

Registered number: 02246643

**PINNACLE HOUSING LIMITED**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2021**

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**PINNACLE HOUSING LIMITED**

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## PINNACLE HOUSING LIMITED

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### STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2021

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#### Introduction

The 12 month period between 1st April 2020 and 31st March 2021 has without doubt been a most testing period for Pinnacle Housing Limited. COVID 19's impact on the UK was sudden and severe and considerably worse than most had expected. With a March year end, the Pinnacle Group Limited ("Group") board had just approved a budget for the forthcoming year only to find that management's focus needed to change very quickly from growth to preservation; preservation of the health of our people and our clients as well as the preservation of cash to enable us to continue to operate through a period of considerable uncertainty.

The machinery that we had already put in place to deal with this kind of incident proved more resilient than we might have reasonably expected. Working groups were quickly established to deal with a range of COVID related issues, business continuity plans for over 240 contracts across the Group were tested and updated, the procurement team were quick to secure forward order for all necessary PPE, and the working capital team went into overdrive to ensure maximum cash collection. As a management team, we reviewed a series of potential outcomes and factored these into revised cashflows. And last but certainly not least our health and safety team kept us all abreast of the rapidly changing guidance and requirements from central Government on how we could continue to operate.

The quick response to the changes faced by the Group highlighted the strength of the Group's central functions and enabled us to weather the worst effects of the COVID pandemic. It is also clear that we are fortunate that the majority of our activities were classified as key worker activities and the strong relationship we had built with our clients resulted in our invoices being settled with minimum or no delay.

The Group's performance required our people to be prepared to continue working either at home or at their normal work locations and we are enormously grateful for the commitment that this portrayed. It is clear that many of our people made significant personal sacrifices not only to perform their normal tasks, but in the support they gave to the communities we serve.

The Company is based on firm foundations with long term index linked contracts worth in excess of £220m over periods of up to 16 years and a healthy pipeline of new contracts and opportunities.

Not counted in the number above, since the year end the Company has secured and signed the largest contract in its history to provide housing management services to the Defence Infrastructure Organisation's 49,000 service family accommodation portfolio across the whole of the UK. Contract revenues for an initial 7 year period are approximately £150 million, with the potential for three one year extensions. The contract brings with it significant responsibility for a politically sensitive service, and it therefore says much about the Company, and our trusted credentials that a major central Government Department has chosen to award us this contract.

Our core housing services have continued to develop as our affordable housing activities are supported by our growing exposure to the private rented sector and continued growth in our residential management business. It is clear that there is an increasing appetite from large scale institutional investors from the UK as well as overseas to invest in residential property and Pinnacle Housing intends to become the manager of choice for these investors given our ability to operate all residential tenures across the UK.

The country continues to face an acute shortage of housing, particularly in the affordable sector, which coupled with the strong reputation that the Company enjoys among our clients and in the markets we operate, provides ongoing new business opportunities with a growing number of developers and investors.

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## **PINNACLE HOUSING LIMITED**

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### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021**

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The Company 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 2021 we had over 30,000 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 will always be subject to strong competition. The Company seeks to maintain its competitive advantage by delivering first class services, centred around excellence in customer service, for a price that represents value for money for the taxpayer. The passion, dedication and commitment of all our people is outstanding. The Company continues to invest in its people as it is they who differentiate us so often from our competition. We are indebted to all those within the Company who make such an important contribution to our success.

#### **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 £70,622k against £68,195k in the prior year.
- Profit before tax is £5,520k (2020: £4,232k).

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

#### **Balance sheet and cash**

The net assets of the Company at 31 March 2021 were £28,610k compared to £23,790k at 31 March 2020 and at 31 March 2021 the Company had £4,775k in cash compared to £2,191k at 31 March 2020.

#### **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.

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## PINNACLE HOUSING LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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#### 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 by members of 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 Company 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

In 2020 we 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 continue to apply the Wates Corporate Governance Principles for Large Private Companies for the year ended 31 March 2021, which allow 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;
- Board Composition;
- Director responsibilities;
- Opportunity and risk;
- Remuneration; and
- Stakeholders.

Our Corporate Governance Statement, which is set out in the Group's statutory financial statements, 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 (FY20-FY22), which was signed off by our shareholders in Jan 2019. In approving the plan, the Directors also consider external factors such as the market and our competitors, as well as economic and political conditions.

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## PINNACLE HOUSING LIMITED

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### STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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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:

- Following the financial year end, we were delighted to be awarded the National Accommodation Management Services contract, and entered into a 7-year contract with the Defence Infrastructure Organisation to manage approximately 50,000 service family homes across the UK.

It is the board's priority to ensure that Directors have acted in the way that they consider, in good faith, would 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 Executive Committee.
- 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 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.
- COVID-19 ensured that overnight, the business embraced the concept of hybrid working, which generally proved to be both beneficial to the individual and to the business. Communications across the whole organisation were enhanced, with Microsoft Teams at the forefront of our technology solution. We undertook Working from Home surveys at different points of the pandemic, acknowledging that the large majority of our staff continued to deliver essential services to our local communities. Going forward we encourage all our managers to engage with their teams and discuss how work can best be organised to meet the needs of individuals and the required contract deliverables, with flexibility at the heart of those discussions.
- The health & safety of staff remains a top priority, and the Directors review the performance in this area at each meeting.
- Last year we relaunched our Performance Management Framework, and followed up this year with a survey to determine people's experience of engaging with that new framework. This survey brought some really positive results, not least in relation to the more dynamic, regular informal check-in process. Additionally we

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## **PINNACLE HOUSING LIMITED**

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### **STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021**

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carried out staff engagement surveys in partnership with The Happiness Index - results are in the main very encouraging, scoring above 8 out of 10 in the areas of engagement, intention to stay, and inclusion.

