

**PINNACLE PEOPLE LIMITED
CONSOLIDATED FINANCIAL STATEMENTS**

ANNUAL REPORT

for the year ended 31 March 2011

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Company number 6588740

PINNACLE PEOPLE LIMITED

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For the year ended 31 March 2011

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PINNACLE PEOPLE LIMITED

DIRECTORS' REPORT

For the year ended 31 March 2011

FINANCIAL STATEMENTS

The directors present their report and the Group financial statements for the year ended 31 March 2011 which have been prepared under the historical convention and the accounting policies set out in note 1

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The Company acts as a parent company for a number of companies. The Company's principal activity is the delivery and management of welfare to work employment related services. The activities of the Company's subsidiary undertakings are the recruitment and provision of temporary personnel along with the provision of employment related services that tackle long-term unemployment and community worklessness.

The Group's business developed satisfactorily during the year and at the end of the year the Group was in a good position to continue this development.

Financial performance is assessed by the two key measures of operating profit and turnover as disclosed in the profit and loss account on page 5. Turnover for the period increased by 202% which was in line with expectations. The Group increased the operating profit of last year of £20,000 to an operating profit of £325,000.

The key risk facing Pinnacle People Group relates to contract performance which the business manages by closely monitoring performance and ensuring deficiencies are addressed on a timely basis.

RESULTS AND DIVIDENDS

The Group turnover for the year from continuing operations was £12.0m (2010: £4.0m) with total group operating profit before depreciation at £542,000 (2010: £47,000). The Group result for the year after taxation but before minority interests amounted to a profit of £200,000 (2010: £4,000). The directors do not recommend the payment of a dividend (2010: £nil).

CHARITABLE DONATIONS

During the year the Group made charitable donations totalling £nil (2010: £nil).

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 during the year were as follows:

KJ Whittaker

PMA Lloyd

MWH Penny

NC Karlake (appointed 1 December 2010)

M Taylor (appointed 1 December 2010)

ZES Bull (appointed 1 December 2010)

CJ Hodson (appointed 1 December 2010, resigned 16 May 2011)

PINNACLE PEOPLE LIMITED

DIRECTORS' REPORT

For the year ended 31 March 2011

DISCLOSURE OF INFORMATION TO THE AUDITOR

Each of the directors has confirmed that

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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


Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period. In preparing these financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and the Group will continue in business

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

This report was approved by the Board on 8th August 2011.


Michael Penny
Director

PINNACLE PEOPLE LIMITED
Independent Auditor's Report to the Members of Pinnacle People Limited

We have audited the financial statements of Pinnacle People Group Limited for the period ended 31 March 2011 which comprise the consolidated profit and loss account, the consolidated and Company balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Group's and the parent company's affairs as at 31 March 2011 and of the Group's profit for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

PINNACLE PEOPLE LIMITED
Independent Auditor's Report to the Members of Pinnacle People Limited

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

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

PKF(UK)LLP

Andrew Huddleston (Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditor

London, UK

9/8/

2011

PINNACLE PEOPLE LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2011

	Notes	2011	2010
		£'000's	£'000's
Group Turnover	2	11,963	3,967
Other external charges		(6,202)	(1,951)
Staff costs	22	(3,165)	(1,004)
Depreciation of tangible fixed assets	7	(217)	(27)
Other operating charges		(2,054)	(965)
Group operating profit	3	325	20
Interest receivable and similar income	4	32	5
Interest payable and similar charges	5	(55)	(36)
Profit/(loss) on ordinary activities before taxation	2	302	(11)
Tax on profit/(loss) on ordinary activities	6	(102)	15
Profit on ordinary activities after taxation		200	4
Equity minority interest	19	-	-
Profit for the financial year	14	200	4

All the above amounts are attributable to continuing operations


There is no difference between the profit on ordinary activities before taxation and the retained profit for the period stated above, and their historical cost equivalents

PINNACLE PEOPLE LIMITED
CONSOLIDATED BALANCE SHEET

As at 31 March 2011

	Notes	2011 £'000's	2010 £'000's
TANGIBLE FIXED ASSETS	7	654	356
CURRENT ASSETS			
Debtors	9	1,370	2,245
Cash at bank	17	222	268
		1,592	2,513
CREDITORS: amounts falling due within one year	10	(1,771)	(2,671)
Net current liabilities		(179)	(158)
Total assets less current liabilities		475	198
Subordinated debt	11	(558)	(531)
NET LIABILITIES		(83)	(333)
CAPITAL AND RESERVES			
Attributable to equity interests			
Called up share capital	13	50	-
Profit and loss account	14	(133)	(333)
Total shareholders' deficit	18	(83)	(333)
Equity minority interest	19	-	-
Capital employed		(83)	(333)

