

**PINNACLE PEOPLE LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**DIRECTORS' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 March 2017

Company number 06588740

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PINNACLE PEOPLE LIMITED

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PINNACLE PEOPLE LIMITED
STRATEGIC REPORT
For the year ended 31 March 2017

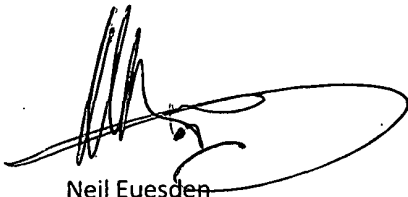
After the challenges of the previous financial year, Pinnacle People have benefited from further integration into the wider Pinnacle Group to manage its financial and commercial risks whilst retaining direct control over its dedicated and passionate operational teams.

Pinnacle People remains a trusted delivery partner in delivering a wide range of contracts both directly to the Department for Work and Pensions (DWP) and as a sub-contractor to other third parties for contracts with the DWP. With a number of original programmes coming to an end, spending on centrally funded welfare projects is expected to reduce significantly under the replacement programmes which will have an impact on the whole welfare to work market.

Following prior year challenges and the ending of certain programmes, Pinnacle People saw a reduction in revenues for the year. Revenue reduced to £6.9m (2016: £11.0m) giving a post tax loss of £214,000 (2016: £1,601,000 loss).

A re-organisation of the operational business and improved cost control saw the business exceed its profit targets for the year. The Group has contracts in place worth over £11.4m for periods of up to 2-3 years, underpinning future revenues. Pinnacle People's contracts are primarily 'payment by results', however we are seeing a return to hybrid funding models which include 'service fee' payments, reducing financial risk.

In addition to substantial funding available for devolved smaller projects and pilot activity, Pinnacle People is looking to diversify its business service lines in support of the wider Group offer delivering socio-economic impact outcomes on behalf of developers, constructors and local authorities.



Neil Euesden
Group Director of Operations
13 September 2017

PINNACLE PEOPLE LIMITED

DIRECTORS' REPORT

For the year ended 31 March 2017

FINANCIAL STATEMENTS

The directors present their report and the Group financial statements of Pinnacle People Limited and its subsidiary undertakings for the year ended 31 March 2017.

RESULTS AND DIVIDENDS

The Group turnover for the year from continuing operations was £6.9m (2016: £11.0m) with total group operating loss before depreciation at £13,000 (2016: £1,720,000 loss). The Group result for the year after taxation but before minority interests amounted to a loss of £214,000 (2016: £1,601,000 loss). The directors do not recommend the payment of a dividend (2016: £Nil).

DONATIONS

No donations were made in the year (2016: £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 10 days (2016: 4 days).

FINANCIAL INSTRUMENTS

The Group 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:

PMA Lloyd
N Euesden
HA Saunders
N Wright

PINNACLE PEOPLE LIMITED

DIRECTORS' REPORT

For the year ended 31 March 2017

PRINCIPAL RISKS AND UNCERTAINTIES

The Company has contracts worth over £11.4m in place over 2-3 years, principally in the employment solutions sector. This visibility of future revenue streams is a strength of the business. Pinnacle People play a key strategic role within the Pinnacle Group in seeking employment for residents, complementing our other activities in the management of social housing and communities and estate regeneration. As such the Company continues to benefit from the full resources of the wider Pinnacle Group.

HM Government have confirmed that the spending on centrally funded welfare projects will reduce significantly through the replacement programmes which will have an impact on the whole welfare to work market. This will in turn impact the Company's ability to quickly return to previous revenue performance though there is substantial funding available on devolved smaller projects. To help mitigate this risk Pinnacle People continues to build its reputation in delivering excellent service and value for money for its customers, thereby ensuring that it remains a preferred supplier not only for direct contracts with central and local government departments, but also sub contracts with a select group of larger prime contractors.

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 Group'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 Group's auditor is aware of that information.