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, we achieved ISO44001 accreditation, and have started to embed collaborative working arrangements with stakeholders into our contract mobilisation and contract management processes.
- 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 surveys are reported back through the Shareholder Control Group forum. Furthermore, we have now signed up as a corporate member of the Institute of Customer Service and will work with the institute and other members to enhance the customer experience.
- 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.

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 ISO14001 accreditation, are ESOS compliant, and worked hard on our challenging strategic target to become carbon neutral 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.
- The Group continued with its strategy for engaging with local supply chain partners on major contracts.

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:

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**PINNACLE HOUSING LIMITED**

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**STRATEGIC REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2021**

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- The shareholders are committed to the business plan (FY20 -FY22), 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.

**Risk management**

The board sets the risk appetite for the Group and reviews the Principal Risks on an annual basis.

Ownership and responsibility for risk management and controls are delegated to management (through the Risk Management Group). A comprehensive set of policies and procedures are available on the Group's Intranet. Risk registers are in place and maintained at divisional and function level. Risk registers are also in place for major contracts.

A risk management framework, procedural guide and Group policy are in place and available to employees.

Our Risk Management Group convenes every six months (as a minimum) to consider existing risks, but also to identify any new and merging risks. For more detail on our principal risks and uncertainties, and how these risks are managed and mitigated, please refer to the relevant sections of the Strategic Report within the Group's statutory financial statements.

This report was approved by the board on 24 September 2021 and signed on its behalf.



**P M A Lloyd**  
**Group Chief Executive**



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## PINNACLE HOUSING LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

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The directors present their annual report and the audited financial statements of Pinnacle Housing Limited (the "Company") for the year ended 31 March 2021.

#### Principal activity

The principal activity of the Company is housing management and estates services.

#### Results and dividends

The profit for the year, after taxation, amounted to £5,713k (2020: £3,302k).

A dividend of £500k (2020: £2,350k) was paid during the year to the Company's parent company Pinnacle PSG Limited and a dividend of £150k (2020: £Nil) was received during the year from the Company's subsidiary company Woking Housing Partnership Limited. There were no further proposed dividends at the year end.

#### Going concern

The Company has made a profit of £5,713k (2020: £3,302k) during the year and has net assets of £28,610k (2020: £23,790k) 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. 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

Donations including social value initiatives of £14k (2020: £Nil) were made during the year. No political donations were made in the year (2020: £Nil).

#### Payment 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 (2020: 27 days).

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## PINNACLE HOUSING LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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#### 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:

P M A Lloyd  
C M Hodson  
N P Wright  
N Fergus  
C Kober  
J L Saunders  
A M Lee

#### Corporate responsibility and governance

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

##### (a) Health and Safety

In addition to the extra precautionary measures as a result of COVID-19 our health and safety drive continues at pace. We provide clear and accessible frameworks, training and management support for all our work environments to be safe places for our teams and the communities around us.

The Company recognises the fundamental importance of effective health and safety management and is committed to providing a secure, safe, and healthy environment for both employees and residents and other members of the public with whom we interact.

The ongoing and sustained success of our health and safety policy requires the involvement and commitment of everybody within the company. Every employee has both a moral and legal obligation to co-operate in all health and safety matters and to take reasonable care for their own health and safety and that of others.

Everyone understands their responsibilities and how working together can improve the overall health and safety culture of our company. We continue to promote the sharing of best practice and information across the Company to help continuously improve standards as well as ensuring our knowledge and expertise matches our growth.

The impact of a robust health and safety management system touches on every part of the business. Not just from protecting our staff and those that may be affected by our actions from injury, but also seeing how we can reduce the number of chemicals we use, and the level of risk associated with certain products. Educating our colleagues on the benefits in trying and using new chemicals will form part of this project.

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## PINNACLE HOUSING LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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The introduction of battery-operated equipment will also be beneficial on at least two levels. Not only will this be better for the environment (as it will reduce the amount of fuel being used or even stored) but this will also have less impact on the operative and will greatly reduce the level of vibration and noise that the new machinery will emit.

Additionally, the Health and Safety Team have been heavily involved in the Driver Awareness programme. Not only does it reduce the number of accidents, but it also reduces the level of wear and tear on each vehicle, making the vehicle more efficient. Driver Improvement Plans have been introduced and all drivers are now aware of the minimum standards expected when using our vehicles. The awareness campaign also highlights where unnecessary 'idling' can reduce our carbon emissions.

The Health and Safety team will continue to support our colleagues, to ensure all our employees are aware of our health and safety policy and are committed to its effective implementation. To support the above, our health and safety management system is CHAS and ISO45001 accredited.

#### **(b) Environment, Social, Governance (ESG)**

We care deeply about our purpose of transforming communities, changing lives. Each day our teams go above and beyond to protect our planet, care for our people, have a positive impact in the community and deliver our services in a responsible and ethical manner.

During FY21 we have bolstered our investment in ESG to build upon the decades of the Company delivering added value for clients, customers and communities. The ESG Framework sets out our approach to Environment, Social and Governance.

The unique ESG framework we have developed is structured around four pillars - 'Protect Our Planet', 'Our People', 'Community Impact' and 'Responsible Business'. As early adopters of ESG, we have set out our commitments underneath each of these pillars.

To bring rigour to our measurement and reporting of ESG over the coming years, we are aligning to the Themes, Outcomes and Measures (TOMs) framework and progress will be reviewed regularly by a dedicated ESG steering group, as well as the Executive team conducting an in-depth business wide review each quarter.

