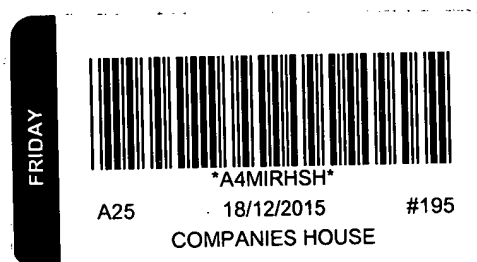


**PINNACLE PEOPLE LIMITED  
AND SUBSIDIARY UNDERTAKINGS**

**DIRECTORS' REPORT AND  
CONSOLIDATED FINANCIAL STATEMENTS**

For the year ended 31 March 2015



Company number 06588740

**PINNACLE PEOPLE LIMITED**  
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For the year ended 31 March 2015

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**PINNACLE PEOPLE LIMITED**  
**STRATEGIC REPORT**  
For the year ended 31 March 2015

Pinnacle People has had a successful year from an operational perspective, it's key contracts performed well when benchmarked against peers within the sector.

Financially, turnover reduced by 5% to £16.8m mainly due to the Job Centre Plus Support Contracts finishing in December 2014. We have reported an EBITDA loss of £20,000 for the current year compared to an EBITDA profit of £1,227,000 in the previous year. EBITDA was affected by the significant investment in the new Community Work Placement and New Enterprise Allowance Enterprise Mentoring Services contracts which being payment by result contracts present a time delay from starting to operational performance to income recognition.

The Pinnacle People group have benefited from a stable executive management board as well as dedicated and passionate operational teams. Pinnacle People directly employed more than 200 staff during the year.

Pinnacle People deliver 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. The range of delivery includes the Work Programme, Mandatory Work Activity, Community Work Placement, New Enterprise Allowance Mentoring Services and European Social Fund provision. Pinnacle People also deliver contracts either directly or as a sub-contractor for Skills Funding Agency and this is deemed to be a significant area of growth over the coming 12 months.

In general, the contracts in place are 'payment by results' and the key performance indicators are moving people into sustainable employment or closer to the labour market through work placements or training. The largest Welfare to Work Programme is the Work Programme - in the year ended 31<sup>st</sup> March 2015.

The Group has contracts in place worth over £17m over periods of up to 3 years, principally in the Welfare to Work and Training sectors.

This visibility of future revenue streams is the principal risk of the business. This is due to the outcome nature of many of the contracts. Also, considering the state of the public finances there is a risk that Government spending on welfare and other publicly funded projects may reduce, which could have an impact on the Group's ability to grow.

To mitigate this risk Pinnacle People continues to ensure that it delivers excellent service and value for money for its customers so that it is a preferred supplier for outsourced public services in the future and also continues to develop diverse business streams outside of this arena.

Looking forward, Pinnacle People has a strong customer base covering a broad range of services and are seen as one of the leading providers of innovative solutions in helping people into employment. Pinnacle People are well placed to win new contract.



Katrina Whittaker  
Director  
21 July 2015

**PINNACLE PEOPLE LIMITED**  
**DIRECTORS' REPORT**  
For the year ended 31 March 2015

**FINANCIAL STATEMENTS**

The directors present their report and the Group financial statements for the year ended 31 March 2015 which have been prepared under the historical cost convention and the accounting policies set out in note 1.

In April 2015 Pinnacle People Enterprises Community Interest Company changed its name to Pulse Social Enterprises Community Interest Company. In June 2015 Pinnacle People Recruitment Limited changed its name to Pinnacle Recruitment (Services) Limited. They are both subsidiaries of Pinnacle People Limited.

**RESULTS AND DIVIDENDS**

The Group turnover for the year from continuing operations was £16.8m (2014: £17.6m) with total group operating loss before depreciation at £20,000 (2014: profit £1,227,000). The Group result for the year after taxation but before minority interests amounted to a loss of £325,000 (2014: profit £760,000). The directors do not recommend the payment of a dividend (2014: £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  
M Taylor

**DISCLOSURE OF INFORMATION TO THE AUDITOR**

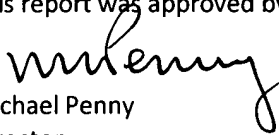
Each of the directors has confirmed that:

- (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.