AUDITORS

Under section 487 of the Companies Act 2006, KPMG 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 13 September 2017.



H Andrew Saunders
Group Finances & Resources Director
First Floor
6 St Andrew Street
London, EC4A 3AE

PINNACLE PEOPLE LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
For the year ended 31 March 2017

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), including FRS 101 *Reduced Disclosure Framework*.

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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PINNACLE PEOPLE LIMITED

For the year ended 31 March 2017

We have audited the financial statements of Pinnacle People Limited for the year ended 31 March 2017 set out on pages 6 to 30. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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 Auditing Practises Board's 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 2017 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.

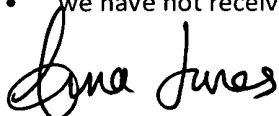
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and 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.



Anna Jones (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London, E14 5GL
13 September 2017

PINNACLE PEOPLE LIMITED**CONSOLIDATED STATEMENT OF PROFIT AND LOSS & OTHER COMPREHENSIVE INCOME**

For the year ended 31 March 2017

	Notes	2017 £000	2016 £000
Revenue	2	6,888	11,013
Other external charges		(2,844)	(4,146)
Staff costs	15	(2,712)	(5,618)
Depreciation and amortisation	7, 8	(50)	(95)
Other operating charges		(1,345)	(2,970)
Operating loss	3	(63)	(1,815)
Interest receivable and similar income	4	43	32
Interest payable and similar charges	5	(215)	(179)
Loss before taxation		(235)	(1,962)
Tax on loss	6	32	348
Loss after taxation		(203)	(1,614)

Attributable to:

Equity holders of the parent	(214)	(1,601)
Non-controlling interest	11	(13)
Total loss	(203)	(1,614)

There are no recognised gains or losses for the financial year other than as stated in the profit and loss account and therefore no other comprehensive income statement has been presented.

All the above amounts are attributable to continuing operations.

There is no difference between the profit before taxation and the retained profit for the year stated above, and their historical cost equivalents.

The notes on pages 10 to 21 form part of the financial statements.

PINNACLE PEOPLE LIMITED
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at 31 March 2017

		31 March 2017 £000	31 March 2016 £000
	Notes		
NON-CURRENT ASSETS			
Intangible assets	7	5	17
Property, plant and equipment	8	33	79
Total non-current assets		38	96
CURRENT ASSETS			
Trade and other receivables	9	757	1,310
Cash and cash equivalents		405	446
Total current assets		1,162	1,756
CURRENT LIABILITIES			
Trade and other payables	10	(3,526)	(4,011)
Total current liabilities		(3,526)	(4,011)
Net current liabilities		(2,364)	(2,255)
Total assets less current liabilities		(2,326)	(2,159)
Subordinated debt	11	(751)	(715)
Net liabilities		(3,077)	(2,874)
CAPITAL AND RESERVES			
Attributable to equity interests			
Called up share capital		50	50
Profit and loss account		(3,099)	(2,885)
Total shareholders' deficit		(3,049)	(2,835)
Non-controlling interest		(28)	(39)
Capital employed		(3,077)	(2,874)

These financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 September 2017.



H Andrew Saunders
Group Finances & Resources Director

Company number: 06588740

The notes on pages 10 to 21 form part of the financial statements.

PINNACLE PEOPLE LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
As at 31 March 2017

	Share capital £000	Retained earnings £000	Total parent equity £000	Non- controlling interest £000	Total equity £000
Balance at 1 st April 2015	50	(1,284)	(1,234)	(26)	(1,260)
Loss for the year	-	(1,601)	(1,601)	(13)	(1,614)
Balance at 31 st March 2016	50	(2,885)	(2,835)	(39)	(2,874)
Loss for the year	-	(214)	(214)	11	(203)
Balance at 31st March 2017	50	(3,099)	(3,049)	(28)	(3,077)

The notes on pages 10 to 21 form part of the financial statements.