#### **• Protect our Planet**

We are in the process of calculating our baseline year to enable us to set meaningful targets. We are working closely with external carbon reduction specialists and have partnered with a leading software provider to effectively measure and monitor our carbon emissions. To collaborate with our supply chain, we have developed group wide processes and procedures to onboarding delivery partners with ESG at the core of our approach.

In FY21 we mobilised a new partnership with Bunzl plc, a FTSE 100 listed business that specializes in distributing products internationally, to source sustainable cleaning products. We have reduced deliveries, use recycled packaging, provide chemical free cleaning and offset any remaining carbon footprint from sourcing these products.

Our drive to go electric continues, as we begin to transition our commercial fleet from diesel and petrol

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## PINNACLE HOUSING LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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vehicles to electric. We are working with key stakeholders to build the infrastructure required to cater for this transition, with electric vehicle charging points being established across our portfolio. We have committed to our new defence contract for the Defence Infrastructure Organisation of having 100% electric vehicles in use.

We will continue to collaborate with our clients, embrace the latest technologies and work with our supply chain partners to work towards the commitments we have made for Protect our Planet.

#### • Our People

Our HR framework seeks to ensure that employee experience is maximised at all stages of the employee lifecycle, to make the Company an attractive and rewarding place to work. During FY21, we have articulated this into two overriding commitments as below:

##### 1) Putting our people's happiness and wellbeing first;

There has been three areas of focus;

a) Managing as coaches. Happiness and wellbeing start with how our people are managed. Throughout FY21, we have built on the launch of our performance management framework in FY20, to develop and embed the behaviours we feel are important and in line with our Values, to develop productive, rewarding, mutually beneficial relationships. At its heart is the recognition that managing effectively involves embracing continuous feedback, based on supportive, two-way discussions using a coaching style.

b) Raising our people's voice. In FY21, we embarked on a partnership with The Happiness Index to enable our people to share their experience of work. It has been an opportunity for our people to help create cultural changes they want to see, have input into the way the business is run, and let us know about ideas, concerns, and innovations to help improve the working environment.

c) Positive mental health. For many years we have had systems and processes in place to support our teams. Crucially, all of our people can access the Employee Assistance Programme for personal advice and support from qualified professionals through a 24/7 helpline, live chat, email, or one-to-one sessions. In FY21, given the pressures of modern society, particularly during a very difficult year for many due to COVID-19, a programme of mental awareness training was rolled out.

##### 2) Providing equal opportunities for all to achieve their ambitions;

Again, there are three areas of focus;

a) Identifying our people's ambitions. Our management approach of embracing continuous feedback in the form of regular catch ups contributes to gaining a far better grasp of our people's ambitions and development goals. It encourages both parties to take active ownership of development and ensures everyone is having those conversations.

b) Ensuring equality of opportunity. As well as developing and sustaining an overall environment of inclusion through the very fact of people sharing their experiences with us through the Happiness Index surveys, we ask specifically whether people think we create an inclusive environment for people of all backgrounds and whether people feel there are opportunities to learn and grow.

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## PINNACLE HOUSING LIMITED

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### DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2021

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c) Apprenticeships. We run multiple types of apprenticeships to cater for all life stages, whether it be someone seeking to start their career, wanting to progress in their existing career or wanting to learn completely new skills and switch jobs. During FY21, a wide variety of technical programmes have been run as well as management programmes at Chartered Institute of Management Levels 3 and 5.

In addition, communication has been an important focus during the year, particular for those employees working remotely due to the pandemic. There is a well-defined framework of team meetings, which together with regular e-bulletins and other employee communications (such as Inside Angle company newsletter) ensure our people are regularly informed about the activities of the Company and changes in law or Government policy which may impact them. Information regarding our financial performance is available to relevant employees on a monthly basis. We continue to support our colleagues from the EU regarding registering for Settled Status.

#### • Community Impact

We are well placed to have a positive impact in the community as our teams operate in and around people's homes. All of our teams are fully empowered to work with local stakeholders and provide added value from volunteering to help local causes, to launching and running community employability programmes through to raising awareness and funds for charitable causes.

FY21 was no different, despite it bringing logistical challenges due to social distancing measures. We supported various foodbanks spread across the UK in the communities we serve.

We have set up an internal Armed Forces Network to help us more effectively support our own community of ex-service personnel, reservists and their families whether it be through providing careers, supporting relevant charities, or raising awareness. We were also proud to be headline sponsors for SSAFA's 13 bridges charity walk and took part to raise money for this vital charity.

Our teams are also regenerating spaces and bringing communities together. Our teams have carried out tree planting at Barking Riverside. Our community support is endless with teams each day going above and beyond requirements.

Crucially, we are also embedding into our business educational support for residents. For example, we are leading the way by putting in post a green energy and grants specialist who advises residents on all Government and industry related grants available to them. This exceeds any contractual requirements and has received fantastic feedback from the communities we serve.

Our position delivering vital community infrastructure services puts us in a unique position to truly work towards transforming communities, changing lives.

#### • Responsible Business

We hold ourselves to account through robust governance procedures and processes via our corporate governance programmes, whilst seeking external verification and testing to ensure we deliver for all customers.

We have a very diverse supply chain and whilst we work with some large suppliers, the majority is made up of smaller, local businesses. We appreciate that not every small business can deliver through an ESG lens so will

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**PINNACLE HOUSING LIMITED**

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**DIRECTORS' REPORT (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2021**

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be working closely with select businesses in our supply chain to understand what contribution we can make to support them with any ESG initiatives they might look to undertake.