**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 21 July 2015.

  
Michael Penny  
Director  
1<sup>st</sup> Floor  
6 St. Andrew Street  
London, EC4A 3AE

## **PINNACLE PEOPLE LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

For the year ended 31 March 2015

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.

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

For the year ended 31 March 2015

We have audited the financial statements of Pinnacle People Limited for the year ended 31 March 2015 set out on pages 5 to 23. 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 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](http://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 2015 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.



Shaun Kirby (Senior Statutory Auditor)  
for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants

15 Canada Square  
London, E14 5GL  
21 July 2015

**PINNACLE PEOPLE LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
For the year ended 31 March 2015

	Notes	2015	2014
		£000	£000
Group Turnover	2	16,770	17,597
Other external charges		(6,275)	(6,295)
Staff costs	21	(7,157)	(5,838)
Depreciation of tangible fixed assets	6	(146)	(221)
Other operating charges		(3,358)	(4,237)
Group operating (loss)/profit	3	(166)	1,006
Interest payable and similar charges	4	(139)	(170)
(Loss)/profit on ordinary activities before taxation		(305)	836
Tax on (loss)/profit on ordinary activities	5	56	(84)
(Loss)/profit on ordinary activities after taxation		(249)	752
Attributable to:			
Equity holders of the parent	17	(325)	760
Minority interest	18	76	(8)
Total (loss)/profit		(249)	752

All the above amounts are attributable to continuing operations.

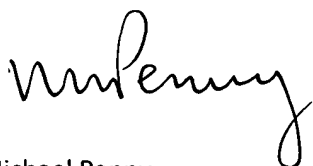
There is no difference between the loss on ordinary activities before taxation and the retained loss for the period stated above, and their historical cost equivalents.

The notes on pages 9 to 23 form part of the financial statements.

**PINNACLE PEOPLE LIMITED**  
**GROUP BALANCE SHEET**  
As at 31 March 2015

		<b>2015</b>	2014
		<b>£000</b>	£000
	Notes		
TANGIBLE FIXED ASSETS	6	<b>165</b>	181
CURRENT ASSETS			
Debtors	8	<b>2,707</b>	3,316
Cash at bank	16	<b>289</b>	605
Total current assets		<b>2,996</b>	3,921
CREDITORS: amounts falling due within one year	9	<b>(3,755)</b>	(4,479)
Net current liabilities		<b>(759)</b>	(558)
Total assets less current liabilities		<b>(594)</b>	(377)
Subordinated debt	10	<b>(680)</b>	(648)
NET LIABILITIES		<b>(1,274)</b>	(1,025)
CAPITAL AND RESERVES			
Attributable to equity interests			
Called up share capital	12	<b>50</b>	50
Profit and loss account	13	<b>(1,298)</b>	(973)
Total shareholders' deficit	17	<b>(1,248)</b>	(923)
Equity minority interest	18	<b>(26)</b>	(102)
Capital employed		<b>(1,274)</b>	(1,025)

These financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 July 2015.



Michael Penny  
Director

Company number: 06588740

The notes on pages 9 to 23 form part of the financial statements.



**PINNACLE PEOPLE LIMITED**  
**COMPANY BALANCE SHEET**  
As at 31 March 2015

		<b>2015</b>	<b>2014</b>
		<b>£000</b>	<b>£000</b>
	Notes		
TANGIBLE FIXED ASSETS	6	<b>152</b>	143
INVESTMENTS	7	<b>8</b>	8
<b>TOTAL FIXED ASSETS</b>		<b>160</b>	151
<b>CURRENT ASSETS</b>			
Debtors	8	<b>2,422</b>	3,709
Cash at bank		<b>76</b>	66
<b>Total current assets</b>		<b>2,498</b>	3,775
CREDITORS: amounts falling due within one year	9	<b>(3,744)</b>	(4,230)
<b>Net current liabilities</b>		<b>(1,246)</b>	(455)
<b>Total assets less current liabilities</b>		<b>(1,086)</b>	(304)
Subordinated debt	10	<b>(680)</b>	(648)
<b>Net liabilities</b>		<b>(1,766)</b>	(952)
<b>CAPITAL AND RESERVES</b>			
Attributable to equity interests			
Called up share capital	12	<b>50</b>	50
Profit and loss account	13	<b>(1,816)</b>	(1,002)
<b>Total shareholders' deficit</b>	17	<b>(1,766)</b>	(952)

These financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 July 2015.