PINNACLE PEOPLE LIMITED
CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31 March 2017

	Notes	2017 £000	2016 £000
Cash flows from operating activities			
Loss for the year		(203)	(1,614)
<i>Adjustments for:</i>			
Depreciation and amortisation	7, 8	50	95
Financial income	4	(43)	(32)
Financial expense	5	215	179
Taxation	6	(32)	(348)
Cashflow from operations before movements in working capital		(13)	(1,720)
Decrease in trade and other receivables		499	1,382
(Decrease)/increase in trade and other payables		(468)	340
		18	2
Interest receivable	4	43	32
Interest paid	5	(215)	(179)
Tax paid		69	293
Net cash (outflow)/inflow from operating activities		(84)	148
Cash flows from investing activities			
Acquisition of property, plant and equipment	8	(15)	(24)
Acquisition of intangible assets	7	-	(2)
Disposal of property, plant and equipment and intangible assets	8	23	-
Net cash inflow/(outflow) from investing activities		8	(26)
Cash flows from financing activities			
Increase in subordinate debt	11	36	35
Net cash inflow from financing activities		36	35
Net (decrease)/increase in cash and cash equivalents		(41)	157
Cash and cash equivalents at 1 st April		446	289
Cash and cash equivalents at 31st March		405	446

The notes on pages 10 to 21 form part of the financial statements.

PINNACLE PEOPLE LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

1 ACCOUNTING POLICIES

Pinnacle People Limited (the "Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2015/16 Cycle) issued in July 2016 and effective immediately have been applied.

In preparing these financial statements, the Group applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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

- Disclosures in respect of transactions with wholly owned subsidiaries;

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

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

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 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 (UK Generally Accepted Accounting Practice).

1.2 GOING CONCERN

The Pinnacle People Group has made a loss of £204,000 (2016: £1,614,000) during the year and has net liabilities of £3,077,000 (2016: £2,874,000) at the year end. The Pinnacle People Group is part of the Pinnacle Group. Pinnacle Group Limited 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.

PINNACLE PEOPLE LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

1 ACCOUNTING POLICIES (continued)

1.3 REVENUE

Revenue 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.

1.4 EXPENSES

Operating leases

Rentals paid under operating leases are charged against income on a straight line basis over the lease term.

Financing income and expenses

Financing expenses comprise interest payable and finance leases recognised in profit or loss using the effective interest method. Financing income comprise interest receivable on funds invested. Interest income and interest payable is recognised in profit or loss as it accrues.

1.5 INTANGIBLE ASSETS

Intangible assets

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

Amortisation

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

- capitalised software development costs - 3 years

1.6 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

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

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

Plant and equipment - over 1 to 5 years

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

PINNACLE PEOPLE LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

1 ACCOUNTING POLICIES (continued)

1.7 INVESTMENTS

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

1.8 TAXATION

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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.

1.9 NON-CONTROLLING INTEREST

Equity non-controlling 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 non-controlling interest in the financial statements.

1.10 EMPLOYEE BENEFITS

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 in the periods during which services are rendered by employees.

1.11 ACCOUNTING ESTIMATES AND JUDGEMENTS

There are no key assumptions concerning the future and other key sources of estimation at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

PINNACLE PEOPLE LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

2 REVENUE

	Gross Turnover £000	Inter- Company Adjustment £000	2017 Total £000
Pinnacle People	4,405	(102)	4,303
Recruitment Services	2,739	(154)	2,585
Pulse Social Enterprises	32	(32)	-
Paragon Concord Families	-	-	-
Total	7,176	(288)	6,888

	Gross Turnover £000	Inter- Company Adjustment £000	2016 Total £000
Pinnacle People	8,090	(130)	7,960
Recruitment Services	3,045	(474)	2,571
Pulse Social Enterprises	360	(350)	10
Paragon Concord Families	472	-	472
Total	11,967	(954)	11,013

3 OPERATING LOSS

is stated after charging:

	2017 £000	2016 £000
Operating lease rentals - hire of plant and machinery	-	8
- other	264	476
Depreciation/impairment - owned assets	50	95
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	10
- other services	2	2