These financial statements were approved and authorised for issue by the board and were signed on its behalf on 8th August 2011



Michael Penny
Director

PINNACLE PEOPLE LIMITED
(Company number 6588740)
COMPANY BALANCE SHEET

As at 31 March 2011

	Notes	2011 £'000's	2010 £'000's
TANGIBLE FIXED ASSETS	7	653	352
INVESTMENTS	8	-	-
TOTAL FIXED ASSETS		653	352
CURRENT ASSETS			
Debtors	9	1,318	1,957
Cash at bank		176	212
		1,494	2,169
CREDITORS: amounts falling due within one year	10	(1,700)	(2,354)
Net current liabilities		(206)	(185)
Total assets less current liabilities		447	167
Subordinated debt	11	(558)	(531)
Net liabilities		(111)	(364)
CAPITAL AND RESERVES			
Attributable to equity interests			
Called up share capital	13	50	-
Profit and loss account	14	(161)	(364)
Total shareholders' deficit	18	(111)	(364)

These financial statements were approved and authorised for issue by the board and were signed on its behalf on 8th August 2011



Michael Penny
Director

PINNACLE PEOPLE LIMITED
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 March 2011

	Notes	2011 £'000's	2010 £'000's
Cash inflow from operating activities	15	486	179
Returns on investments and servicing of finance	16	(23)	(31)
Taxation – Group relief		(44)	-
Capital expenditure and financial investment	16	(515)	(372)
Cash outflow before the use of liquid resources and financing		(96)	(224)
Financing	16	50	506
(Decrease)/increase in cash in the year	17	(46)	282
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash in the year	17	(46)	282
Non cash items	17	(27)	(25)
Cash inflow from increase in debt	17	-	(506)
Movement in net debt in the year		(73)	(249)
Net debt at 1 April		(263)	(14)
Net debt at 31 March	17	(336)	(263)

PINNACLE PEOPLE LIMITED

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with applicable Accounting Standards

Going Concern

The Pinnacle People Group is part of the Pinnacle Regeneration Group and is exposed to the cross guarantee relating to the Group's bank facility. The Directors of Pinnacle People Limited are content that the Group has sufficient resources for the guarantee not to be called on for a period of at least 12 months and have therefore adopted the going concern basis of preparation for these financial statements. No adjustments have been made to these financial statements in the event of the Group and Company not being a going concern.

The Directors of this company, having had regard to budgets and cash flow forecasts for Pinnacle People Limited for a period of at least 12 months from the date these financial statements were approved and authorised for issue, are content that the Group will be able to provide the necessary level of support and have therefore adopted the going concern basis of preparation for these financial statements. No adjustments have been made to these financial statements in the event of the Group and Company not being a going concern. For further information please refer to the consolidated accounts of Pinnacle Regeneration Group.

Basis of consolidation

The financial statements of the Group represent the consolidation of Pinnacle People Group Limited and its subsidiary undertakings. All material inter-company transactions and balances are eliminated. All subsidiary financial statements are made up to 31 March 2011. In the case of acquisitions and disposals of businesses, the results of trading are consolidated from or to the date upon which control passes.

Turnover

Turnover represents fees receivable for the provision of consultancy services, and is recognised over the period for which services are rendered. Turnover includes £1,775,000 (2010: £292,000) relating to grants received from government.

Grants

Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred. Excess grant income received is deferred until the subsequent period.

PINNACLE PEOPLE LIMITED

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES (continued)

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. Turnover on long-term contracts is determined by the level of activity during the period. Costs represent amounts invoiced plus accruals for work completed but not invoiced during the period. Project profitability is regularly reviewed by the Board and a detailed exercise is carried out at least once every year.

Amounts recoverable on contracts are valued at anticipated net sales value of work done after provision for contingencies and anticipated future losses on contracts. Cash received on account of contracts is deducted from amounts receivable 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.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost of each asset on a straight-line basis over its estimated useful life as follows:

Fixtures and equipment – over 3 to 5 years

Deferred taxation

Provision is made for deferred taxation on all material timing differences. Deferred tax assets are recognised where their recovery is considered more likely than not. Deferred tax assets and liabilities have not been discounted.

