

**PINNACLE PEOPLE LIMITED
CONSOLIDATED FINANCIAL STATEMENTS**

ANNUAL REPORT

for the year ended 31 March 2013

Company number 06588740

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PINNACLE PEOPLE LIMITED

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For the year ended 31 March 2013

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PINNACLE PEOPLE LIMITED

DIRECTORS' REPORT

For the year ended 31 March 2013

FINANCIAL STATEMENTS

The directors present their report and the Group financial statements for the year ended 31 March 2013 which have been prepared under the historical cost convention and the accounting policies set out in note 1

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

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.

Pinnacle People had a successful year from an operational perspective. Its key contracts performed well when benchmarked against peers within the sector. Financially the results were affected by the wider economy and operating in particularly challenging labour markets. This had the effect of lengthening the time it would typically take for a contract to become profitable after conception. The success of Work Programme and The JCP Support Contract meant turnover increased to £13.7m from £8.9m in 2012. In the 6 months to September 2012 Pinnacle People incurred EBITDA losses of £1.1m as it invested in helping candidates with the revenue following as the "outcomes" KPI's were achieved which enabled Pinnacle People to generate a positive EBITDA of £0.5m in the 2nd half of the year. Overall for the year the Group made an EBITDA loss of £635,000 compared to an EBITDA loss of £510,000 last year.

Subsequent to the year end the Group has continued to operate profitably and in the six months to September 2013, generated an EBITDA profit of £0.6m. Pinnacle People now has a diverse portfolio mix and continues to be viewed as an intelligent, innovative and successful provider of welfare to work services.

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

RESULTS AND DIVIDENDS

The Group turnover for the year from continuing operations was £13.7m (2012: £8.9m) with total group operating loss before depreciation at £635,000 (2012: loss £510,000). The Group result for the year after taxation but before minority interests amounted to a loss of £932,000 (2012: loss £764,000). The directors do not recommend the payment of a dividend (2012: £nil).

CHARITABLE DONATIONS

During the year the Group made charitable donations totalling £nil (2012: £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.

PINNACLE PEOPLE LIMITED

DIRECTORS' REPORT

For the year ended 31 March 2013

DIRECTORS

The directors during the year were as follows

KJ Whittaker

PMA Lloyd

MWH Penny

NC Karslake

M Taylor

ZES Bull (resigned 8th February 2013)

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

This report was approved by the Board on 22nd November 2013.



Michael Penny
Director

1st Floor
6 St Andrew Street
London
EC4A 3AE

PINNACLE PEOPLE LIMITED

DIRECTORS' REPORT

For the year ended 31 March 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual 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 they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 group and parent company and of their profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK 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 group and the parent company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

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

We have audited the financial statements of Pinnacle People Limited for the year ended 31 March 2013 set out on pages 5 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 set out on page 3, 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2013 and of the group's loss for the year then ended,
- have been properly prepared in accordance with UK 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.

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.



William Meredith (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants

15 Canada Square
London
E14 5GL

22 November 2013

PINNACLE PEOPLE LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2013

	Notes	2013 £'000's	Restated 2012 £'000's
Group Turnover	2	13,704	8,941
Other external charges		(5,079)	(3,234)
Staff costs	22	(5,324)	(3,903)
Depreciation of tangible fixed assets	7	(404)	(343)
Other operating charges		(3,936)	(2,422)
Group operating loss	3	(1,039)	(961)
Interest receivable and similar income	4	-	-
Interest payable and similar charges	5	(181)	(67)
Loss on ordinary activities before taxation	2	(1,220)	(1,028)
Tax on loss on ordinary activities	6	288	264
Loss on ordinary activities after taxation		(932)	(764)
Attributable to:			
Equity holders of the parent	18	(838)	(764)
Minority interest - recoverable	19	(94)	-
		(932)	(764)

All the above amounts are attributable to continuing operations

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

PINNACLE PEOPLE LIMITED
GROUP BALANCE SHEET

As at 31 March 2013

	Notes	2013 £'000's	2012 £'000's
TANGIBLE FIXED ASSETS	7	336	601
CURRENT ASSETS			
Debtors	9	3,056	1,551
Cash at bank	17	181	200
		3,237	1,751
CREDITORS: amounts falling due within one year	10	(4,734)	(2,610)
Net current liabilities		(1,497)	(859)
Total assets less current liabilities		(1,161)	(258)
Subordinated debt	11	(616)	(587)
NET LIABILITIES		(1,777)	(845)
CAPITAL AND RESERVES			
Attributable to equity interests			
Called up share capital	13	50	50
Profit and loss account	14	(1,733)	(895)
Total shareholders' deficit	18	(1,683)	(845)
Equity minority interest	19	(94)	-
Capital employed		(1,777)	(845)