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	2017 £000	2016 £000
Intercompany interest receivable	43	32

PINNACLE PEOPLE LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2017	2016
	£000	£000
On bank and other loans	209	172
Other	6	7
Total interest payable and similar charges	215	179

6 TAX ON LOSS

(a) Analysis of credit in the year

	2017	2016
	£000	£000
Current Tax		
Tax on loss for the year	15	(3)
Group relief surrendered	(74)	(396)
Adjustment for previous years	(25)	40
Total current tax credit	(84)	(359)
Deferred Tax		
Origination and reversal of timing differences	49	14
Recognition of previously unrecognised tax losses	3	(3)
Total deferred tax	52	11
Tax credit on loss	(32)	(348)

(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:

	2017	2016
	£000	£000
Loss before tax	(235)	(1,962)
Loss before tax multiplied by standard rate of UK corporation tax of 20% (2016: 20%)	(47)	(392)
Non-deductible (income)/expenses	(2)	1
Capital allowances greater than depreciation charge	(10)	(8)
Adjustment for previous years	(25)	40
Movement in deferred tax	52	11
Total tax credit for year	(84)	(348)

PINNACLE PEOPLE LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

6 TAX ON LOSS (continued)

(c) Factors affecting future tax charge

The Chancellor announced on 8th July 2015 that the UK corporation tax rate will reduce to 17% by 2020. A reduction in the rate from 20% to 19% will become effective on 6 April 2017 with a further reduction to 17% planned to take effect from 6 April 2020.

It has not yet been possible to quantify the fully anticipated effect of the further 3% rate reduction, although this will further reduce the Group's future current tax charge and reduce the Group's deferred tax asset accordingly.

7 INTANGIBLE ASSETS

	Development & software costs £000
Cost	
Balance at 1 April 2016	225
Disposals	(178)
Balance at 31st March 2017	47
Amortisation and impairment	
Balance at 1 April 2016	208
Amortisation for the year	12
Disposals	(178)
At 31 March 2017	42
At 31 March 2017	5
At 31 March 2016	17

Amortisation and impairment charge

The amortisation charge is recognised in the following line items in the profit and loss:

	2017	2016
	£000	£000
Depreciation and amortisation	12	21

PINNACLE PEOPLE LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

8 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land & buildings £000	Plant and equipment £000	Total £000
Cost			
At 1 April 2016	7	442	449
Additions	-	15	15
Disposals	(1)	(253)	(254)
At 31 March 2017	6	204	210
Depreciation			
At 1 April 2016	7	363	370
Charge for the year	-	38	38
Disposals	(1)	(230)	(231)
At 31 March 2017	6	171	177
Net book value			
At 31 March 2017	-	33	33
At 31 March 2016	-	79	79

9 TRADE AND OTHER RECEIVABLES

	2017 £000	2016 £000
Trade receivables	296	727
Other receivables	39	72
Prepayments and accrued income	360	397
Deferred tax asset (note 12)	62	114
Total trade and other receivables	757	1,310

PINNACLE PEOPLE LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

10 TRADE AND OTHER PAYABLES

	2017	2016
	£000	£000
Trade payables	117	80
Amounts owed to Group undertakings	2,656	2,138
Corporation tax	15	32
Other taxes and social security costs	185	469
Other payables	68	448
Accruals and deferred income	485	844
Total trade and other payables	3,526	4,011

11 SUBORDINATED DEBT

	2017	2016
	£000	£000
Subordinated debt at 1 April	715	680
Accrued interest	36	35
Subordinated debt at 31 March	751	715

The subordinated debt owed to Pinnacle Group Limited was lent to Pinnacle People Limited to provide the initial working capital. 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. The debt is repayable on demand.