Deferred tax assets are recognised to the extent that the directors consider it more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted.

Pension costs

The Pinnacle Regeneration Group operates a defined contribution pension scheme for eligible employees. The costs incurred are charged against income in the year to which the contributions relate.

Minority Interest

Equity minority interests represent the share of the profits less losses on ordinary activities attributable to the interests of equity shareholders in subsidiaries which are not wholly owned by the Group. For financial reporting purposes, 100% of the assets, liabilities and earnings of the companies are consolidated within those of the Group and the minority's share is recorded as a minority interest in the financial statements.

PINNACLE PEOPLE LIMITED

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES (continued)

Investments

Fixed asset investments are stated at cost less any provision for impairment

Finance and operating leases

Leasing agreements which transfer to the Group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the useful lives of the equivalent owned assets. Rentals paid under operating leases are charged against income on a straight line basis over the lease term.

2 TURNOVER AND PROFIT BEFORE TAX

All income and profits arise from within the United Kingdom. The analysis by segment of turnover, profit/(loss) on ordinary activities before tax and net assets is shown below.

	Turnover	2011 Profit/ (loss) on ordinary activities before tax	Net assets/ (liabilities)	Turnover	2010 Profit/ (loss) on ordinary activities before tax	Net assets/ (liabilities)
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Pinnacle People	8,696	332	(111)	2,664	(24)	(364)
Pinnacle People Recruitment	1,492	2	33	1,011	45	32
Pinnacle People Enterprises	1,775	(9)	(5)	292	(1)	(1)
	11,963	325	(83)	3,967	20	(333)
Net interest expense		(23)			(31)	
Total	11,963	302	(83)	3,967	(11)	(333)

PINNACLE PEOPLE LIMITED

NOTES TO THE ACCOUNTS

3 OPERATING PROFIT

is stated after charging/(crediting)

	2011 £'000's	2010 £'000's
Operating lease rentals - other	123	13
- hire of plant and machinery	5	1
Depreciation - owned assets	217	27
Fees payable to the company's auditor for the audit of the company's annual accounts	11	9
Fees payable to the company's auditor for services in respect of		
- the audit of the company's subsidiaries pursuant to legislation	12	12

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	2011 £'000's	2010 £'000's
Interest receivable from bank deposits	1	1
Other	31	4
	32	5

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2011 £'000's	2010 £'000's
On bank and other loans	54	-
Other	1	36
	55	36

PINNACLE PEOPLE LIMITED

NOTES TO THE ACCOUNTS

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge/(credit) in the year

	2011 £'000's	2010 £'000's
Current Tax		
United Kingdom corporation tax at 28% (2010 28%) on profit/(loss) for the year	-	-
Group relief payment/(receipt)	110	(13)
Overprovision in respect of prior years	(54)	-
Total current tax	56	(13)
Deferred Tax		
Origination and reversal of timing differences	46	(2)
Total deferred tax	46	(2)
Tax charge/(credit) on profit on ordinary activities	102	(15)

(b) Factors affecting tax charge for year

The tax assessed in each year varies from the standard rate of corporation tax in the UK in the relevant years. The differences are explained below.

	2011 £'000's	2010 £'000's
Profit/(loss) on ordinary activities before tax	302	(11)
Profit/(loss) on ordinary activities before tax multiplied by standard rate of UK corporation tax of 28% (2010 28%)	84	(3)
Non deductible expenses	4	1
Capital allowances less than / (greater than) depreciation charge	22	(11)
(Profits)/losses group relieved	(110)	13
Current tax charge for year	-	-

(c) Factors that may affect future tax charges

The effective tax rate of the Group will continue to be affected by permanent differences arising on the amortisation of goodwill.