**Disclosure of information to auditors**

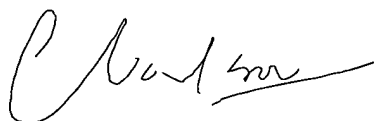
Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be 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 24 September 2021 and signed on its behalf.



**C M Hodson  
Chief Financial Officer**

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## **PINNACLE HOUSING LIMITED**

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### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021**

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The directors are responsible for preparing the Annual Report and Financial Statements 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, 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 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 also 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.

# 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 2021 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 and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 March 2021; the statement of profit or loss and other comprehensive income and 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.



## **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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2021 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to but were not limited to payroll laws and tax laws and regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and group legal counsel;
- Challenging the key assumptions made by management in their significant accounting estimates, including audit work in respect of the recognition and remeasurement of leases;
- Identifying and testing journal entries meeting certain risk criteria, in particular any journal entries posted with unusual account combinations, journal entries containing unusual words and certain post-close journals; and
- Reviewing relevant meeting minutes, including those of the Board of Directors.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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](http://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 obtained 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  
27 September 2021

**PINNACLE HOUSING LIMITED**

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 £000	2020 £000
<b>Revenue</b>	4	<b>70,622</b>	68,195
Raw materials and consumables		(7,424)	(9,732)
Staff costs	7	(39,587)	(38,258)
Depreciation and amortisation	5	(4,554)	(2,728)
Administration and operating expenses		(13,438)	(13,628)
<b>Operating profit</b>	5	<b>5,619</b>	3,849
Interest receivable and similar income	9	1,016	974
Interest payable and similar expenses	10	(1,115)	(591)
<b>Profit before tax</b>		<b>5,520</b>	4,232
Tax on profit	11	193	(930)
<b>Profit for the year</b>		<b>5,713</b>	3,302
<b>Other comprehensive (expense)/income:</b>			
<b>Items that will not be reclassified to profit or loss:</b>			
Actuarial (loss)/gain on defined benefit pension scheme, (net of deferred tax)	21	(543)	233
<b>Total comprehensive income for the year</b>		<b>5,170</b>	3,535

The notes on pages 20 to 47 form part of these financial statements.

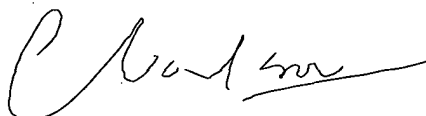
**PINNACLE HOUSING LIMITED**  
**REGISTERED NUMBER: 02246643**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2021**

	Note	2021 £000	2021 £000	2020 £000	2020 £000
<b>Non current assets</b>					
Intangible assets	12		37		62
Property, plant and equipment	13		2,316		3,806
Investment property	14		15,985		17,271
Investments	15		172		172
Deferred tax asset	19		291		112
Employee benefit assets	20		220		732
<b>Total non current assets</b>			<b>19,021</b>		<b>22,155</b>
<b>Current assets</b>					
Trade and other receivables	16	33,088		33,470	
Cash and cash equivalents		4,775		2,191	
<b>Total current assets</b>		<b>37,863</b>		<b>35,661</b>	
<b>Current liabilities</b>					
Trade and other payables	17	(10,179)		(13,784)	
Short term lease liabilities	18	(3,932)		(4,594)	
<b>Net current assets</b>			<b>23,752</b>		<b>17,283</b>
<b>Non current liabilities</b>					
Long term lease liabilities	18		(14,163)		(15,648)
<b>Net assets</b>			<b>28,610</b>		<b>23,790</b>
<b>Capital and reserves</b>					
Share capital	21		50		50
Retained earnings			28,560		23,740
<b>Total equity</b>			<b>28,610</b>		<b>23,790</b>

The financial statements on pages 17 to 19 were approved by the board on 24 September 2021 and were signed on its behalf by:

C M Hodson  
Chief Financial Officer



The notes on pages 20 to 47 form part of these financial statements.

**PINNACLE HOUSING LIMITED**

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2021**

	Share capital £000	Retained earnings £000	Total equity £000
<b>At 1 April 2019</b>	<b>50</b>	<b>22,555</b>	<b>22,605</b>
Profit for the year	-	3,302	3,302
Other comprehensive income	-	233	233
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>3,535</b>	<b>3,535</b>
Dividends paid	-	(2,350)	(2,350)
<b>At 31 March 2020</b>	<b>50</b>	<b>23,740</b>	<b>23,790</b>
Profit for the year	-	5,713	5,713
Other comprehensive expense	-	(543)	(543)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>5,170</b>	<b>5,170</b>
Dividends received	-	150	150
Dividends paid	-	(500)	(500)
<b>At 31 March 2021</b>	<b>50</b>	<b>28,560</b>	<b>28,610</b>

The notes on pages 20 to 47 form part of these financial statements.

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## PINNACLE HOUSING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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#### 1. General information

Pinnacle Housing Limited (the "Company") is a private company, limited by shares, incorporated and domiciled in the United Kingdom. The registered address is 8th Floor Holborn Tower, 137-144 High Holborn, London, United Kingdom, WC1V 6PL.

#### 2. Accounting policies

##### 2.1 Basis of preparation of financial statements

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.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

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.

The following principal accounting policies have been applied:

##### 2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirement in 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;
  - paragraph 118(e) of IAS 38 Intangible Assets;
  - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
  - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

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## PINNACLE HOUSING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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## 2. Accounting policies (continued)

### 2.2 Financial reporting standard 101 - reduced disclosure exemptions (continued)

- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party 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
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

### 2.3 Impact of new standards, amendments and interpretations

There were no new standards, interpretations and amendments effective or adopted early during this financial year.