12 DEFERRED TAXATION

Deferred taxation provided in the accounts is as follows:

	2017	2016
	£000	£000
Tax effect of timing differences because of:		
Excess of depreciation over capital allowances	62	111
Losses carried forward	-	3
Total deferred tax asset	62	114

PINNACLE PEOPLE LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

12 DEFERRED TAXATION (continued)

The movement in the deferred taxation asset is as follows:

	2017	2016
	£000	£000
At 1 April	114	125
Credit to the profit and loss account	(52)	(11)
At 31 March	62	114

13 OPERATING LEASES

The total non-cancellable operating lease rentals are payable as follows:

	2017	2016
	£000	£000
Less than one year	129	175
Between one and five years	182	60
Total	311	235

14 DIRECTORS EMOLUMENTS

	2017	2016
	£000	£000
Aggregate emoluments and benefits	-	199
Company pension contributions to money purchase scheme	-	11
Total	-	210
Highest paid director		
Aggregate emoluments and benefits	-	153
Company pension contributions to money purchase scheme	-	11
Total	-	164

In the prior year, K Whittaker resigned as director from the organisation and termination payments of £103,825 were made by the Group. The outstanding loan balance of £46,755 was repaid on the date of resignation. Pinnacle Group also purchased the 5,000 ordinary shares held by K Whittaker for a consideration of £75,000 on the date of resignation.

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

N Euesden and N Wright are directors of Pinnacle PSG Limited, a subsidiary of Pinnacle Group Limited, the company's overall group parent undertaking. Their services were deemed to relate mostly to work carried out for Pinnacle Group Limited and the related costs were therefore included in the administrative expenses of Pinnacle Group Limited.

PINNACLE PEOPLE LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

15 EMPLOYEES

(1) Number of employees

The average weekly number of operational employees (including directors) employed by the Group during the year was 68 (2016: 145) and can be analysed by segment as follows:

	2017 Number	2016 Number
Welfare to work employment services	65	137
Recruitment and provision of temporary personnel	3	5
Long-term unemployment and community worklessness services	-	3
Total employees	68	145

(2) Employment costs

	2017 £000	2016 £000
Wages and salaries	2,473	5,095
Social security costs	180	410
Pension costs – defined contribution	59	113
Total costs	2,712	5,618

16 RELATED PARTY TRANSACTIONS

In accordance with IAS 24 'Related Party Disclosures' the Group 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:

Pinnacle People Limited was charged £739,000 (2016: £475,000) by Pinnacle Group Limited, the parent company, in respect of group services. At the year-end Pinnacle People Limited owed £3,610,000 (2016: £3,171,000) to Pinnacle Group Limited in respect of working capital support.

Pinnacle People Limited was charged £48,000 (2016: £73,000) by Pinnacle Connect Limited, a subsidiary of Pinnacle Group Limited, for the supply of call centre services.

Pinnacle People Limited was charged £Nil (2016: £15,000) by Pinnacle PSG Limited, a subsidiary of Pinnacle Group Limited, in respect of HR and other services.

PINNACLE PEOPLE LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31 March 2017

16 RELATED PARTY TRANSACTIONS (continued)

At the year-end Paragon Concord Families Limited owed £45,000 (2016: £35,000) in respect of working capital support and £184,000 (2016: £184,000) in respect of management fees to Pinnacle People Limited, its parent company. Paragon Concord Families Limited was charged £Nil (2016: £64,000) as a management fee and £Nil (2016: £61,000) for the supply of staff by Pinnacle People Limited during the year.

At the year end Pinnacle Recruitment (Services) Limited was due £928,000 (2016: £642,000) from Pinnacle Group Limited, the overall group parent company, in respect of working capital support.

During the year Pinnacle Recruitment (Services) Limited charged Pinnacle PSG Limited, a subsidiary of Pinnacle Group Limited, £Nil (2016: £20,000) in respect of the supply of temporary staff.

During the year Pinnacle Recruitment (Services) Limited charged Pinnacle FM Limited, a subsidiary of Pinnacle Group Limited, £27,000 (2016: £15,000) in respect of the supply of temporary staff.