PINNACLE PEOPLE LIMITED

NOTES TO THE ACCOUNTS

7 TANGIBLE FIXED ASSETS

Group	Fixtures and equipment £'000's	Total £'000's
Cost		
At 1 April 2010	386	386
Additions	515	515
Transfers	(1)	(1)
At 31 March 2011	900	900
Depreciation		
At 1 April 2010	30	30
Charge for the year	217	217
Transfers	(1)	(1)
At 31 March 2011	246	246
Net book value		
At 31 March 2011	654	654
At 31 March 2010	356	356

Company	Fixtures and equipment £'000's	Total £'000's
Cost		
At 1 April 2010	382	382
Additions	515	515
Transfers	-	-
At 31 March 2011	897	897
Depreciation		
At 1 April 2010	30	30
Charge for the year	215	215
Transfers	(1)	(1)
At 31 March 2011	244	244
Net book value		
At 31 March 2011	653	653
At 31 March 2010	352	352

PINNACLE PEOPLE LIMITED

NOTES TO THE ACCOUNTS

8 FIXED ASSET INVESTMENTS

	Investment in subsidiary undertakings
	£
Cost as at 1 April 2010 and at 31 March 2011	2

All subsidiary undertakings are registered in England and Wales and operate within the United Kingdom. The principal subsidiary undertakings at the year end were

Company	Principal activity	Class of shares held	Holding %
Pinnacle People Recruitment Limited	Recruitment	£1 Ordinary	100
Pinnacle People Enterprises	Employment	£1 Ordinary	100
Community Interest Company	Services		

Each of the above subsidiaries is included in the consolidated accounts

9 DEBTORS

	Group 2011 £'000's	Company 2011 £'000's	Group 2010 £'000's	Company 2010 £'000's
Amounts falling due within one year				
Trade debtors	887	835	1,342	1,221
Other debtors	38	38	1	1
Amounts owed by parent undertakings	-	-	677	498
Prepayments and accrued income	359	359	80	80
Corporation tax receivable	-	-	13	25
Deferred tax asset (note 12)	86	86	132	132
	1,370	1,318	2,245	1,957

PINNACLE PEOPLE LIMITED

NOTES TO THE ACCOUNTS

10 CREDITORS: amounts falling due within one year

	Group	Company	Group	Company
	2011	2011	2010	2010
	£'000's	£'000's	£'000's	£'000's
Trade creditors	55	51	417	407
Amounts owed to parent undertakings	28	50	-	-
Other taxes and social security costs	340	315	477	450
Other creditors	82	82	83	83
Accruals and deferred income	1,266	1,202	1,694	1,414
	1,771	1,700	2,671	2,354

11 SUBORDINATED DEBT

	2011	2010
	£'000's	£'000's
Subordinated debt at 1 April	531	506
Accrued interest	27	25
Subordinated debt at 31 March	558	531

The subordinated debt owed to Pinnacle Regeneration Group Limited was lent to the Company to provide the initial working capital for the bid costs. Interest accrues on the subordinated debt at a rate of 5% per annum. Interest is rolled up into the debt every 6 months on 30 September and 31 March.

12 DEFERRED TAXATION

Deferred taxation provided in the accounts is as follows

	Group	Company	Group	Company
	2011	2011	2010	2010
	£'000's	£'000's	£'000's	£'000's
Tax effect of timing differences because of:				
Excess of depreciation over capital allowances	(13)	(13)	(11)	(11)
Losses carried forward	99	99	143	143
Total deferred tax asset	86	86	132	132

PINNACLE PEOPLE LIMITED

NOTES TO THE ACCOUNTS

12 DEFERRED TAXATION (continued)

The movement in the deferred taxation (asset) is as follows

	Group	Company	Group	Company
	2011	2011	2010	2010
	£'000's	£'000's	£'000's	£'000's
At 1 April	132	132	130	130
(Charged)/credited to the profit and loss account	(46)	(46)	2	2
At 31 March	86	86	132	132

13 CALLED UP SHARE CAPITAL

The share capital of the company is shown below

Allotted and fully paid

	2011		2010	
	Number	£'000's	Number	£'000's
£1 00 ordinary shares	50,000	50	1	-

During the period the issued share capital of Pinnacle People Limited increased from £1 to £50,000. Management employees of Pinnacle People Limited purchased £12,500, at par, of the additional share capital thus taking a 25% minority interest in the company. The shareholding held by Pinnacle Regeneration Group Limited decreased from 100% to 75%.

14 RESERVES

Group	Profit and loss account £'000's
At 1 April 2010	(333)
Profit for the financial year	200
At 31 March 2011	(133)

Company	Profit and loss account £'000's
At 1 April 2010	(364)
Profit for the financial year	203
At 31 March 2011	(161)

As permitted by section 408 of the Companies Act 2006, the parent company's profit and loss account has not been included in these financial statements. The profit attributable to shareholders, dealt with in the accounts of the Company, is £203,000 (2010: loss £28,000).

