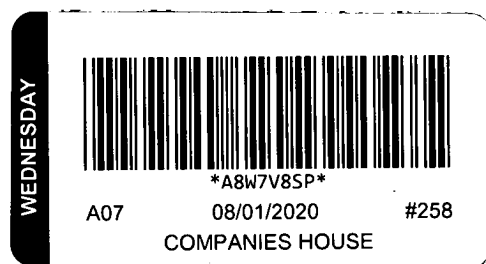


PINNACLE PEOPLE LIMITED

Registered number 06588740

Annual report

For the year ended 31 March 2019



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Directors' report

FINANCIAL STATEMENTS

The directors present their annual report and financial statements of Pinnacle People Limited (the "Company") for the year ended 31 March 2019.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The principal activity of the business is the provision of management of welfare to work employment related services and recruitment.

RESULTS AND DIVIDENDS

The loss for the year after tax amounted to £411,000 (2018: £819,000). The Company did not pay dividend during the year (2018: nil). There are no further proposed dividends at the year end.

DONATIONS

No political or charitable donations were made in the year (2018: £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 9 days (2018: 8 days).

SMALL COMPANIES EXEMPTION

The directors have taken advantage of the exemption provided by section 414B of the Companies Act 2006 for the requirement to prepare a Strategic Report for the year.

GOING CONCERN

The Company has made a loss for the financial year of £411,000 (2018: £819,000) and has net liabilities of £5,172,000 (2018: £4,761,000) at the year end. The Company will continue to work with the DWP to assist the unemployed in getting back to work. The subordinate debt is held with the parent company Pinnacle Group Limited; this will not be called if the Company is in financial difficulty. Pinnacle Group Limited has indicated its willingness to financially support Pinnacle People Limited for a period of at least 12 months from the date of these financial statements were approved and authorised for issue by way of a letter of support. On this basis the Directors believe that the Company will have adequate resources to continue in operational existence for the foreseeable future and meet its obligations as they fall due. As such the financial statements are prepared on a going concern basis.

FINANCIAL INSTRUMENTS

The Company does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. The nature of its financial instruments means that they are not subject to price risk or liquidity risk.

DIRECTORS

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

NP Wright	
PMA Lloyd	
CM Hodson	(Appointed 30 September 2018)
JE Baxter	(Appointed 1 March 2019)
C Kober	(Appointed 1 March 2019)
HA Saunders	(Resigned 30 September 2018)
NH Euesden	(Resigned 31 March 2019)

DISCLOSURE OF INFORMATION PROVIDED TO AUDITOR

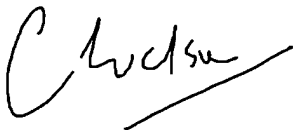
Each of the directors has confirmed that:

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

INDEPENDENT AUDITORS

Under section 487 of the Companies Act 2006, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

This report was approved by the Board on 5 December 2019.



CM Hodson
Director

Statement of directors' responsibilities in respect of the financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

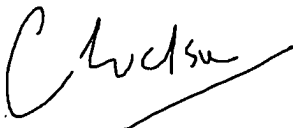
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Christopher Hodson
Director
5 December 2019

Independent auditors' report to the members of Pinnacle People Limited

Report on the audit of the financial statements

OPINION

In our opinion, Pinnacle People Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the statement of financial position as at 31 March 2019, the income statement, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

CONCLUSIONS RELATING TO GOING CONCERN

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

REPORTING ON OTHER INFORMATION

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

RESPONSIBILITIES FOR THE FINANCIAL STATEMENTS AND THE AUDIT

Responsibilities of the directors for the financial statements

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

COMPANIES ACT 2006 EXCEPTION REPORTING

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

ENTITLEMENT TO EXEMPTIONS

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Diane Walmsley (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
5 December 2019

**Income Statement
for the year ended 31st March 2019**

	Note	2019 £000	2018 £000
Revenue		3,431	4,213
Staff costs	2	(1,206)	(1,787)
Other operating expenses	3	(2,474)	(3,207)
Total expenses		(3,680)	(4,994)
Operating loss		(249)	(781)
Net interest	4	(254)	(233)
Loss before taxation		(503)	(1,014)
Tax on loss	5	92	195
Loss for the year		(411)	(819)

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.