During the year Pinnacle Recruitment (Services) Limited charged Pinnacle Housing Limited, a subsidiary of Pinnacle Group Limited, £1,655,000 (2016: £1,920,000) in respect of the supply of temporary staff.

During the year Pinnacle Recruitment (Services) Limited charged Pinnacle Connect Limited, a subsidiary of Pinnacle Group Limited, £129,000 (2016: £44,000) in respect of the supply of temporary staff.

During the year Pinnacle Recruitment (Services) Limited charged Pinnacle Connect Limited, a subsidiary of Pinnacle Group Limited, £3,000 (2016: £Nil) for the supply of call centre services.

At the year end Pulse Social Enterprises CIC was due £26,000 (2016: £391,000) from Pinnacle Group Limited, the overall group parent company, in respect of working capital support provided to the Company.

At the year-end Paragon Concord Families Limited owed £14,000 (2016: £14,000) in respect of working capital support and £12,000 (2016: £12,000) in respect of management fees to Ixion Social Enterprise Limited, a company also owned by its parent company, Ixion Holdings (Contracts) Limited. Paragon Concord Families Limited was charged £Nil (2016: £17,000) as a management fee by Ixion Social Enterprise Limited during the year.

Paragon Concord Families Limited was charged £Nil (2016: £3,000) for company guarantee charges by Pinnacle Group Limited, the overall group parent company, 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	
	2017 Number	2016 Number	2017 £000	2016 £000
M Rhucroft	1,250	1,250	11	10

In the prior year, Pinnacle Group Limited purchased 5,000 ordinary shares held by KJ Whittaker for a consideration of £75,000 and 1,250 ordinary shares held by J Baxter for a consideration of £18,750.

In the prior year, Pinnacle Group Limited bought out the management loans at cost of £46,755 from KJ Whittaker and £10,273 from J Baxter.

PINNACLE PEOPLE LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

17 PARENT UNDERTAKING AND CONTROLLING PARTY

The overall group parent undertaking is Pinnacle Group Limited who own 97.5% (2016: 97.5%) of the ordinary share capital of Pinnacle People Limited. The remaining 2.5% (2016: 2.5%) of the ordinary share capital of Pinnacle People Limited is held by management.

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

18 CONTINGENCIES

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 Group has issued guarantees to support the indebtedness of Pinnacle Group Limited and its subsidiaries. The exposure to this guarantee at the balance sheet date was £Nil (2016: £Nil).

19 SUBSEQUENT EVENTS

On the 14th June 2017 Pinnacle Group Limited was acquired by funds managed or advised by Starwood Capital Group and Tunstall Asset Management. Pinnacle Group Limited's immediate parent company is TStar Pinnacle Limited, incorporated for the transaction. TStar Pinnacle Limited is owned equally by funds managed or advised by Starwood Capital Group and Tunstall Asset Management with management holding less than 5%. The ordinary B shares in Pinnacle Group Limited previously held by management were bought by the former shareholders and transferred to TStar Pinnacle Limited. Further information can be found in the consolidated financial statements of Pinnacle Group Limited.

PINNACLE PEOPLE LIMITED
COMPANY STATEMENT OF FINANCIAL POSITION
For the year ended 31 March 2017

		31 March 2017 £000	31 March 2016 £000
	Notes		
Non-current assets			
Investments	21	8	8
Intangible assets	22	5	17
Property, plant and equipment	23	32	75
Total non-current assets		45	100
Current assets			
Trade and other receivables	24	767	1,207
Cash and cash equivalents		210	199
Total current assets		977	1,406
Trade and other payables	25	(4,213)	(4,293)
Net current liabilities		(3,236)	(2,887)
Total assets less current liabilities		(3,191)	(2,787)
Subordinated debt	26	(751)	(715)
Net liabilities		(3,942)	(3,502)
Capital and Reserves			
Called up share capital		50	50
Profit and loss account		(3,992)	(3,552)
Total shareholders' deficit		(3,942)	(3,502)

These financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 September 2017.