PINNACLE PEOPLE LIMITED

NOTES TO THE ACCOUNTS

15 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2011 £'000's	2010 £'000's
Operating profit	325	20
Depreciation of tangible fixed assets	217	27
Decrease/(increase) in debtors	817	(1,998)
(Decrease)/increase in creditors	(873)	2,130
Net cash inflow from operating activities	486	179

16 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2011 £'000's	2010 £'000's
Returns on investments and servicing of finance		
Interest received	32	5
Bank interest paid	(55)	(36)
Net cash outflow for returns on investment and servicing of finance	(23)	(31)
 Capital expenditure and financial investment		
Purchase of tangible fixed assets	(515)	(372)
Net cash outflow for capital expenditure and financial investment	(515)	(372)
 Financing		
Issue of shares	50	-
Sub debt loan	-	506
Net cash inflow from financing	50	506

PINNACLE PEOPLE LIMITED

NOTES TO THE ACCOUNTS

17 ANALYSIS OF NET DEBT

	At 1 April 2010 £'000's	Cash flow £'000's	Other non-cash changes £'000's	At 31 March 2011 £'000's
Cash at bank	268	(46)	-	222
Subordinated debt	(531)	-	(27)	(558)
Total debt	(263)	(46)	(27)	(336)

18 RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	2011 £'000's	2010 £'000's
Profit for the year after taxation and minority interest	200	4
Issue of share capital	50	-
Net increase in shareholders' funds	250	4
Opening shareholders' deficit	(333)	(337)
Closing shareholders' deficit	(83)	(333)

RECONCILIATION OF MOVEMENTS IN COMPANY SHAREHOLDERS' FUNDS

	2011 £'000's	2010 £'000's
Profit/(loss) for the year after taxation	203	(28)
Issue of share capital	50	-
Net increase/(decrease) in shareholders' funds	253	(28)
Opening shareholders' deficit	(364)	(336)
Closing shareholders' deficit	(111)	(364)

PINNACLE PEOPLE LIMITED

NOTES TO THE ACCOUNTS

19 MINORITY INTEREST

The minority interest represents the management interest held in Pinnacle People Limited

	2011 £'000's	2010 £'000's
Minority interest at beginning of year	-	-
Result for the year	22	-
Share capital issued	13	-
Adjustment due to shareholder deficit	(35)	-
Minority interest at end of year	-	-

There is no minority interest at the end of the period as the shareholders funds are in deficit

20 FINANCIAL COMMITMENTS

Operating leases

At 31 March 2011 the Group had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2011 £'000's	Land and buildings 2010 £'000's
Expiry date		
Within one year	35	-
Between one and five years	18	23
	53	23

21 DIRECTORS EMOLUMENTS

	2011 £	2010 £
Aggregate emoluments and benefits	177,583	110,000
Company pension contributions to money purchase scheme	10,499	-
	188,082	110,000
Highest paid director		
Aggregate emoluments and benefits	111,750	110,000
Company pension contributions to money purchase scheme	6,417	-
	118,167	110,000

PMA Lloyd and M Penny are directors of Pinnacle Regeneration Group Limited, the company's ultimate parent undertaking. Their services were deemed to relate mostly to work carried out for Pinnacle Regeneration Group Limited and the related costs were therefore included in the administrative expenses of Pinnacle Regeneration Group Limited.

PINNACLE PEOPLE LIMITED

NOTES TO THE ACCOUNTS

22 EMPLOYEES

(1) Number of employees

The average weekly number of operational employees (including directors) employed by the Group during the year was 87 (2010 23) and can be analysed by segment as follows

	2011 Number	2010 Number
Welfare to work employment services	77	22
Recruitment and provision of temporary personnel	4	1
Long-term unemployment and community worklessness services	6	-
	87	23

(2) Employment costs

	2011 £'000's	2010 £'000's
Wages and salaries	2,833	903
Social security costs	300	94
Pension costs – defined contribution	32	7
	3,165	1,004

23 PENSIONS

The Group participates in one pension scheme

The defined contribution schemes is a Group Personal Pension for which employee contributions are a minimum of 2.5% of salary, and employer contributions are 7% of salary for non-executives and 10% of salary for executives

PINNACLE PEOPLE LIMITED

NOTES TO THE ACCOUNTS

24 INTERMEDIATE AND ULTIMATE CONTROLLING PARTIES

The ultimate parent undertaking is Pinnacle Regeneration Group Limited who own 75% (2010: 100%) of the ordinary share capital of Pinnacle People Limited. The remaining 25% (2010: nil) of the ordinary share capital of Pinnacle People Limited is held by management.