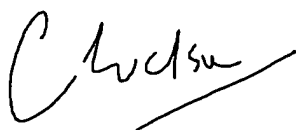
All the above amounts are attributable to continuing operations.

The notes on pages 10 to 22 form part of the financial statements.

**Statement of Financial Position
at 31 March 2019**

		31 March 2019 £000	31 March 2018 £000
	Note		
NON-CURRENT ASSETS			
Investment	6	8	8
Intangible assets	7	-	-
Property, plant and equipment	8	53	60
Deferred tax asset	11	51	61
Total non-current assets		<u>112</u>	<u>129</u>
CURRENT ASSETS			
Trade and other receivables	9	344	812
Cash and cash equivalents		105	149
Total current assets		<u>449</u>	<u>961</u>
CURRENT LIABILITIES			
Trade and other payables	10	(4,904)	(5,062)
Total current liabilities		<u>(4,904)</u>	<u>(5,062)</u>
NON-CURRENT LIABILITIES			
Subordinated debt	12	(829)	(789)
Total non-current liabilities		<u>(829)</u>	<u>(789)</u>
Net liabilities		<u>(5,172)</u>	<u>(4,761)</u>
CAPITAL AND RESERVES			
Share capital	13	50	50
Retained earnings		(5,222)	(4,811)
Total equity		<u>(5,172)</u>	<u>(4,761)</u>

These financial statements on pages 7 to 9 were approved by the board of directors on 5 December 2019 and signed on its behalf by:



Christopher Hodson
Chief Financial Officer

Company number: 06588740

The notes on pages 10 to 22 form part of the financial statements.

**Statement of Changes in Equity
for the year ended 31st March 2019**

	Share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 April 2017	50	(3,992)	(3,942)
Loss for the year	-	(819)	(819)
Balance at 31 March 2018	50	(4,811)	(4,761)
Loss for the year	-	(411)	(411)
Balance at 31 March 2019	50	(5,222)	(5,172)

The notes on pages 10 to 22 form part of the financial statements.

Notes to the financial statements

1 ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all of the years presented, unless otherwise stated.

1.1 BASIS OF PREPARATION

Pinnacle People Limited (the "Company") is a company incorporated and domiciled in the United Kingdom. The registered address is First Floor, 6 St Andrew Street, London, EC4A 3AE, Great Britain.

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

These financial statements have been prepared in accordance with The Companies Act 2006 as applicable to companies using FRS 101.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

The financial statements are presented in 'Pounds Sterling' (£), which is also the company's functional currency and prepared on the historical cost basis.

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

- Paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79 (a) (iv) of IAS 1;
 - paragraph 73 (e) of IAS 16 'Property, plant and equipment'; and
 - paragraph 118 (e) of IAS38 'Intangible assets' (reconciliation between the carrying amount at the beginning and end of the period).
- The following paragraphs of IAS 1:
 - 10 (d) (statement of cash flows);
 - 10 (f), 40 A - D (requirement for a third statement of financial position);
 - 16 (statement of compliance with all IFRS);
 - 38 A (requirement for minimum of two primary statements, including cash flow statements);
 - 38 B - D (additional comparative information);
 - 111 (cash flow statement information); and
 - 134 - 136 (capital management disclosures).
- a Cash Flow Statement and related notes;
- IFRS 9 'Financial instruments' and IFRS 15 'Revenue from Contracts with Customers' related disclosures;
- Disclosures in respect of transactions with wholly owned subsidiaries;

Notes to the financial statements continued

1 ACCOUNTING POLICIES CONTINUED

1.1 BASIS OF PREPARATION CONTINUED

- Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective); and
- The requirement in IAS 24, 'Related party disclosures', to disclose related party transactions entered between two or more members of a group and key management compensation.

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; and
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures

New and amended standards adopted by the Company

The Company has applied the following standards and amendments for the first time for the annual reporting period commencing 1 April 2018:

- IFRS 9 *Financial Instruments*
- IFRS 15 *Revenue from Contracts with Customers*

The Company had to change its accounting policies and make certain adjustments following the adoption of these standards.

- IFRS 9 *Financial Instruments*

IFRS 9 Financial Instruments (effective 1 January 2018) replaces IAS 39 Financial Instruments: recognition and Measurement, set out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. IFRS 9 introduces new requirements for classifying and measuring financial instruments and puts in place a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.