H Andrew Saunders
Group Finances & Resources Director

Company number: 06588740

The notes on pages 24 to 30 form part of the financial statements.

PINNACLE PEOPLE LIMITED
COMPANY STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2017

	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 st April 2015	50	(1,802)	(1,752)
Loss for the year	-	(1,750)	(1,750)
Balance at 31 st March 2016	50	(3,552)	(3,502)
Loss for the year	-	(440)	(440)
Balance at 31st March 2017	50	(3,992)	(3,942)

The notes on pages 24 to 30 form part of the financial statements.

PINNACLE PEOPLE LIMITED
COMPANY NOTES TO THE ACCOUNT
For the year ended 31 March 2017

20 ACCOUNTING POLICIES

Pinnacle People Limited (the "Company") is a company incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"). The amendments to FRS 101 (2015/16 Cycle) issued in July 2016 and effective immediately have been applied.

Under section s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The Company loss for the year was £440,000 (2016: £1,750,000).

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

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

- a Cash Flow Statement and related notes;
- Disclosures in respect of transactions with wholly owned subsidiaries;

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

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

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

20.1 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 (UK Generally Accepted Accounting Practice).

20.2 GOING CONCERN

Pinnacle People Limited has made a loss of £440,000 (2016: £1,750,000) during the year and has net liabilities of £3,942,000 (2016: £3,502,000) at the year end. The Pinnacle People Group is part of the Pinnacle Group. Pinnacle Group Limited 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.

PINNACLE PEOPLE LIMITED
COMPANY NOTES TO THE ACCOUNT
For the year ended 31 March 2017

20.3 INTANGIBLE ASSETS

Intangible assets

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

Amortisation

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

- capitalised software development costs - 3 years

20.4 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

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

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

Plant and equipment - over 1 to 5 years

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

PINNACLE PEOPLE LIMITED
COMPANY NOTES TO THE ACCOUNT
For the year ended 31 March 2017

20.5 INVESTMENTS

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

20.6 TAXATION

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

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.

20.7 NON-CONTROLLING INTEREST

Equity non-controlling 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 non-controlling interest in the financial statements.

21 INVESTMENTS

	Investment in subsidiary undertakings
	£000
Cost as at 1 April 2016 and 31 st March 2017	8

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

Company	Principal Activity	Class of shares held	Holding %
Pinnacle Recruitment (Services) Limited	Recruitment	£1 Ordinary	100
Pulse Social Enterprises Community Interest Company	Employment Services	£1 Ordinary	100
Paragon Concord Families Limited	Employment Services	£1 Ordinary	75

Each of the above subsidiaries is included in the consolidated accounts above. The registered address of each of the Company's above is 6 St Andrew Street, London, EC4A 3AE.

PINNACLE PEOPLE LIMITED
COMPANY NOTES TO THE ACCOUNT
For the year ended 31 March 2017

22 INTANGIBLE ASSETS

	Development & software costs £000
Cost	
Balance at 1 April 2016	170
Disposals	(122)
Balance at 31st March 2017	48
Amortisation and impairment	
Balance at 1 April 2016	153
Amortisation for the year	12
Disposals	(122)
At 31 March 2017	43
At 31 March 2017	5
At 31 March 2016	17

23 PROPERTY, PLANT AND EQUIPMENT

	Leasehold land & buildings £000	Fixtures and equipment £000	Total £000
Cost			
At 1 April 2016	7	407	414
Additions	-	15	15
Disposals	(1)	(222)	(223)
At 31 March 2017	6	200	206
Depreciation			
At 1 April 2016	7	332	339
Charge for the year	-	37	37
Disposals	(1)	(201)	(202)
At 31 March 2017	6	168	174
Net book value			
At 31 March 2017	-	32	32
At 31 March 2016	-	75	75

PINNACLE PEOPLE LIMITED
COMPANY NOTES TO THE ACCOUNT
For the year ended 31 March 2017