### 2.4 Going concern

The Company has retained earnings at 31 March 2021 of £28,560k (2020: £23,740k) 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. 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.

### 2.5 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.

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

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## PINNACLE HOUSING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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#### 2. Accounting policies (continued)

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.

#### 2.6 Revenue recognition

Revenue represents fees receivable, excluding VAT. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it delivers the service to a customer. For long-term contracts revenue is recognised over the period the service is delivered. For contracts which span a number of years, the contracts have either discrete annual measurement periods or specific milestones and revenue is recognised accordingly. Revenue is recognised over time.

#### 2.7 Leases

##### The company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Low-value assets comprise IT equipment and small items of office furniture. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments, discounted by using the interest rate implicit in the lease. If this interest rate cannot be readily determined, the Company uses its incremental borrowing rate (IBR). The Company's IBR is determined after considering its cost of borrowing funds across all alternative sources of borrowing and the risk of investing, adding a risk premium to the cost of capital.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an



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## PINNACLE HOUSING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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#### 2. Accounting policies (continued)

##### 2.7 Leases (continued)

option to terminate the lease.

The lease liability is presented as a separate line in the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

The right-of-use assets are measured at cost comprises of 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.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Property, plant and equipment' and 'Investment Property' lines in the Statement of Financial Position.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

##### 2.8 Finance income

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

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## PINNACLE HOUSING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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## 2. Accounting policies (continued)

### 2.9 Finance costs

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

### 2.10 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.

### 2.11 Current and deferred taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Statement of Profit or Loss except to the extent that it relates to items recognised directly in Statement of comprehensive income, 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.

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## PINNACLE HOUSING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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#### 2. Accounting policies (continued)

##### 2.11 Current and deferred taxation (continued)

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.

##### 2.12 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 range as follows:

Software development costs	-	3	years
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## PINNACLE HOUSING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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#### 2. Accounting policies (continued)

##### 2.13 Property, plant and equipment

Items of Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives.

The estimated useful lives range as follows:

Leasehold land and buildings	- 1 to 5 years
Plant and machinery	- 1 to 5 years
Motor vehicles	- 1 to 5 years
Right of use assets	- Over the life/term of the lease

##### 2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

##### 2.15 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 and amounts due from group undertakings.

The expected loss rates are based on the payment profiles of sales over a period of 12 month before 31 March 2021 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

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## PINNACLE HOUSING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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#### 2. Accounting policies (continued)

##### 2.15 Trade and other receivables (continued)

entities and large housing associations, losses and risk are extremely low.

To determine the credit loss allowance for amounts due from group undertakings, the Company reviewed the net position of each group undertakings and considered whether it has sufficient and liquid assets to repay the outstanding balance at reporting date; if the group undertakings are unable to settle its debt, the Company considers the time over which the group undertakings are able to repay its balances. In cases where the group undertakings are unable to repay its debt and there is no alternative option to recover the debt, the full balance outstanding at the reporting date is fully impaired.

##### 2.16 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.

##### 2.17 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.

##### 2.18 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.

##### 2.19 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.

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**PINNACLE HOUSING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**2. Accounting policies (continued)**

**2.20 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.

**3. 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:

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

Please refer to note 20 for details of the assumptions used.

**Expected or estimated credit losses**

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

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**PINNACLE HOUSING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**4. Revenue**

An analysis of the revenue by class of business is as follows:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Housing management	<b>25,280</b>	<b>21,458</b>
Estate services	<b>45,342</b>	<b>46,737</b>
	<b>70,622</b>	<b>68,195</b>

All revenue arose within the United Kingdom.

**5. Operating profit**

The operating profit is stated after charging:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Depreciation of owned assets	<b>303</b>	<b>281</b>
Depreciation of right of use assets	<b>4,221</b>	<b>2,381</b>
Amortisation of intangible assets	<b>30</b>	<b>66</b>

**6. Auditors' remuneration**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	<b>19</b>	<b>16</b>

During the year there were no non audit services provided by the statutory auditors.

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PINNACLE HOUSING LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

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7. Staff costs

Staff costs were as follows:

	2021 £000	2020 £000
Wages and salaries	35,533	34,442
Social security costs	2,590	2,435
Other pension costs - defined benefit	167	196
Other pension costs - defined contribution	1,297	1,185
<b>Total staff costs</b>	<b>39,587</b>	<b>38,258</b>

The average monthly number of employees employed by the Company during the year was:

	2021 No.	2020 No.
Operational employees	1,988	2,052

8. Directors' remuneration

The aggregate emoluments and benefits paid to the directors amounted to £213k (2020: £232k). The aggregate value of the company's contribution to money purchase scheme amounted to £51k (2020: £31k).

The highest paid director received remuneration of £131k (2020: £157k).

The value of the company's contributions to money purchase pension scheme in respect of the highest paid director amounted to £42k (2020: £16k).

The above details of directors' remuneration do not include the remunerations of N P Wright, A M Lee, J L Saunders, C M Hodson and P M A Lloyd, which are paid by Pinnacle Group Limited and recharged to the Company as part of a management charge. This management charge, which in 2021 amounted to £3,991k, also includes a recharge of administration costs borne by Pinnacle Group Limited on behalf of the Company and it is not possible to identify separately the amount of the remuneration for the above mentioned directors.