These financial statements were approved and authorised for issue by the board and were signed on its behalf on 22nd November 2013

The notes on pages 9 to 24 form part of the financial statements



Michael Penny
Director

PINNACLE PEOPLE LIMITED
(Company number 6588740)
COMPANY BALANCE SHEET

As at 31 March 2013

	Notes	2013 £'000's	2012 £'000's
TANGIBLE FIXED ASSETS	7	270	599
INVESTMENTS	8	8	8
TOTAL FIXED ASSETS		278	607
CURRENT ASSETS			
Debtors	9	2,955	1,224
Cash at bank		110	151
		3,065	1,375
CREDITORS: amounts falling due within one year	10	(4,229)	(2,078)
Net current liabilities		(1,164)	(703)
Total assets less current liabilities		(886)	(96)
Subordinated debt	11	(616)	(587)
Net liabilities		(1,502)	(683)
CAPITAL AND RESERVES			
Attributable to equity interests			
Called up share capital	13	50	50
Profit and loss account	14	(1,552)	(733)
Total shareholders' deficit	18	(1,502)	(683)

These financial statements were approved and authorised for issue by the board and were signed on its behalf on 22nd November, 2013



Michael Penny
Director

PINNACLE PEOPLE LIMITED

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2013

	Notes	2013 £'000's	2012 £'000's
Cash inflow from operating activities	15	57	17
Returns on investments and servicing of finance	16	(173)	(67)
Taxation – Group relief		205	286
Capital expenditure and financial investment	16	(137)	(287)
Cash outflow before the use of liquid resources and financing		(48)	(51)
Financing	17	29	29
Decrease in cash in the year	17	(19)	(22)
Reconciliation of net cash flow to movement in net debt			
Decrease in cash in the year	17	(19)	(22)
Non cash items	17	(29)	(29)
Movement in net debt in the year		(48)	(51)
Net debt at 1 April		(387)	(336)
Net debt at 31 March	17	(435)	(387)

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 has made a loss of £932,000 (2012 loss £764,000) during the year and has net liabilities of £1,777,000 (2012 liabilities £845,000) at the year end. The Pinnacle People Group is part of the Pinnacle Regeneration Group. Pinnacle Regeneration Group Limited, the ultimate parent company, has indicated its willingness to financially support the Pinnacle People Group for a period of at least 12 months from the date these financial statements were approved and authorised for issue.

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 2013. 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 excluding VAT, for the provision of the management of welfare to work employment related services, and is recognised over the period for which services are rendered. Turnover includes £546,000 (2012 £213,000) 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

The Group has a number of long- term contracts for which revenue is recognised in 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 only when the amount of revenue can be measured reliably. Costs are recognised in the period they are incurred.

Project profitability is regularly reviewed by the Board and a detailed exercise is carried out at least once every year.

Tangible fixed assets and depreciation

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

Plant and equipment – over 1 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.

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.

Investments

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

PINNACLE PEOPLE LIMITED

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES (continued)

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 LOSS BEFORE TAX

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

	Turnover	2013 Loss on ordinary activities before tax	Net liabilities	Turnover	2012 Profit/ (loss) on ordinary activities before tax	Net assets/ (liabilities)
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Pinnacle People	10,607	(901)	(1,502)	7,177	(597)	(683)
Pinnacle People Recruitment	2,297	165	88	1,551	(87)	(33)
Pinnacle People Enterprises	546	64	20	213	(26)	(26)
Paragon Concord Families	254	(367)	(375)	-	(143)	(95)
	13,704	(1,039)	(1,769)	8,941	(853)	(837)
Consolidation adjustments	-	-	(8)	-	-	(8)
Exceptional items	-	-	-	-	(108)	-
	13,704	(1,039)	(1,777)	8,941	(961)	(845)
Net interest expense	-	(181)	-	-	(67)	-
Total	13,704	(1,220)	(1,777)	8,941	(1,028)	(845)

PINNACLE PEOPLE LIMITED

NOTES TO THE ACCOUNTS

3 OPERATING LOSS

is stated after charging/(crediting)

	2013 £'000's	2012 £'000's
Operating lease rentals - other	500	291
- hire of plant and machinery	6	12
Depreciation - owned assets	404	343
Fees payable to the company's auditor for the audit of the company's annual accounts	8	8
Fees payable to the company's auditor for services in respect of		
- the audit of the Company's subsidiaries pursuant to legislation	11	9