On initial adoption, IFRS 9 does not have any impact on the classification and measurement of the Company's existing financial assets and financial liabilities.

IFRS 9 introduces the expected credit loss model for the assessment of impairment of financial assets. The new impairment model applies to financial asset measured at amortised cost, contract assets and investment at fair value through other comprehensive income, but not to investment in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The financial assets held on the balance sheet have been reviewed in order to determine whether any loss is required to be recorded based on these expected credit losses. However, given the fact that the majority of the Company's customers are local government entities, large housing associations and PFI entities, it is unlikely that there will be a default as a result of credit risk.

Notes to the financial statements continued

1 ACCOUNTING POLICIES CONTINUED

1.1 BASIS OF PREPARATION CONTINUED

- IFRS 15 Revenue from contracts with customers

IFRS 15 replaces IAS 18 Revenue, and IAS 11 Construction contracts, and related interpretations. IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtains substantially all the benefits from the good or service. Variable consideration is included in the transaction price if it is highly probable that there will be no significant reversal of the cumulative revenue recognised when the uncertainty is resolved.

Having completed a comprehensive review of all of our contracts, the adoption of IFRS 15 does not have an impact and has not led to any changes in how the Company's revenue is recorded. Therefore, comparative numbers have not been restated.

New standards and interpretations not yet adopted

The following accounting standards and amendments are in issue at the reporting date with an effective date after the current financial year:

- IFRS 16 *Leases*
- IFRIC Interpretation 23 *Uncertainty over Income Tax Treatments*
- Amendments to IFRS 9 *Prepayment Features with Negative Compensation*
- Annual Improvements to IFRS Standards 2015 – 2017 Cycle

Except for IFRS 16 (discussed below), the Company does not anticipate the adoption of the new accounting standards and interpretations (listed above) to have a material effect on its financial statements.

- IFRS 16 *Leases*

IFRS 16 replaces existing leases guidance, including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 Operating leases – Incentives and SIC 27 Evaluating the Substance of transactions Involving the legal Form of a Lease.

IFRS 16 addresses the definition of a lease, recognition and measurement of leases, and it establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from IFRS 16 is that it prescribes a single lessee accounting model that requires the recognition of a right of use asset and corresponding liability for all leases. The only exceptions are short-term (i.e. 12 months or less) and low-value leases.

Under IFRS 16, the right-of-use asset is depreciated in accordance with the requirements of IAS 16 *Property, plant and equipment* and will be tested for impairment in accordance with IAS 36 *Impairments of Assets*. The impairment testing process replaces the previous requirement to recognise a provision for onerous contracts.

Notes to the financial statements continued

1 ACCOUNTING POLICIES CONTINUED

1.1 BASIS OF PREPARATION CONTINUED

In contrast to lessee accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. However, IFRS 16 has changed and expanded the disclosure required, in particular regarding how a lessor manages the risks arising from its residual interest in leased asset.

The Company has commenced its review of all the leasing arrangements within the Company in light of the new lease accounting rules in IFRS 16. The standard will affect primarily the accounting for the Company's operating leases. Please refer to note 14 for details of the Company's operating lease as at 31 March 2019.

The Company will adopt the modified retrospective approach. The Company will make use of the practical expedient available on transition to IFRS 16 to not reassess whether a contract is or contains a lease. Accordingly, the definition of a lease in accordance with IAS 17 and IFRIC 4 will continue to apply to those leases entered or modified before 1 April 2019.

Additionally, the adoption of IFRS 16 does not have a material impact on the Company's current accounting for finance leases.

1.2 GOING CONCERN

The Company has made a loss for the financial year of £411,000 (2018: £819,000) and has net liabilities of £5,172,000 (2018: £4,761,000) at the year end. The Company will continue to work with the DWP to assist the unemployed in getting back to work. The subordinate debt is held with the parent company Pinnacle Group Limited; this will not be called if the Company is in financial difficulty. Pinnacle Group Limited has indicated its willingness to financially support Pinnacle People Limited for a period of at least 12 months from the date of these financial statements were approved and authorised for issue by way of a letter of support. On this basis the Directors believe that the Company will have adequate resources to continue in operational existence for the foreseeable future and meet its obligations as they fall due. As such the financial statements are prepared on a going concern basis.