Michael Penny  
Director

Company number: 06588740

The notes on pages 9 to 23 form part of the financial statements.

**PINNACLE PEOPLE LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
For the year ended 31 March 2015

	Notes	<b>2015 £000</b>	<b>2014 £000</b>
Cash (outflow)/inflow from operating activities	14	<b>(294)</b>	755
Returns on investments and servicing of finance	15	<b>(139)</b>	(170)
Taxation charge/(credit)		<b>215</b>	(127)
Capital expenditure and financial investment	15	<b>(130)</b>	(66)
Cash (outflow)/inflow before the use of liquid resources and financing		<b>(348)</b>	392
Financing	16	<b>32</b>	32
(Decrease)/increase in cash in the year	16	<b>(316)</b>	424
Reconciliation of net cash flow to movement in net debt			
(Decrease)/increase in cash in the year	16	<b>(316)</b>	424
Non-cash items	16	<b>(32)</b>	(32)
Movement in net debt in the year		<b>(348)</b>	392
Net debt at 1 April		<b>(43)</b>	(435)
Net debt at 31 March	16	<b>(391)</b>	(43)

The notes on pages 9 to 23 form part of the financial statements.

**PINNACLE PEOPLE LIMITED**  
**NOTES TO THE ACCOUNTS**  
For the year ended 31 March 2015

**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 (UK Generally Accepted Accounting Practice).

*Going Concern*

The Pinnacle People Group has made a loss of £249,000 (2014: profit £752,000) during the year and has net liabilities of £1,274,000 (2014: £1,025,000) 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.

*Basis of consolidation*

The financial statements of the Group represent the consolidation of Pinnacle People Limited and its subsidiary undertakings. All material inter-company transactions and balances are eliminated. All subsidiary financial statements are made up to 31 March 2015. 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.

*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.

*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

*Investments*

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

**PINNACLE PEOPLE LIMITED**  
**NOTES TO THE ACCOUNTS**  
For the year ended 31 March 2015

**1 ACCOUNTING POLICIES (continued)**

*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.

*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.

*Pension costs*

The amount charged to the profit and loss account in respect of pensions represents the contributions payable in respect of the accounting period..

**PINNACLE PEOPLE LIMITED**  
**NOTES TO THE ACCOUNTS**  
For the year ended 31 March 2015

**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/(liabilities) is shown below:

	2015			2014		
	Turnover	Profit/(loss) on ordinary activities before tax	Net assets/ (liabilities)	Turnover	Profit/ (loss) on ordinary activities before tax	Net assets/ (liabilities)
	£000	£000	£000	£000	£000	£000
Pinnacle People	12,444	(907)	(1,766)	12,953	722	(952)
Pinnacle People Recruitment	2,906	319	560	3,316	277	297
Pulse Social Enterprises	860	8	44	871	40	43
Paragon Concord Families	2,771	414	(105)	1,754	(33)	(406)
	18,981	(166)	(1,267)	18,894	1,006	(1,018)
Consolidation adjustments	(2,211)	-	(7)	(1,297)	-	(7)
	16,770	(166)	(1,274)	17,597	1,006	(1,025)
Net interest expense	-	(139)	-	-	(170)	-
Total	16,770	(305)	(1,274)	17,597	836	(1,025)

**3 OPERATING (LOSS)/PROFIT**

is stated after charging:

	2015 £000	2014 £000
Operating lease rentals - hire of plant and machinery	13	-
- other	444	404
Depreciation - owned assets	146	221
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	12	11

**PINNACLE PEOPLE LIMITED**  
**NOTES TO THE ACCOUNTS**  
For the year ended 31 March 2015

**4 INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
On bank and other loans	<b>128</b>	158
Other	<b>11</b>	12
Total interest payable and similar charges	<b>139</b>	170

**5 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES**

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

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Current Tax		
Tax on (loss)/profit for the year	<b>98</b>	-
Group relief (surrendered)/claimed	<b>(213)</b>	117
Adjustment for previous years	<b>(2)</b>	10
Total current tax (credit)/charge	<b>(117)</b>	127
Deferred Tax		
Origination and reversal of timing differences	<b>11</b>	(45)
Reversal of previously recognised tax losses	-	97
Recognition of previously unrecognised tax losses	<b>50</b>	(95)
Total deferred tax	<b>61</b>	(43)
Tax (credit)/charge on (loss)/profit on ordinary activities	<b>(56)</b>	84

