support.

On this basis the Directors believe that the Company will have adequate resources to continue in operational existence for the foreseeable future and meet its obligations as they fall due. As such the financial statements are prepared on a going concern basis.

1.3 Long-term Contracts

In respect of long-term contracts, total revenue and related costs are calculated to determine a contract's profitability margin which is recognised in the profit and loss account over the term of the contract after making provision for foreseeable losses.

Notes to the financial statements continued

1. Accounting Policies continued

1.3 Long-term Contracts continued

Refer to 1.10 for the Company's accounting policy on recognition of revenue.

Project profitability of long-term contracts is regularly reviewed by management and a detailed exercise is carried out at least once every year.

Amounts recoverable on contracts are valued at anticipated net sales value of work done after provision for contingencies and anticipated future losses on contracts. Cash received on account of contracts is deducted from amounts recoverable on contracts. Such amounts which have been received and exceed amounts recoverable are included in creditors. Contract provisions in excess of amounts recoverable are included in provisions. Any difference between the calculated turnover figure and the invoiced amounts in the month is treated as deferred income or accrued income as appropriate.

1.4 Non-Derivative Financial Instruments

Non-derivative financial instruments comprise trade and other receivables, trade and other payables and cash and cash equivalents.

Trade and other receivables

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on the payment profiles of sales over a period of 12 month before 31st March 2020 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified that given the fact that the majority of its customers are local government entities and large housing associations, losses and risk are extremely low.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Notes to the financial statements continued

1.4 Non-Derivative Financial Instruments continued

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

1.5 Intangible Assets

Intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Intangible assets with an indefinite useful life and goodwill are systematically tested for impairment at each balance sheet date. Other intangible assets are amortised from the date they are available for use.

The estimated useful lives are as follows:

- capitalised software development costs - 3 years

1.6 Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Land is not depreciated.

The estimated useful lives are as follows:

- plant and equipment – 1 to 5 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if it is greater than its estimated recoverable amount. Refer to note 1.9 below.

Notes to the financial statements continued

1.7 Right-of-Use (RoU) assets

Assets and liabilities arising from a lease are initially measured on a present value basis.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

The estimated useful lives of all right-of-use assets are over the life/term of the lease.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

1.8 Contributed Equity

Ordinary shares are classified as equity.

1.9 Impairment of Non-Financial Assets

Non-financial assets that are not ready to use are not subject to amortisation and are tested annually for impairment.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

1.10 Revenue

Revenue represents fees and commissions receivable for housing management services and estate services and is recognised over the period for which the services are delivered.

Notes to the financial statements continued

1.11 Expenses and Interest

Financing income and expenses

Financing expenses comprise interest payable and finance leases recognised in profit or loss using the effective interest method.

Financing income comprise interest receivable on funds invested. Interest income and interest payable is recognised in profit or loss as it accrues

Interest income and expenses

Interest expenses comprise interest payable on loans and borrowings recognised in profit or loss using the effective interest method.

Interest income comprises interest receivable on funds invested using the effective interest method.

1.12 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for:

- the initial recognition of goodwill;
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes to the financial statements continued

1.13 Employee Benefits

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Post-employment obligations

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The liability discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of and having maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan, reductions in future contributions to the plan or on settlement of the plan and takes into account the adverse effect of any minimum funding requirements.

1.14 Rounding of Amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

1.15 Critical Accounting Estimates and Judgements

The key assumptions concerning the future and other key sources of estimation at the reporting date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are as follows:

Defined benefit pension scheme valuations

In determining the valuation of defined benefit pension scheme assets and liabilities, a number of key assumptions have been made. The key assumptions, which are given below are largely dependent on factors outside the control of the Group:

Notes to the financial statements continued

1.15 Critical Accounting Estimates and Judgements continued

- Inflation rate;
- Mortality;
- Discount rate; and
- Salary and pension increases.

Details of the assumptions used are included in note 17

Provision for credit losses

The provision for estimated credit losses are based on assumptions about the risk of default and expected loss rates. The Group uses judgements in making these assumptions and selecting the inputs to the estimated credit losses calculation, based on the Group's history and current and forward-looking information on macroeconomic factors affecting the ability of its customers to settle the receivables.

1.16 Dividends

Dividends are recognised as distributions to owners during the period in which the dividend is paid.