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	2013 £'000's	2012 £'000's
Interest receivable from bank deposits	-	-
Other	-	-
	-	-

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2013 £'000's	2012 £'000's
On bank and other loans	173	62
Other	8	5
	181	67

PINNACLE PEOPLE LIMITED

NOTES TO THE ACCOUNTS

6 TAX ON LOSS ON ORDINARY ACTIVITIES

(a) Analysis of credit in the year

	2013 £'000's	2012 £'000's
Current Tax		
United Kingdom corporation tax at 24% (2012 26%) on loss for the year	-	-
Group relief receipt	(384)	(186)
Under/(overprovision) in respect of prior years	179	(101)
Total current tax	(205)	(287)
Deferred Tax		
Origination and reversal of timing differences	(83)	23
Total deferred tax	(83)	23
Tax credit on loss on ordinary activities	(288)	(264)

(b) Factors affecting tax 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.

	2013 £'000's	2012 £'000's
Loss on ordinary activities before tax	(1,220)	(1,028)
Loss on ordinary activities before tax multiplied by standard rate of UK corporation tax of 24% (2012 26%)	(293)	(267)
Non deductible expenses	4	4
Capital allowances less than depreciation charge	63	41
Losses group relieved	384	185
Losses carried forward	21	37
Losses utilised	(179)	-
Current tax for year	-	-

(c) Factors that may affect future tax charges

The Chancellor announced on 21st March 2013 that the UK corporation tax rate will reduce to 20% by 2016. A reduction in the rate from 25% to 24% became effective on 6th April 2012 with a further reduction to 23% planned to take effect from 6th April 2013.

This will reduce the future tax charge accordingly. The deferred tax asset at 31st March 2013 has been calculated based on the rate of 24% substantively enacted at the balance sheet date.

It has not been possible to quantify the fully anticipated effect of the announced further rate reduction, although this will further reduce the Group's future current tax charge and reduce the Group's deferred tax asset accordingly.

PINNACLE PEOPLE LIMITED

NOTES TO THE ACCOUNTS

7 TANGIBLE FIXED ASSETS

Group	Leasehold land & buildings £'000's	Plant and equipment £'000's	Total £'000's
Cost			
At 1 April 2012	7	1,179	1,186
Additions	-	141	141
Disposals		(5)	(5)
At 31 March 2013	7	1,315	1,322
Depreciation			
At 1 April 2012	1	584	585
Charge for the year	2	402	404
Elimination on disposal	-	(3)	(3)
At 31 March 2013	3	983	986
Net book value			
At 31 March 2013	4	332	336
At 31 March 2012	6	595	601

Company	Leasehold land & buildings £'000's	Fixtures and equipment £'000's	Total £'000's
Cost			
At 1 April 2012	7	1,175	1,182
Additions	-	58	58
Inter company transfers	-	(5)	(5)
Disposals	-	3	3
At 31 March 2013	7	1,231	1,238
Depreciation			
At 1 April 2012	1	582	583
Charge for the year	2	385	387
Inter company transfers	-	(3)	(3)
Elimination on disposal	-	1	1
At 31 March 2013	3	965	968
Net book value			
At 31 March 2013	4	266	270
At 31 March 2012	6	593	599

PINNACLE PEOPLE LIMITED

NOTES TO THE ACCOUNTS

8 FIXED ASSET INVESTMENTS

Investment in subsidiary undertakings

£000

Cost as at 1 April 2012 and 31st March 2013 8

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		
Paragon Concord Families Limited	Employment Services	£1 Ordinary	75

Each of the above subsidiaries is included in the consolidated accounts

During the prior period Pinnacle People Limited purchased a 75% share holding in Paragon Concord Families Limited for £7,500

9 DEBTORS

	Group 2013 £'000's	Company 2013 £'000's	Group 2012 £'000's	Company 2012 £'000's
Amounts falling due within one year				
Trade debtors	1,294	1,044	691	555
Amounts owed by Group undertakings	-	293	-	-
Other debtors	409	397	230	206
Prepayments and accrued income	1,207	1,133	567	437
Deferred tax asset (note 12)	146	88	63	26
	3,056	2,955	1,551	1,224