1.3 NON-DERIVATIVE FINANCIAL INSTRUMENTS

Non-derivative financial instruments comprise trade and other receivables, trade and other payables and cash and cash equivalents.

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

The company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The expected loss rates are based on the payment profiles of sales over a period of 12 month before 31 March 2019 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified that given the fact that the majority of its customers are local government entities and large housing associations, losses and risk are extremely low.

Notes to the financial statements continued

1 ACCOUNTING POLICIES CONTINUED

1.3 NON-DERIVATIVE FINANCIAL INSTRUMENTS CONTINUED

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

1.4 INTANGIBLE ASSETS

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

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

- capitalised software development costs - 3 years

1.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 account 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 – 1 to 5 years

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

An asset's carrying amount is written down immediately to its recoverable amount if it is greater than its estimated recoverable amount. Refer to note 1.6 below.

1.6 IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets that are not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount might not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for possible reversal at each reporting date.

Notes to the financial statements continued

1 ACCOUNTING POLICIES CONTINUED

1.7 INVESTMENTS

Investment are stated at cost less any provision for impairment.

1.8 CONTRIBUTED EQUITY

Ordinary shares are classified as equity.

1.9 REVENUE

Revenue represents fees receivable, excluding VAT, in respect of services provided and is recognised when the Company has met its performance obligations within the contract with its customers. Revenue is recognized over time.

1.10 INTEREST

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

Interest income comprise interest receivable on funds invested using the effective interest method.

1.11 TAXATION

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

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

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for:

- the initial recognition of goodwill;
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit other than in a business combination; and
- differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised.

Notes to the financial statements continued

1 ACCOUNTING POLICIES CONTINUED

1.12 EMPLOYEE BENEFITS

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Post-employment obligations

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.13 DIVIDENDS

Dividends are recognised as distributions to owners during the period in which the dividend is paid. Dividends are recognised in the statement of changes in equity.

1.14 ROUNDING OF AMOUNT

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

1.15 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no critical accounting estimates and judgements in these financial statements which are expected to have a significant impact.

2 EMPLOYEES

Number of employees

The average monthly number of operational employees employed by the Company during the year was 30 (2018: 49).

Employment costs

The aggregate payroll costs of these persons were as follows:

	2019 £000	2018 £000
Wages and salaries	1,061	1,584
Social security costs	107	154
Other pension costs	38	49
Total employee costs	1,206	1,787

Notes to the financial statements continued

3 EXPENSES AND AUDITOR'S REMUNERATION

	2019	2018
	£000	£000
Operating loss for the year is stated after charging:		
Operating leases – other	80	110
Depreciation & amortisation	32	37
Auditor's remuneration	7	7

4 NET INTEREST

	2019	2018
	£000	£000
Intercompany interest payable	(186)	(171)
Subordinated debt interest	(28)	(24)
Bank charges	(40)	(38)
Net interest	(254)	(233)

5 TAX ON LOSS

(a) Analysis of charge in the year

	2019	2018
	£000	£000
Current Tax		
Group relief	(102)	(199)
Adjustment for previous years	-	4
Total current tax	(102)	(195)
Deferred tax		
Origination and reversal of timing difference	10	-
Total deferred tax	10	-
Tax charge on loss	(92)	(195)

Notes to the financial statements continued

5 TAX ON PROFIT CONTINUED

(b) Factors affecting tax charge for the year

	2019 £000	2018 £000
Profit before taxation	(503)	(1,014)
Profit before taxation multiplied by standard rate of UK corporation tax of 19% (2018: 19%)	(96)	(193)
Disallowed expenses	1	1
Depreciation charge in excess of capital allowances & other timing differences	(7)	(7)
Adjustment for previous years	-	4
Movement in deferred tax	10	-
Total tax charge for the year	(92)	(195)

(c) Factors affecting future tax charge

A reduction in the UK corporation tax rate to 17% was substantively enacted in September 2016 and will take effect from 1 April 2020. It has not yet been possible to quantify the fully anticipated effect of the further 2% rate reduction, although this will further reduce the Group's future current tax charge and reduce the Group's deferred tax asset accordingly.