Dividends are recognised in the statement of changes in equity. All dividends were declared and paid in the financial year.

2. Revenue

	2020 £000	2019 £000
Housing management	21,458	21,272
Estate services	46,737	43,938
Total	68,195	65,210

Notes to the financial statements continued

3. Employees

Number of employees

The average monthly number of operational employees employed by the Company during the year was 2,052 (2019: 1,829).

Employment costs

The aggregate payroll costs of these persons were as follows:

	2020	2019
	£000	£000
Wages and salaries	34,442	32,630
Social security costs	2,435	2,324
Other pension costs – defined benefit	196	196
Other pension costs – defined contribution	1,185	1,100
Total employee costs	38,258	36,250

4. Expenses and Auditor's Remuneration

	2020	2019
	£000	£000
Profit for the year has been arrived after charging:		
Operating leases		
– hire of plant and machinery	-	1,777
– other	23	438
Depreciation and amortisation		
– owned assets	347	324
– leased assets	-	103
– right-of-use assets	2,381	-
Auditor's remuneration	16	15

Notes to the financial statements continued

5. Net Interest

	2020	2019
	£000	£000
Finance income		
Net finance income on pension scheme assets and liabilities	11	-
Intercompany interest receivable	963	740
Total finance income	974	740
Finance costs		
Bank charges	63	71
Net finance charge on pension scheme asset and liabilities	-	6
Right-of-use leases	528	-
Finance leases	-	14
Total finance costs	591	91
Net interest	383	649

6. Taxation

(a) Analysis of charge in the year

	2020	2019
	£000	£000
Current Tax		
Tax on profit	147	-
Group relief claimed	622	707
Adjustment for previous years	86	-
Total current tax	855	707
Deferred tax		
Origination and reversal of timing difference	75	(240)
Total deferred tax	75	(240)
Tax charge on profit	930	467

Notes to the financial statements continued

(b) Factors affecting tax charge for the year

	2020 £000	2019 £000
Profit before taxation	4,231	1,799
Profit before taxation multiplied by standard rate of UK corporation tax of 19% (2019: 19%)	804	342
Deductible expenses	(2)	(13)
Disallowed expense	-	363
Depreciation charge in excess of capital allowances & other timing differences	(33)	15
Adjustment for previous years	86	-
Movement in deferred tax	75	(240)
Total tax charge for the year	930	467

The company has received group relief amounting to £622,000 from fellow subsidiary undertakings without making any payment. This will be offset against intercompany.

(c) Factors affecting future tax charge

The suspension of a proposed reduction in the UK corporation tax rate from 19% to 17% effective from 1 April 2020 was substantively enacted in March 2020. The UK corporation tax rate remains at 19%.

7. Investments

	Investment in subsidiaries £000
Cost at 1 April 2019	172
Additions	-
Balance at 31 March 2020	172

The company has the following investment in subsidiaries:

Company	Nature of business	Class of shares held	2019	2018
Woking Housing Partnership Limited	Housing management	£1 ordinary	100%	100%

Woking Housing Partnership Limited is a company incorporated and domiciled in the United Kingdom. The registered office is 21st Floor Euston Tower, 286 Euston Road, London NW1 3DP.

As at 31 March 2020 the fair value of the investment in subsidiaries is £279k (2019: £268k) against carrying value of £172,000 thus no impairment is required.

Notes to the financial statements continued

8. Intangible Assets

	Development & software costs £000
Cost	
Balance at 1 April 2019	349
Additions	33
Balance at 31 March 2020	382
Accumulated amortisation	
Balance at 1 April 2019	254
Amortisation for the year	66
Balance at 31 March 2020	320
Net Book Value	
At 31 March 2020	62
At 31 March 2019	95

9. Property, Plant and Equipment

	Leasehold land and buildings £000	Plant and equipment £000	Motor vehicles £000	Total £000
Cost				
Balance at 1 April 2019	185	3,099	56	3,340
Additions	314	105	-	419
Reclassification	-	(94)	-	(94)
Disposals	-	(163)	-	(163)
Balance at 31 March 2020	499	2,947	56	3,502
Accumulated depreciation				
Balance at 1 April 2019	181	2,279	56	2,516
Charge for the year	2	279	-	281
Reclassification	-	(32)	-	(32)
Disposals	-	(98)	-	(98)
Balance at 31 March 2020	183	2,428	56	2,667
Net Book Value				
At 31 March 2020	316	519	-	835
At 31 March 2019	4	820	-	824