PINNACLE PEOPLE LIMITED

NOTES TO THE ACCOUNTS

10 CREDITORS: amounts falling due within one year

	Group	Company	Group	Company
	2013	2013	2012	2012
	£'000's	£'000's	£'000's	£'000's
Trade creditors	61	52	315	274
Amounts owed to Group undertakings	3,044	3,164	1,372	1,208
Other taxes and social security costs	626	497	379	318
Other creditors	404	107	98	75
Accruals and deferred income	599	409	446	203
	4,734	4,229	2,610	2,078

11 SUBORDINATED DEBT

	2013	2012
	£'000's	£'000's
Subordinated debt at 1 April	587	558
Accrued interest	29	29
Subordinated debt at 31 March	616	587

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
	2013	2013	2012	2012
	£'000's	£'000's	£'000's	£'000's
Tax effect of timing differences because of:				
Excess of depreciation over capital allowances	88	88	26	26
Losses carried forward	58	-	37	-
Total deferred tax asset	146	88	63	26

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
	2013	2013	2012	2012
	£'000's	£'000's	£'000's	£'000's
At 1 April	63	26	86	86
Charged to the profit and loss account	83	62	(23)	(60)
At 31 March	146	88	63	26

13 CALLED UP SHARE CAPITAL

The share capital of the Company is shown below

Allotted and fully paid

	2013		2012	
	Number	£'000's	Number	£'000's
£1 00 ordinary shares	50,000	50	50,000	50

In 2013 Pinnacle Regeneration Limited purchased share capital from a former management employee, increasing its shareholding from 80% to 85%

PINNACLE PEOPLE LIMITED

NOTES TO THE ACCOUNTS

14 RESERVES

Group	Profit and loss account £'000's
At 1 April 2012	(895)
Loss for the financial year	(838)
At 31 March 2013	(1,733)

Company	Profit and loss account £'000's
At 1 April 2012	(733)
Loss for the financial year	(819)
At 31 March 2013	(1,552)

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 loss attributable to shareholders, dealt with in the accounts of the Company, is £819,000 (2012 loss £572,000)

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

	2013 £'000's	2012 £'000's
Operating loss	(1,039)	(960)
Profit on disposal of fixed assets	(2)	(3)
Depreciation of tangible fixed assets	404	343
Increase in debtors	(1,422)	(202)
Increase in creditors	2,116	839
Net cash inflow from operating activities	57	17

PINNACLE PEOPLE LIMITED

NOTES TO THE ACCOUNTS

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

	2013 £'000's	2012 £'000's
Returns on investments and servicing of finance		
Interest received	-	-
Interest paid	(173)	(67)
Net cash outflow for returns on investment and servicing of finance	(173)	(67)
 Capital expenditure and financial investment		
Sale of tangible fixed assets	4	5
Purchase of tangible fixed assets	(141)	(292)
Net cash outflow for capital expenditure and financial investment	(137)	(287)

17 ANALYSIS OF NET DEBT

	At 1 April 2012 £'000's	Cash flow £'000's	Other non-cash changes £'000's	At 31 March 2013 £'000's
Cash at bank	200	(19)	-	181
Subordinated debt	(587)	-	(29)	(616)
Total net debt	(387)	(19)	(29)	(435)

PINNACLE PEOPLE LIMITED

NOTES TO THE ACCOUNTS

18 RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	2013 £'000's	2012 £'000's
Loss for the year after taxation and minority interest	(838)	(764)
Issue of Share Capital	-	2
Net decrease in shareholders' funds	(838)	(762)
Opening shareholders' deficit	(845)	(83)
Closing shareholders' deficit	(1,683)	(845)

RECONCILIATION OF MOVEMENTS IN COMPANY SHAREHOLDERS' FUNDS

	2013 £'000's	2012 £'000's
Loss for the year after taxation	(819)	(572)
Net decrease in shareholders' funds	(819)	(572)
Opening shareholders' deficit	(683)	(111)
Closing shareholders' deficit	(1,502)	(683)

19 MINORITY INTEREST

	2013 £'000's	2012 £'000's
Minority interest at beginning of year	-	-
Loss for the year	(94)	-
Share capital issued	-	-
Adjustment due to shareholder deficit	-	-
Minority interest at end of year	(94)	-

PINNACLE PEOPLE LIMITED

NOTES TO THE ACCOUNTS

19 MINORITY INTEREST (continued)

The minority interest at the end of the year is the amount recoverable from Ixion Holdings Limited who hold a 25% shareholding in Paragon Concord Families Limited. There is a legally binding agreement that Ixion Holdings Limited will fund Paragon Concord Families Limited up to £150,000.