Following a new equity injection on 9th June 2011 Greenmark Enterprises Limited, New Hampshire Enterprises Limited and Agarwood Enterprises Limited, all incorporated in the British Virgin Islands, collectively have the right to appoint the majority of directors to the Board of Pinnacle Regeneration Group Limited.

The Group has no single controlling party.

These financial statements are consolidated into the financial statements of Pinnacle Regeneration Group Limited. The financial statements of the Company are available from 1st Floor, 6 St Andrew Street, London, EC4A 3AE.

25 RELATED PARTY TRANSACTIONS

The Group has taken advantage of the exemptions available under Financial Reporting Standard 8, 'Related Party Disclosures', not to disclose any transactions or balances with entities that are 100% controlled by the Group.

During the year the following amounts were receivable from / payable to related parties:

At the year end the Pinnacle People Limited was owed £nil (2010: was owed £24,000) from Pinnacle PSG Limited, a fellow group subsidiary, in respect of group taxation relief.

At the year end Pinnacle People Limited owed £nil (2010: £nil) to Pinnacle Housing Limited, a fellow group subsidiary, in respect of working capital support. During the period Pinnacle People Limited charged Pinnacle Housing Limited £7,000 (2010: £173,000) in respect of the supply of temporary staff.

At the year end Pinnacle People Limited was owed £50,000 (2010: was due £498,000) from Pinnacle Regeneration Group Limited, the parent company, in respect of working capital support. During the period the Company was charged £223,000 (2010: £103,000) by Pinnacle Regeneration Group Limited in respect of group services.

During the year Pinnacle People Limited was charged £331,000 (2010: £141,000) by Pinnacle Maintenance Services Limited for the supply of call centre services. Pinnacle People Limited charged Pinnacle Maintenance Services Limited £54,000 (2010: £5,000) for the services of temporary staff.

At the year end the Pinnacle People Recruitment Limited owed £nil (2010: £31,000) to Pinnacle Regeneration Group Limited, the ultimate parent company, in respect of working capital support. During the period Pinnacle Regeneration Group Limited charged the company £21,000 (2010: £nil) in respect of group services.

At the year end Pinnacle People Recruitment Limited owed £nil (2010: £12,000) to Pinnacle PSG Limited, a fellow group subsidiary, in respect of group taxation relief. During the year the Company charged Pinnacle PSG Limited £5,000 (2010: £nil) in respect of the supply of temporary staff.

PINNACLE PEOPLE LIMITED

NOTES TO THE ACCOUNTS

25 RELATED PARTY TRANSACTIONS (continued)

During the year Pinnacle People Recruitment Limited charged Pinnacle Housing Limited £1,006,000 (2010 £379,000) in respect of the supply of temporary staff

During the year Pinnacle People Recruitment Limited charged Pinnacle Maintenance Services Limited £205,000 (2010 £nil) in respect of the supply of temporary staff

At the year end the Pinnacle People Enterprises Limited was due £22,000 (2010 £210,000) from Pinnacle Regeneration Group Limited in respect of working capital support provided to the Company. During the period the company was charged £62,000 (2010 £13,000) by Pinnacle Regeneration Group Limited in respect of group services

During the year management were issued share capital as detailed below. In addition, at the year end the company owed the directors loan amounts also detailed below

	Equity		Loan	
	2011 Number	2010 Number	2011 £'000's	2010 £'000's
KJ Whittaker	3,750	-	30	29
ZES Bull	2,500	-	11	12
J Baxter	1,250	-	8	9
M Rhucroft	1,250	-	8	6
CJ Hodson	2,500	-	17	18
M Brooks	1,250	-	8	9
	12,500	-	82	83

26 CONTINGENT LIABILITIES

The company and all principal subsidiary undertakings have issued guarantees in favour of Bank of Scotland to support the indebtedness of Pinnacle Regeneration Group Limited and its subsidiaries. The exposure to this guarantee at the balance sheet date was £5,516,806 (2010 £4,538,000)