Notes to the financial statements continued

10. Investment Property

	Total £000
Cost	
Balance at 1 April 2019	-
Additions	18,185
Disposals	-
Balance at 31 March 2020	18,185
Accumulated depreciation	
Balance at 1 April 2019	-
Charge for the year	914
Disposals	-
Balance at 31 March 2020	914
Net Book Value	
At 31 March 2020	17,271
At 31 March 2019	-

11. Trade and Other Receivables

	2020 £000	2019 £000
Trade receivables	9,841	9,029
Amounts owed by group undertakings*	21,985	36,737
Other receivables	34	64
Prepayments and accrued income	1,610	1,309
Total trade and other receivables	33,470	47,139

* Amounts owed by group undertakings are unsecured, interest bearing at 4.5%, have no fixed date of repayment and are repayable on demand.

The credit loss allowance at 31st March is £1,141,000 (2019: £1,914,000) on amounts owed by group undertakings.

12. Trade and Other Payables

	2020 £000	2019 £000
Trade payables	1,758	1,458
Amounts owed to group undertakings*	2,980	20,104
Other taxes and social security	2,780	2,440
Other payables	164	335
Accruals and deferred income	5,248	3,056
Total trade and other payables	12,930	27,393

* Amounts owed by group undertakings are unsecured, interest bearing at 4.5%, have no fixed date of repayment and are repayable on demand.

Notes to the financial statements continued

13. Deferred Taxation

Deferred tax comprises the following:

	Provision for credit loss £000	Property, plant and equipment £000	Pension scheme £000	Total £000
At 1 April 2018	-	57	60	117
Recognised in profit or loss	325	(85)	-	240
Recognised in other comprehensive income	-	-	(115)	(115)
At 31 March 2019	325	(28)	(55)	242
Recognised in profit or loss	-	(46)	(29)	(75)
Recognised in other comprehensive income	-	-	(55)	(55)
At 31 March 2020	325	(74)	(139)	112

14. IFRS 16 – Accounting for leases

i) Practical expedients applied

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there are no onerous contracts as at 1st April 2019
- excluding initial direct costs from the measurement of right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- Short-term leases - leases which are less than 12 months.

ii) Measurement of lease liabilities

	2020 £000
Operating lease commitments disclosed as at 31 March 2019	3,848
Short term leases exemption as at 31 March 2019	(243)
Lease liabilities as at 1 April 2019	3,605
Of which are:	
Current lease liabilities	1,400
Non-current lease liabilities	2,205
Total	3,605

Notes to the financial statements continued

14. IFRS 16 – Accounting for leases continued

iii) Adjustments recognised in balance sheet on 1 April 2019

	2020 £000
Right-of-use assets increase by	3,605
Lease liabilities increased by	3,605
Impact on retained earnings	-

iv) Amounts recognised in the statement of financial position.

The statement of financial position shows the following amounts relating to leases included in the financial statement as at 31 March 2020:

a) Right-of-use assets

	PPE	Investment Property	Total
Cost	£000	£000	£000
Initial recognition at 1 April 2019	3,605	-	3,605
Additions	963	18,185	19,148
Disposals	(130)	-	(130)
Balance at 31 March 2020	4,438	18,185	22,623
Depreciation			
Depreciation charge for the year	1,467	914	2,381
Balance at 31 March 2020	1,467	914	2,381
Net book Value			
Balance at 31 March 2020	2,971	17,271	20,242

The Investment Property addition in the year £18,185k, relates to a transaction entered into with a London council whereby one of the Group's subsidiary's has leased a new building from the Council, consisting of 197 flats, for a period of just short of 7 years. The subsidiary is contracted to pay a series of monthly payments to the Council in accordance with the said lease and the subsidiary can rent the flats to those who qualify at discounted market rents. Under IAS 40 and IFRS 16 this transaction classifies the subsidiary's interest in the building as an "Investment Property" which is depreciated accordingly

Notes to the financial statements continued

14. IFRS 16 – Accounting for leases continued

b) Lease Liabilities

Cost	£000
Initial recognition at 1 April 2019	3,605
Additions	19,148
Interest	540
Disposals	(130)
Cost at 31 March 2020	23,163