**PINNACLE PEOPLE LIMITED**  
**NOTES TO THE ACCOUNTS**  
For the year ended 31 March 2015

**5 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES (continued)**

(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:

	<b>2015</b>	2014
	<b>£000</b>	£000
(Loss)/profit on ordinary activities before tax	<b>(305)</b>	836
(Loss)/profit on ordinary activities before tax multiplied by standard rate of UK corporation tax of 21% (2014: 23%)	<b>(64)</b>	192
Non-deductible expenses	<b>2</b>	2
Capital allowances (greater)/less than depreciation charge	<b>(3)</b>	17
Losses carried forward	-	1
Adjustment for previous years	<b>(2)</b>	10
Losses utilised	<b>(50)</b>	(95)
Current tax (credit)/charge for year	<b>(117)</b>	127

**PINNACLE PEOPLE LIMITED**  
**NOTES TO THE ACCOUNTS**  
For the year ended 31 March 2015

**6 TANGIBLE FIXED ASSETS**

Group	Leasehold land & buildings £000	Plant and equipment £000	Total £000
Cost			
At 1 April 2014	7	512	519
Additions	-	130	130
<b>At 31 March 2015</b>	<b>7</b>	<b>642</b>	<b>649</b>
Depreciation			
At 1 April 2014	4	334	338
Charge for the year	2	144	146
<b>At 31 March 2015</b>	<b>6</b>	<b>478</b>	<b>484</b>
Net book value			
<b>At 31 March 2015</b>	<b>1</b>	<b>164</b>	<b>165</b>
At 31 March 2014	3	178	181



**PINNACLE PEOPLE LIMITED**  
**NOTES TO THE ACCOUNTS**  
For the year ended 31 March 2015

**6 TANGIBLE FIXED ASSETS (continued)**

Company	Leasehold land & buildings £000	Fixtures and equipment £000	Total £000
Cost			
At 1 April 2014	7	429	436
Additions	-	127	127
<b>At 31 March 2015</b>	<b>7</b>	<b>556</b>	<b>563</b>
Depreciation			
At 1 April 2014	4	289	293
Charge for the year	2	116	118
<b>At 31 March 2015</b>	<b>6</b>	<b>405</b>	<b>411</b>
Net book value			
<b>At 31 March 2015</b>	<b>1</b>	<b>151</b>	<b>152</b>
At 31 March 2014	3	140	143

**7 FIXED ASSET INVESTMENTS**

	Investment in subsidiary undertakings £000
Cost as at 1 April 2014 and 31 <sup>st</sup> March 2015	<b>8</b>

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.

**PINNACLE PEOPLE LIMITED**  
**NOTES TO THE ACCOUNTS**  
For the year ended 31 March 2015

**8 DEBTORS: amounts falling due within one year**

	2015		2014	
	Group £000	Company £000	Group £000	Company £000
Amounts falling due within one year:				
Trade debtors	571	253	1,390	929
Amounts owed by Group undertakings	-	217	-	1,085
Other debtors	153	132	173	150
Prepayments and accrued income	1,855	1,701	1,564	1,419
Deferred tax asset (note 11)	128	119	189	126
<b>Total debtors</b>	<b>2,707</b>	<b>2,422</b>	<b>3,316</b>	<b>3,709</b>

**9 CREDITORS: amounts falling due within one year**

	2015		2014	
	Group £000	Company £000	Group £000	Company £000
Trade creditors	298	207	194	98
Amounts owed to Group undertakings	1,997	2,897	2,499	2,862
Other taxes and social security costs	491	336	518	495
Other creditors	482	65	251	63
Accruals and deferred income	487	239	1,017	712
<b>Total creditors</b>	<b>3,755</b>	<b>3,744</b>	<b>4,479</b>	<b>4,230</b>

**PINNACLE PEOPLE LIMITED**  
**NOTES TO THE ACCOUNTS**  
For the year ended 31 March 2015

**10 SUBORDINATED DEBT**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Subordinated debt at 1 April	<b>648</b>	616
Accrued interest	<b>32</b>	32
Subordinated debt at 31 March	<b>680</b>	648

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.