**PINNACLE HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**9. Interest receivable and similar income**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Interest receivable from group companies	996	963
Net interest income on pension scheme assets and liabilities	20	11
	<u>1,016</u>	<u>974</u>

**10. Interest payable and similar expenses**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Interest on lease liabilities	1,039	528
Other interest payable	76	63
	<u>1,115</u>	<u>591</u>

**11. Tax on profit**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Current tax</b>		
Current tax on profits for the year	657	147
Group relief claimed	-	622
Adjustments in respect of prior years	(798)	86
<b>Total current tax</b>	<u>(141)</u>	<u>855</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	9	75
Adjustments in respect of prior years	(61)	-
<b>Total deferred tax</b>	<u>(52)</u>	<u>75</u>
<b>Total tax (credit)/charge</b>	<u>(193)</u>	<u>930</u>

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**PINNACLE HOUSING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**11. Tax on profit (continued)**

**Factors affecting tax (credit)/charge for the year**

The tax assessed for the year is lower than (2020: higher than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Profit before tax	<u><b>5,520</b></u>	<u><b>4,232</b></u>
Profit multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	<b>1,049</b>	<b>804</b>
<b>Effects of:</b>		
Disallowed expenses	<b>27</b>	<b>-</b>
Deductible expenses	<b>-</b>	<b>(2)</b>
Depreciation charge in excess of capital allowances & other timing differences	<b>23</b>	<b>(33)</b>
Adjustments in respect of prior years	<b>(859)</b>	<b>86</b>
Movement in deferred tax	<b>-</b>	<b>75</b>
Group relief	<b>(433)</b>	<b>-</b>
<b>Total tax (credit)/charge</b>	<u><b>(193)</b></u>	<u><b>930</b></u>

**Factors that may affect future tax charges**

The UK corporation tax rate as at 31 March 2021 is 19% (2020: 19%). In March 2021 the government announced that the rate is to increase to 25% from 1 April 2023 and that this change is to be included in Finance Act 2021.

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PINNACLE HOUSING LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

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12. Intangible assets

	Development & software costs £000
<b>Cost</b>	
At 1 April 2020	382
Additions - external	38
Intra-group transfers	(33)
	<hr/>
At 31 March 2021	387
	<hr/>
<b>Accumulated amortisation</b>	
At 1 April 2020	320
Charge for the year on owned assets	35
Intra-group transfers	(5)
	<hr/>
At 31 March 2021	350
	<hr/>
<b>Net book value</b>	
At 31 March 2021	37
	<hr/> <hr/>
At 31 March 2020	62
	<hr/> <hr/>

PINNACLE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

13. Property, plant and equipment

	Leasehold land and buildings £000	Plant and machinery £000	Motor vehicles £000	Right of use assets £000	Total £000
<b>Cost or valuation</b>					
At 1 April 2020	499	2,947	56	4,438	7,940
Additions	-	144	-	390	534
Transfers intra group	(115)	(159)	-	(286)	(560)
Disposals	-	-	-	(239)	(239)
At 31 March 2021	384	2,932	56	4,303	7,675
<b>Accumulated depreciation</b>					
At 1 April 2020	183	2,428	56	1,467	4,134
Charge for the year on owned assets	47	256	-	-	303
Charge for the year on right- of-use assets	-	-	-	1,485	1,485
Transfers intra group	(115)	(219)	-	(26)	(360)
Disposals	-	-	-	(203)	(203)
At 31 March 2021	115	2,465	56	2,723	5,359
<b>Net book value</b>					
At 31 March 2021	269	467	-	1,580	2,316
At 31 March 2020	316	519	-	2,971	3,806

**PINNACLE HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**13. Property, plant and equipment (continued)**

The net book value of owned and leased assets included as "Property, plant and equipment" in the Statement of Financial Position is as follows:

	2021 £000	2020 £000
Owned assets	736	835
Right of use assets	1,580	2,971
	<u>2,316</u>	<u>3,806</u>

Information about right-of-use assets is summarised below:

**Net book value**

	2021 £000	2020 £000
Properties	467	968
Motor vehicles	1,113	2,003
	<u>1,580</u>	<u>2,971</u>

**Depreciation charge for the year ended**

	2021 £000	2020 £000
Properties	(300)	(358)
Motor vehicles	(1,185)	(1,109)
	<u>(1,485)</u>	<u>(1,467)</u>

**Additions to right-of-use assets**

	2021 £000	2020 £000
Properties & Motor vehicles	390	963

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**PINNACLE HOUSING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**14. Investment property**

	<b>2021</b>
	<b>£000</b>
<b>Cost</b>	
1 April 2020	18,185
Additions	-
Remeasurement	1,451
At 31 March 2021	<u>19,636</u>
<b>Accumulated depreciation</b>	
1 April 2020	914
Charge for the year	2,747
Remeasurement	(10)
At 31 March 2021	<u>3,651</u>
<b>Net book value</b>	
At 31 March 2021	<u>15,985</u>
At 31 March 2020	<u>17,271</u>

The investment property above relates to a transaction the Company entered into with a London council whereby, on 25 October 2019 the Company leased a new building from the Council, consisting of 197 flats, for a period of just short of 7 years. The Company 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. During the year Pinnacle Housing Limited signed a new agreement for the investment property lease, resulting in a re-measurement of the cashflows over the remaining life of the lease.

The rental income generated from the investment property was £3,063k (2020: £323k). The direct operating expenses associated with the rental income was £2,508k (2020: £425k).

**PINNACLE HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**15. Investments**

	Investment in subsidiary company £000
<b>Cost</b>	
At 1 April 2020	172
At 31 March 2021	<u>172</u>

**Subsidiary undertaking**

The following was a subsidiary undertaking of the company:

Name	Class of shares	Holding
Woking Housing Partnership Limited	Ordinary	100%

Woking Housing Partnership Limited is a private company, limited by shares, incorporated and domiciled in the United Kingdom. The registered address is 8th Floor Holborn Tower, 137-144 High Holborn, London, United Kingdom, WC1V 6PL.