Payments

Interest	540
Principal leases	1,467
Accruals for lease liabilities	914
Payments during the year	2,921

Balance at 31 March 2020	20,242
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v) Amount recognised in the statement of profit or loss

The statement of profit or loss shows the following amounts relating to leases during 2020 financial year:

	2020
	£000
Depreciation charge of right-of-use assets	
Properties	291
Motor vehicles	1,176
Investments properties	914
Total	2,381

Interest expense (included in finance cost)	540
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Total	540
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Rental Income from Investment property	323
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Total	323
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vi) Lease liabilities

	2020
	£000
Maturity analysis – contractual discounted cash flows	
Less than one year	4,594
One to five years	13,857
More than five years	1,791
Total discounted lease liabilities at 31 March	20,242

Notes to the financial statements continued

15. Share Capital	Number 2020	Number 2019
Authorised		
Ordinary shares at £0.05 each	1,000,000	1,000,000
At 31 March	1,000,000	1,000,000

	2020 £000	2019 £000
Called up and fully paid		
Authorised ordinary shares at £0.05 each	50	50
Total	50	50

16. Directors Remuneration	2020 £000	2019 £000
Aggregate emoluments and benefits	232	296
Company pension contributions to money purchase scheme	31	20
Total	263	316

Highest paid director		
Aggregate emoluments and benefits	157	111
Company pension contributions to money purchase scheme	16	13
Total	173	124

The services of NP Wright, AM Lee, JL Saunders, CM Hodson and PMA Lloyd were deemed to relate mostly to work carried out for other companies within the Pinnacle Group Limited and their related costs are included within the administration expenses of those companies.

17. Employee Benefits

Pension plans

The Company participates in two employee benefit schemes.

There is one defined contribution scheme which is a Group Personal Pension for substantially all employees.

The other is a defined benefit scheme. The Plan is a registered defined benefit final salary scheme subject to the UK regulatory framework for pensions, including the Scheme Specific Funding requirements. The Plan is operated under trust and as such, the trustees of the Plan are responsible for operating the Plan and they have a statutory responsibility to act in accordance with the Plan's Trust Deed and Rules, in the best interest of the beneficiaries of the Plan, and UK legislation (including Trust law). The Trustee and the Company have the joint power to set the contributions that are paid to the Plan.

Notes to the financial statements continued

17. Employee benefits continued

The assets of the scheme are held separately in independently administered funds. Payments to this scheme during the year have been made in accordance with the actuarial valuation on 31st March 2018. There were no amounts payable to the scheme at end of the current financial year (2019: £nil).

This reporting statement covers the retirement benefits provided from the Citrus Pension Scheme which is a defined benefit pension scheme. The last full independent actuarial valuation of the plan was undertaken as at 31st March 2018. The administrator of the pension scheme is Hymans Robertson LLP.

The 31st March 2018 valuation was prepared by an independent qualified actuary using the methods and assumptions set out in the Statement of Funding Principles for the purposes of the statutory funding objective, which was introduced by the Pension Act 2004. The principal financial assumptions were price inflation at market price RPI curve, salary increases at RPI less 1.0% per annum, a discount rate before retirement of 2.5% per annum, and a discount rate in the period after retirement of 0.75% per annum. The market value of the scheme's assets at 31st March 2018 was £8,887k.

(a) Amounts included within the financial statements

The amounts recognised in the balance sheet are as follows:

	2020	2019
	£000	£000
Present value of plan liabilities	(8,995)	(9,154)
Fair value of scheme assets	9,727	9,470
Net assets	732	316

The amounts recognised in the consolidated income statement are as follows:

	2020	2019
	£000	£000
Current service cost	139	154
Administration costs	63	42
Net interest (income)/expense	(11)	6
Net cost	191	202

Changes in the amounts recognised in the consolidated statement of changes in equity are as follows:

	2020	2019
	£000	£000
Actuarial gain	287	547

Changes in the present value of the defined benefit liabilities are as follows:

	2020	2019
	£000	£000
Opening defined benefit liability	9,154	9,238
Service cost	139	154
Administration cost	63	42
Contributions by members	26	30
Interest cost	217	244
Changes in financial assumptions	(352)	(380)
Benefits paid	(252)	(174)
Closing defined benefit liability	8,995	9,154

Notes to the financial statements continued

17. Employee benefits continued

Changes in the fair value of scheme assets are as follows:

	2020	2019
	£000	£000
Opening fair value of scheme assets	9,470	8,887
Interest income	228	238
Contributions by employers	319	326
Contributions by members	26	30
Return on assets excluding amounts included in net interest	(64)	163
Benefits paid	(252)	(174)
Closing fair value of scheme assets	9,727	9,470

The Company contributions during the accounting year amounted to £319k (2019: £326k) and the agreed Company contribution rate for the coming year is 26% pa of pensionable salaries. Estimated employer expense for the next accounting year is £163k.