**11 DEFERRED TAXATION**

Deferred taxation provided in the accounts is as follows:

	<b>2015</b>		<b>2014</b>	
	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Tax effect of timing differences because of:				
Excess of depreciation over capital allowances	<b>128</b>	<b>119</b>	134	125
Losses carried forward	-	-	55	1
Total deferred tax asset	<b>128</b>	<b>119</b>	189	126

The movement in the deferred taxation asset is as follows:

	<b>2015</b>		<b>2014</b>	
	<b>Group</b>	<b>Company</b>	<b>Group</b>	<b>Company</b>
	<b>2015</b>	<b>2015</b>	<b>2014</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
At 1 April	<b>189</b>	<b>126</b>	146	88
(Credit)/charge to the profit and loss account	<b>(61)</b>	<b>(7)</b>	43	38
At 31 March	<b>128</b>	<b>119</b>	189	126

**PINNACLE PEOPLE LIMITED**  
**NOTES TO THE ACCOUNTS**  
For the year ended 31 March 2015

**12 CALLED UP SHARE CAPITAL**

The share capital of the Company is shown below:

Allotted and fully paid	2015		2014	
	Number	£000	Number	£000
£1 ordinary shares	50,000	50	50,000	50

**13 RESERVES**

Group	Profit and loss account £000
At 1 April 2014	(973)
Loss for the financial year	(325)
At 31 March 2015	(1,298)
Company	Profit and loss account £000
At 1 April 2014	(1,002)
Loss for the financial year	(814)
At 31 March 2015	(1,816)

**14 RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	2015 £000	2014 £000
Operating (loss)/profit	(166)	1,006
Depreciation of tangible fixed assets	146	221
Decrease/(increase) in debtors	548	(217)
Decrease in creditors	(822)	(255)
Net cash (outflow)/inflow from operating activities	(294)	755

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**15 ANALYSIS OF CASH FLOWS FOR HEADINGS  
NETTED IN THE CASH FLOW STATEMENT**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Returns on investments and servicing of finance		
Interest paid	<b>(139)</b>	<b>(170)</b>
Net cash outflow for returns on investment and servicing of finance	<b>(139)</b>	<b>(170)</b>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	<b>(130)</b>	<b>(66)</b>
Net cash outflow for capital expenditure and financial investment	<b>(130)</b>	<b>(66)</b>

**16 ANALYSIS OF NET DEBT**

	<b>At 1 April</b>	<b>Cash flow</b>	<b>Other non-cash</b>	<b>At 31 March 2015</b>
	<b>2014</b>	<b>Cash flow</b>	<b>changes</b>	
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Cash at bank	605	<b>(316)</b>	-	<b>289</b>
Subordinated debt	<b>(648)</b>	-	<b>(32)</b>	<b>(680)</b>
Total net debt	<b>(43)</b>	<b>(316)</b>	<b>(32)</b>	<b>(391)</b>

**17 RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
(Loss)/profit for the year after taxation and minority interest	<b>(325)</b>	760
Net (decrease)/increase in shareholders' deficit	<b>(325)</b>	760
Opening shareholders' deficit	<b>(923)</b>	<b>(1,683)</b>
Closing shareholders' deficit	<b>(1,248)</b>	<b>(923)</b>

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**17 RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS (continued)**

**RECONCILIATION OF MOVEMENTS IN COMPANY SHAREHOLDERS' FUNDS**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
(Loss)/profit for the year after taxation	<b>(814)</b>	550
Net (decrease)/increase in shareholders' deficit	<b>(814)</b>	550
Opening shareholders' deficit	<b>(952)</b>	(1,502)
Closing shareholders' deficit	<b>(1,766)</b>	(952)

**18 MINORITY INTEREST**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Minority interest at beginning of year	<b>(102)</b>	(94)
Profit/(loss) for the year	<b>76</b>	(8)
Minority interest at end of year	<b>(26)</b>	(102)

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

**19 FINANCIAL COMMITMENTS**

**Operating leases**

At 31 March 2015 the Group had annual commitments under non-cancellable operating leases as follows:

	<b>Land and buildings</b>	<b>Other</b>	<b>Land and buildings</b>	<b>Other</b>
	<b>2015</b>	<b>2015</b>	<b>2014</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Expiry date:				
Within one year	<b>98</b>	<b>1</b>	60	-
Between one and five years	<b>224</b>	<b>3</b>	177	4
Over five years	-	-	4	-
Total commitments	<b>322</b>	<b>4</b>	241	4

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**20 DIRECTORS EMOLUMENTS**

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Aggregate emoluments and benefits	<b>193</b>	155
Company pension contributions to money purchase scheme	<b>11</b>	11
<b>Total</b>	<b>204</b>	166
Highest paid director		
Aggregate emoluments and benefits	<b>137</b>	117
Company pension contributions to money purchase scheme	<b>11</b>	11
<b>Total</b>	<b>148</b>	128

PMA Lloyd and MWH Penny 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.