As at 31 March 2021, the net asset value of the subsidiary was £284k (2020: £279k) against the carrying value of the investment of £172k (2020: £172k), thus no impairment is required.

**16. Trade and other receivables**

	2021 £000	2020 £000
Trade receivables	5,334	9,841
Amounts owed by group undertakings*	26,361	21,985
Other receivables	116	34
Prepayments and accrued income	1,277	1,610
<b>Total trade and other receivables</b>	<u><u>33,088</u></u>	<u><u>33,470</u></u>

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**PINNACLE HOUSING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**16. Trade and other receivables (continued)**

\*Amounts owed by group undertakings are unsecured, interest bearing at Barclays base rate + 4%, have no fixed date of repayment and are repayable on demand.

The credit loss allowance at 31 March 2021 was £1k (2020: £8k) on its trade receivable and £1,243k (2020: £1,141k) on amounts owed by group undertakings.

**17. Trade and other payables**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Trade payables	<b>540</b>	<b>1,758</b>
Amounts owed to group undertakings*	<b>2,791</b>	<b>2,980</b>
Corporation tax	<b>612</b>	<b>854</b>
Other taxation and social security	<b>2,192</b>	<b>2,780</b>
Other payables	<b>567</b>	<b>164</b>
Accruals and deferred income	<b>3,477</b>	<b>5,248</b>
<b>Total trade and other payables</b>	<b>10,179</b>	<b>13,784</b>

\*Amounts owed by group undertakings are unsecured, interest bearing at Barclays base rate + 4%, have no fixed date of repayment and are repayable on demand.



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**PINNACLE HOUSING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**18. Leases**

**Company as a lessee**

The company leases various properties & commercial vehicles. Leases are negotiated on an individual basis and contain a wide range of different terms and conditions (incl. termination and renewal rights).

Lease liabilities are due as follows:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Short term	<b>3,932</b>	<b>4,594</b>
Long term	<b>14,163</b>	<b>15,648</b>
	<b>18,095</b>	<b>20,242</b>

Contractual undiscounted cash flows are due as follows:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Less than one year	<b>4,038</b>	<b>4,640</b>
One to five years	<b>14,497</b>	<b>13,854</b>
More than five years	<b>2,197</b>	<b>5,006</b>
	<b>20,732</b>	<b>23,500</b>

The following amounts in respect of leases, where the company is a lessee, have been recognised in profit or loss:

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
Interest expense on lease liabilities	<b>1,039</b>	<b>528</b>

The depreciation charges recognised in the statement of profit or loss in respect of right of use assets are disclosed separately in Notes 14 & 15.

PINNACLE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

18. Leases (continued)

Lease cost and payments

	2021 £000	2020 £000
<b>Cost</b>		
Opening balance	20,242	3,605
Additions	390	19,148
Interest	1,039	540
Disposals	(28)	(130)
Reclassification	(260)	-
Remeasurement	1,554	-
	<u>22,937</u>	<u>23,163</u>
<b>Payments</b>		
Interest	1,039	540
Principal repayment	3,219	1,467
Accruals	-	914
Remeasurement	584	-
	<u>4,842</u>	<u>2,921</u>
<b>Lease liabilities balance</b>		
Cost	22,937	23,163
Repayments during the year	(4,842)	(2,921)
<b>Balance at 31 March</b>	<u>18,095</u>	<u>20,242</u>

**PINNACLE HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**19. Deferred tax asset**

Deferred tax comprises the following:

	Provision for credit loss £000	Property, plant and equipment £000	Pension scheme £000	Total £000
<b>Recognised deferred tax</b>				
At 1 April 2020	325	(74)	(139)	112
Recognised in profit or loss (prior year adjustments)	-	61	-	61
Recognised in profit or loss (origination and reversal of timing differences)	-	21	(30)	(9)
Recognised in other comprehensive income	-	-	127	127
<b>At 31 March 2021</b>	<b>325</b>	<b>8</b>	<b>(42)</b>	<b>291</b>

**20. Employee benefit assets**

	2021 £000	2020 £000
<b>Amounts recognised in the statement of financial position are as follows:</b>		
Fair value of scheme assets	10,064	9,727
Defined benefit liability	(9,844)	(8,995)
<b>Pension asset</b>	<b>220</b>	<b>732</b>

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**PINNACLE HOUSING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

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**20. Employee benefit assets (continued)**

Pension plan characteristics:

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.

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 31 March 2018. There were no amounts payable to the scheme at end of the current financial year (2020: £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 31 March 2018. The administrator of the pension scheme is Hymans Robertson LLP.

The 31 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 31 March 2018 was £8,887k.

The defined benefit pension scheme is a section of the Citrus Pension Plan, a multi-employer scheme. The constitution of the Citrus Pension Plan restricts the obligations of each participating employer to the provision of pensions and other Plan benefits to those members of its unitised section.

The pension assets disclosed in the financial statements are derived from a comprehensive unitisation process that involves tracking specific cash flows into and out of the Company's section of the scheme and allocating each section its share of its return on investments on a periodic (usually monthly) basis.