The cumulative amount of actuarial losses taken to the consolidated statement of changes in equity at 31st March 2020 was £2,197k (2019: £2,428k).

The fair value of the plan assets and the return on those assets were as follows:

	2020	2019
	Fair value	Fair value
	£000	£000
Equities and similar assets	5,801	5,043
Corporate bonds	1,484	1,492
Bonds	2,442	2,935
Total	9,727	9,470

b) Disclosure of principal assumptions

	2020	2019
Discount rate at 31 st March	2.30%	2.40%
First year salary increase	2.00%	2.00%
Future salary increases	2.00%	2.30%
Increases to pensions in payment accrued to date (RPI)	2.80%	3.30%
Increases to pensions in payment accrued to date (CPI)	2.00%	2.30%

Notes to the financial statements continued

17. Employee benefits continued

Mortality

The average life expectancy assumed now for an individual at the age of 63 and projected to apply in 2020 for an individual then at the age of 63 is as follows:

Retiring today:	2020	2019
Males	22.5	22.4
Females	26.3	26.2
Retiring in 20 years:	2020	2019
Males	24.9	24.8
Females	28.9	28.8

Sensitivity analysis

	Increase in pension liability £000
0.5% decrease in discount rate	9,842
1-year increase in life expectancy	9,355

The sensitivities disclosed were calculated using approximate methods taking into account the duration of the Plan's liabilities.

Longevity assumptions

The longevity assumptions as at 31 March 2020 are based on bespoke longevity tables for members provided by Club Vita for the formal valuation of the Section as at 31 March 2018. For future improvements peaked increase in longevity improvements over the short term and longer-term improvement of 1.5% per annum for men and women have been used, based on CMI 2020 projections.

Historical pension scheme information

	2020	2019	2018	2017	2016
	£000	£000	£000	£000	£000
Defined benefit liability	(8,995)	(9,154)	(9,238)	(9,083)	(7,177)
Scheme assets	9,727	9,470	8,887	8,619	7,472
Surplus/(Deficit)	731	316	(351)	(464)	295
Experience adjustment on scheme liabilities – (loss)/gain	353	380	130	(1,571)	256
Experience adjustment on scheme assets – gain/(loss)	(64)	163	90	699	(299)

Risks to which the Plan exposes the Company

The nature of the Plan exposes the Company to the risk of paying unanticipated additional contributions to the Plan in times of adverse experience. The most financially significant risks are likely to be:

- members living for longer than expected;

Notes to the consolidated financial statements continued

17. Employee benefits continued

- higher than expected actual inflation and salary increase experience,
- lower than expected investment returns, and
- the risk that movements in the value of the Plan's liabilities are not met by corresponding movements in the value of the Plan's assets.

The sensitivity analysis disclosed is intended to provide an indication of the impact on the value of the Plan's liabilities of the risks highlighted.

18. Contingencies

The Company has issued guarantees in favour of Barclays Bank (2019: Barclays Bank) to support the indebtedness of Pinnacle Group Limited and its subsidiaries. The exposure to this guarantee at the balance sheet date was £nil (2019: £nil).

There are no other contingencies as at 31 March 2020.

19. Parent Undertaking and Controlling Party

The immediate parent undertaking is Pinnacle PSG Limited which owns 100% of the ordinary share capital of the Company. The financial statements of Pinnacle Group Limited is the smallest group to consolidate these financial statements.

The ultimate parent undertaking and the largest group to consolidate these financial statements is TStar Pinnacle Limited.

The financial statements of Pinnacle Group Limited and TStar Pinnacle Limited are available from 21st Floor Euston Tower, 286 Euston Road, London NW1 3DP.

20. Subsequent Events

There have been no subsequent events post year end.