20 FINANCIAL COMMITMENTS

Operating leases

At 31 March 2013 the Group had annual commitments under non-cancellable operating leases as follows

	Land and buildings	Other	Land and buildings	Other
	2013	2013	2012	2012
	£'000's	£'000's	£'000's	£'000's
Expiry date				
Within one year	10	-	125	-
Between one and five years	196	1	210	5
Over five years	21	-	-	-
	227	1	335	5

21 DIRECTORS EMOLUMENTS

	2013	2012
	£'000's	£'000's
Aggregate emoluments and benefits	233	280
Company pension contributions to money purchase scheme	19	19
	252	299
Highest paid director		
Aggregate emoluments and benefits	117	117
Company pension contributions to money purchase scheme	11	11
	128	128

PMA Lloyd and MWH 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 162 (2012 112) and can be analysed by segment as follows

	2013 Number	2012 Number
Welfare to work employment services	150	101
Recruitment and provision of temporary personnel	4	8
Long-term unemployment and community worklessness services	8	3
	162	112

(2) Employment costs

	2013 £'000's	Restated 2012 £'000's
Wages and salaries	4,736	3,479
Social security costs	495	354
Pension costs – defined contribution	93	70
	5,324	3,795

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 85% (2012 80%) of the ordinary share capital of Pinnacle People Limited. The remaining 15% (2012 20%) of the ordinary share capital of Pinnacle People Limited is held by management.

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

In accordance with paragraph 3(c) of FRS 8 'Related Party Transactions' the Company is exempt from disclosing details of arrangements with other wholly owned companies in the Group.

During the year the following transactions took place with related parties:

The Company was charged £428,000 (2012 £328,000) by Pinnacle Regeneration Group Limited in respect of group services. At the year end Pinnacle People Limited owed £3,164,000 (2012 owed £883,000) to Pinnacle Regeneration Group Limited, the parent company, in respect of working capital support.

Pinnacle People Limited was charged £156,000 (2012 £126,000) by Pinnacle Maintenance Services Limited for the supply of call centre services.

At the year end Pinnacle People Limited was owed £217,000 (2012 £18,000) by Paragon Concord Families Limited in respect of working capital support and management fees. Pinnacle People Limited charged Paragon Concord Families Limited £624,000 (2012 £22,000) in respect of working capital support and £nil (2012 £13,000) in respect of the supply of staff.

Pinnacle People Recruitment Limited charged Paragon Concord Families Limited £8,000 (2012 £nil) in respect of the supply of staff.

At the year end Pinnacle People Recruitment Limited was due £64,000 (2012 owed £95,000) from Pinnacle Regeneration Group Limited, the ultimate parent company, in respect of working capital support. Pinnacle People Recruitment Limited charged Pinnacle PSG Limited £2,000 (2012 £4,000) in respect of the supply of temporary staff.

Pinnacle People Enterprises CIC Limited charged Paragon Concord Families Limited £nil (2012 £10,000) in respect of the supply of staff.

Paragon Concord Families Limited was charged £17,496 (2012 £5,832) by Pinnacle Regeneration Group Limited for company guarantee charges.

PINNACLE PEOPLE LIMITED

NOTES TO THE ACCOUNTS

25 RELATED PARTY TRANSACTIONS (continued)

Pinnacle People Recruitment Limited charged Pinnacle Housing Limited £1,520,000 (2012 £1,095,000) in respect of the supply of temporary staff

Pinnacle People Recruitment Limited charged Pinnacle Maintenance Services Limited £200,000 (2012 £139,000) in respect of the supply of temporary staff

At the year end Pinnacle People Enterprises Limited was due £57,000 (2012 owed £395,000) from Pinnacle Regeneration Group Limited in respect of working capital support provided to the Company

Paragon Concord Families Limited was charged £6,000 (2012. £nil) by Pinnacle Regeneration Group Limited in respect of guarantees

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	
	2013 Number	2012 Number	2013 £'000's	2012 £'000's
KJ Whittaker	5,000	5,000	42	38
ZES Bull	-	2,500	-	12
J Baxter	1,250	1,250	9	9
M Rhucroft	1,250	1,250	9	9
	7,500	10,000	60	68

26 CONTINGENT LIABILITIES

In the normal course of business claims arise that are subject to a process of negotiation that in some cases can be protracted over a significant period of time Provision has been made for all amounts which the directors consider likely to be payable in respect of such claims

The Company has issued guarantees to support the indebtedness of Pinnacle Regeneration Group Limited and its subsidiaries. The exposure to this guarantee at the balance sheet date was £nil (2012 £nil)