PINNACLE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
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20. Employee benefit assets (continued)

Reconciliation of defined benefit liability and fair value of scheme assets:

	Fair value of scheme assets 2021 £000	Defined benefit liability 2021 £000	Net asset 2021 £000
<b>Balance at 1 April</b>			
Opening asset	9,727	8,995	732
<b>Net asset</b>	<b>9,727</b>	<b>8,995</b>	<b>732</b>
<b>Included in profit or loss</b>			
Service cost - current	-	120	(120)
Administration cost	-	47	(47)
Interest income	214	194	20
<b>Net income/(cost)</b>	<b>214</b>	<b>361</b>	<b>(147)</b>
<b>Other movement</b>			
Contributions by members	23	23	-
Contributions by employer	306	-	306
Benefits paid	(1,040)	(1,040)	-
<b>Net movement</b>	<b>(711)</b>	<b>(1,017)</b>	<b>306</b>
<b>Included in other comprehensive (expense)/income</b>			
Changes in financial assumptions	-	1,671	(1,671)
Experience	-	(166)	166
Return on assets	834	-	834
<b>Actuarial gain/(loss)</b>	<b>834</b>	<b>1,505</b>	<b>(671)</b>
<b>Balance at 31 March</b>			
Closing asset	10,064	9,844	220

The agreed Company contribution rate for the coming year is 26% pa of pensionable salaries. Estimated employer expense for the next accounting year is £186k.

**PINNACLE HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**20. Employee benefit assets (continued)**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Fair value of the plan assets and return on those assets</b>		
Equity and similar assets	<b>2,390</b>	2,213
Income generating assets	<b>4,758</b>	4,655
LDI Instruments	<b>2,233</b>	2,441
Cash and cash equivalent	<b>683</b>	418
<b>Total</b>	<b>10,064</b>	9,727

All assets are invested in funds and other instruments all of which are unquoted.

	<b>2021</b>	<b>2020</b>
<b>Actuarial assumptions</b>		
Discount rate at 31 March	<b>2.00%</b>	2.30%
First year salary increase	<b>1.60%</b>	2.00%
Future salary increase	<b>2.85%</b>	2.00%
Increases to pensions in payment accrued to date (RPI)	<b>3.35%</b>	2.80%
Increases to pensions in payment accrued to date (CPI)	<b>2.85%</b>	2.00%

**Mortality**

The average life expectancy assumed now for an individual at the age of 65 and projected to apply in 2021 for an individual then at the age of 65 is as follows:

	<b>2021</b>	<b>2020</b>
<b>Retiring today</b>		
Males	<b>22.6</b>	22.5
Females	<b>26.4</b>	26.3
<b>Retiring in 20 years</b>		
Males	<b>25.0</b>	24.9
Females	<b>29.0</b>	28.9

**PINNACLE HOUSING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021**

**20. Employee benefit assets (continued)**

**Sensitivity analysis**

	<b>2021</b>	<b>2020</b>
	<b>£000</b>	<b>£000</b>
<b>Increase in pension liability</b>		
0.5% decrease in discount rate	<b>10,816</b>	<b>9,842</b>
1 year increase in life expectancy	<b>10,239</b>	<b>9,355</b>

**Longevity assumptions**

The longevity assumptions as at 31 March 2021 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 2021 projections.

	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Historical pension scheme information</b>					
Defined benefit obligation	<b>(9,844)</b>	<b>(8,995)</b>	<b>(9,154)</b>	<b>(9,238)</b>	<b>(9,083)</b>
Scheme assets	<b>10,064</b>	<b>9,727</b>	<b>(470)</b>	<b>8,887</b>	<b>8,619</b>
<b>Surplus/(deficit)</b>	<b>220</b>	<b>732</b>	<b>(9,624)</b>	<b>(351)</b>	<b>(464)</b>
<b>Experience adjustment</b>					
Scheme liabilities - (loss)/gain	<b>(1,505)</b>	<b>353</b>	<b>380</b>	<b>130</b>	<b>(1,571)</b>
Scheme assets - gain/(loss)	<b>834</b>	<b>(64)</b>	<b>163</b>	<b>90</b>	<b>699</b>

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PINNACLE HOUSING LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2021

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20. Employee benefit assets (continued)

Risks to which the Plan exposes the Company

The nature of the Plan exposes the Group 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;
- 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.

21. Share capital

	2021 £000	2020 £000
<b>Authorised, allotted, called up and fully paid</b>		
1,000,000 (2020: 1,000,000) Ordinary shares of 5p each	50	50

22. Contingencies

The Company has issued guarantees in favour of Barclays Bank Plc (2020: Barclays Bank Plc) to support the indebtedness of Pinnacle Group Limited and its subsidiaries. The exposure to this guarantee at the balance sheet date was £Nil (2020: £Nil). There are no other contingencies as at 31 March 2021 (2020: £Nil).

23. Related party transactions

The Company charged £Nil (2020: £3k) to Pinnacle Power Limited, a subsidiary of Pinnacle Group Limited, in respect of professional services. The Company was charged £24k (2020: £35k) by Pinnacle Power Limited in respect of professional services. There are no balances receivable or payable as at 31 March 2021 (2020: £Nil).



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**PINNACLE HOUSING LIMITED**

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**24. Controlling party**

The immediate parent undertaking is Pinnacle PSG Limited which owns 100% of the ordinary share capital of the Company. 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 immediate parent entity of TStar Pinnacle Limited is TStar Pinnacle Lux S.à r.l, which is incorporated in Luxembourg. The ultimate joint controlling parties are Tunstall Pinnacle Holdco S.à r.l and SOF-11 Pinnacle Lux S.à r.l, both incorporated in Luxembourg, and have an ownership interest of 50% each.

The financial statements of Pinnacle Group Limited and TStar Pinnacle Limited are available from 8th Floor Holborn Tower, 137-144 High Holborn, London, United Kingdom, WC1V 6PL.

**25. Subsequent events**

There have been no subsequent events post year end.