24 TRADE AND OTHER RECEIVABLES

	2017	2016
	£000	£000
Trade receivables	127	422
Amounts owed by Group undertakings	229	219
Other receivables	39	71
Prepayments and accrued income	311	394
Deferred tax asset (note 26)	61	102
Total trade and other receivables	767	1,207

25 TRADE AND OTHER PAYABLES

	2017	2016
	£000	£000
Trade payables	104	64
Amounts owed to Group undertakings	3,610	3,171
Other taxes and social security costs	134	406
Other payables	11	19
Accruals and deferred income	354	633
Total trade and other payables	4,213	4,293

26 SUBORDINATED DEBT

	2017	2016
	£000	£000
Subordinated debt at 1 April	715	680
Accrued interest	36	35
Subordinated debt at 31 March	751	715

The subordinated debt owed to Pinnacle Group Limited was lent to the Company to provide the initial working capital. 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. The debt is repayable on demand.

PINNACLE PEOPLE LIMITED
COMPANY NOTES TO THE ACCOUNT
For the year ended 31 March 2017

27 DEFERRED TAXATION

Deferred taxation provided in the accounts is as follows:

	2017	2016
	£000	£000
Tax effect of timing differences because of:		
Excess of depreciation over capital allowances	61	102

The movement in the deferred taxation asset is as follows:

	2017	2016
	£000	£000
At 1 April	102	116
Credit to the income statement	(41)	(14)
At 31 March	61	102

28 OPERATING LEASES

The total non-cancellable operating lease rentals are payable as follows:

	2017	2016
	£000	£000
Less than one year	129	175
Between one and five years	182	60
Total	311	235

29 RELATED PARTY TRANSACTIONS

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

Pinnacle People Limited was charged £739,000 (2016: £475,000) by Pinnacle Group Limited, the parent company, in respect of group services. At the year-end Pinnacle People Limited owed £3,610,000 (2016: £3,171,000) to Pinnacle Group Limited in respect of working capital support.

Pinnacle People Limited was charged £48,000 (2016: £73,000) by Pinnacle Connect Limited, a subsidiary of Pinnacle Group Limited, for the supply of call centre services.

Pinnacle People Limited was charged £Nil (2016: £15,000) by Pinnacle PSG Limited, a subsidiary of Pinnacle Group Limited, in respect of HR and other services.

PINNACLE PEOPLE LIMITED
COMPANY NOTES TO THE ACCOUNT
For the year ended 31 March 2017

29 RELATED PARTY TRANSACTIONS (continued)

At the year-end Paragon Concord Families Limited owed £45,000 (2016: £35,000) in respect of working capital support and £184,000 (2016: £184,000) in respect of management fees to Pinnacle People Limited, its parent company. Paragon Concord Families Limited was charged £Nil (2016: £64,000) as a management fee and £Nil (2016: £61,000) for the supply of staff by Pinnacle People Limited 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	
	2017 Number	2016 Number	2017 £000	2016 £000
M Rhucroft	1,250	1,250	11	10

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In the prior year, Pinnacle Group Limited bought out the management loans at cost of £46,755 from KJ Whittaker and £10,273 from J Baxter.

30 PARENT UNDERTAKING AND CONTROLLING PARTY

The overall group parent undertaking is Pinnacle Group Limited who own 97.5% (2016: 97.5%) of the ordinary share capital of Pinnacle People Limited. The remaining 2.5% (2016: 2.5%) of the ordinary share capital of Pinnacle People Limited is held by management.

On 14th June 2017 Pinnacle Group Ltd was sold to a consortium. As a result, there has been a change in the immediate parent company to TStar Pinnacle Ltd. TStar Pinnacle Ltd is 48% jointly owned by funds managed or advised by Starwood Capital Group and Tunstall Asset Management. More information on the transaction can be found in note 24.

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

31 CONTINGENCIES

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 Group Limited and its subsidiaries. The exposure to this guarantee at the balance sheet date was £Nil (2016: £Nil).