**21 EMPLOYEES**

(1) Number of employees

The average weekly number of operational employees (including directors) employed by the Group during the year was 215 (2014: 179) and can be analysed by segment as follows:

	<b>2015</b>	<b>2014</b>
	<b>Number</b>	<b>Number</b>
Welfare to work employment services	<b>204</b>	165
Recruitment and provision of temporary personnel	<b>5</b>	4
Long-term unemployment and community worklessness services	<b>6</b>	10
<b>Total employees</b>	<b>215</b>	179

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**21 EMPLOYEES (continued)**

(2) Employment costs

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Wages and salaries	<b>6,426</b>	5,227
Social security costs	<b>580</b>	495
Pension costs – defined contribution	<b>151</b>	116
<b>Total costs</b>	<b>7,157</b>	5,838

**22 RELATED PARTY TRANSACTIONS**

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

Pinnacle People Limited was charged £580,000 (2014: £521,000) by Pinnacle Group Limited, the parent company, in respect of group services. At the year-end Pinnacle People Limited owed £2,897,000 (2014: £2,862,000) to Pinnacle Group Limited in respect of working capital support.

Pinnacle People Limited was charged £94,000 (2014: £125,000) by Pinnacle Connect Limited, a subsidiary of Pinnacle Group Limited, for the supply of call centre services.

At the year-end Pinnacle People Limited was owed £217,000 (2014: £830,000) by Paragon Concord Families Limited in respect of working capital support and management fees. Pinnacle People Limited charged Paragon Concord Families Limited £153,000 (2014: £153,000) in respect of support services and £365,000 (2014: £213,000) in respect of the supply of staff during the year.

Pinnacle Recruitment (Services) Limited charged Paragon Concord Families Limited, a fellow subsidiary in the Pinnacle People Group, £4,000 (2014: £10,000) in respect of the supply of staff.

At the year-end Pinnacle Recruitment (Services) Limited was due £534,000 (2014: £192,000) from Pinnacle Group Limited, the overall group parent company, in respect of working capital support.

Pulse Social Enterprises CIC was charged £7,000 (2014: £14,000) by Pinnacle Connect Limited, a subsidiary of Pinnacle Group Limited, in respect of call centre services.

Paragon Concord Families Limited was charged £17,000 (2014: £17,000) by Pinnacle Group Limited, the overall group parent company, for company guarantee charges.

Pinnacle People Limited was charged £14,000 (2014: £9,000) by Pinnacle PSG Limited, a subsidiary of Pinnacle Group Limited, in respect of HR and other services.



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**22 RELATED PARTY TRANSACTIONS (continued)**

Pinnacle Recruitment (Services) Limited charged Pinnacle Housing Limited, a subsidiary of Pinnacle Group Limited, £1,290,000 (2014: £1,742,000) in respect of the supply of temporary staff.

Pinnacle Recruitment (Services) Limited charged Pinnacle Connect Limited, a subsidiary of Pinnacle Group Limited, £118,000 (2014: £277,000) in respect of the supply of temporary staff.

At the year-end Pulse Social Enterprises CIC was due £366,000 (2014: due £171,000) from Pinnacle Group Limited, the overall group parent company, in respect of working capital support provided to the Company.

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	
	2015 Number	2014 Number	2015 £000	2014 £000
KJ Whittaker	5,000	5,000	46	44
J Baxter	1,250	1,250	10	9
M Rhucroft	1,250	1,250	10	9
Total	7,500	7,500	66	62

**23 PARENT UNDERTAKING AND CONTROLLING PARTY**

The overall group parent undertaking is Pinnacle Group Limited who own 85% (2014: 85%) of the ordinary share capital of Pinnacle People Limited. Pinnacle Group Limited changed its name from Pinnacle Regeneration Group Limited in July 2015. The remaining 15% (2014: 15%) 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 1<sup>st</sup> Floor, 6 St Andrew Street, London, EC4A 3AE.

**24 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 Group Limited and its subsidiaries. The exposure to this guarantee at the balance sheet date was £nil (2014: £nil).