6 INVESTMENTS

	Investment in subsidiary undertakings £000
At 1 April 2018	8
Additions	-
At 31 March 2019	8

As at 31 March 2019 the fair value of the investment in subsidiaries is £1,348,000 against carrying value of £8,000 thus no impairment is required.

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

The registered address of the companies detailed above is First floor, 6 St Andrew Street, London, EC4A 3AE.

Notes to the financial statements continued

7 INTANGIBLE ASSETS

	Development & software costs £000
Balance at 1 April 2018	48
Additions	-
Balance at 31st March 2019	48
Accumulated amortisation and impairment	
Balance at 1 April 2018	48
Amortisation for the year	-
At 31 March 2019	48
Net Book Value	
At 31 March 2019	-
At 31 March 2018	-

Notes to the financial statements continued

8 PROPERTY, PLANT & EQUIPMENT

	Leasehold land and buildings £000	Fixtures and equipment £000	Total £000
Balance at 1 April 2018	6	265	271
Additions	-	25	25
Balance at 31st March 2019	6	290	296
Accumulated depreciation			
Balance at 1 April 2018	6	205	211
Charge for the year	-	32	32
At 31 March 2019	6	237	243
Net Book Value			
At 31 March 2019	-	53	53
At 31 March 2018	-	60	60

9 TRADE AND OTHER RECEIVABLES

	2019 £000	2018 £000
Trade receivables	75	315
Amounts owed by group undertakings*	134	243
Other receivables	4	23
Prepayments and accrued income	131	231
Total trade and other receivables	344	812

* Amounts owed by group undertakings are unsecured, interest bearing 4.5%, have no fixed date of repayment and are repayable on demand.

10 TRADE AND OTHER PAYABLES

	2019 £000	2018 £000
Trade payables	50	72
Amounts owed to group undertakings*	4,405	4,465
Other taxes and social security	129	166
Other payables	-	11
Accruals and deferred income	320	348
Total trade and other payables	4,904	5,062

* Amounts owed by group undertakings are unsecured, interest bearing 4.5%, have no fixed date of repayment and are repayable on demand.

Notes to the financial statements continued

11 DEFERRED TAX ASSET

Deferred tax asset is provided in the accounts is as follows:

	2019	2018
	£000	£000
Tax effect of timing differences because of:		
Excess of depreciation over capital allowances	51	61

The movement in the deferred taxation asset is as follows:

At start of the year	61	61
Charged to the profit and loss account	(10)	-
Deferred tax asset balance at 31 March	51	61

12 SUBORDINATED DEBT

	2019	2018
	£000	£000
Subordinated debt at 1 st April	789	751
Accrued interest	40	38
At 31 st March	829	789

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.

13 SHARE CAPITAL

	2019	2018
Authorised		
Ordinary shares at £1 each	50,000	50,000
At 31 st March	50,000	50,000

	2019	2018
	£000	£000
Called up		
Authorised Ordinary shares at £1 each	50	50
Total	50	50

14 OPERATING LEASES

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

	2019	2018
	£000	£000
Less than one year	79	90
Between one and five years	160	176
Greater than five years	246	25
Total	485	291

Notes to the financial statements continued

15 DIRECTORS REMUNERATION

The emoluments for the highest-paid director is not disclosed as none of the directors have been paid above £200,000.

PMA Lloyd and C Hodson 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.

NP Wright is a director of Pinnacle PSG Limited, a subsidiary of Pinnacle Group Limited, the company's group parent undertaking. His 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.

16 RELATED PARTIES

At the year-end Paragon Concord Families Limited owed £133,000 (2018: £45,000) in respect of working capital support and £nil (2018: £184,000) in respect of management fees to Pinnacle People Limited, its parent company.

During the year Pinnacle People Limited repaid its obligations in relation to management issued share capital and management loans. These are detailed below.

	Equity		Loan	
	2019	2018	2019	2018
	Number	Number	£000	£000
M Rhucroft	-	1,250	-	12

17 CONTINGENCIES

The Company has issued guarantees in favour of Barclays Bank (2018: Barclays Bank) to support the indebtedness of Pinnacle Group Limited and its subsidiaries. The exposure to this guarantee at the balance sheet date was £Nil (2018: £Nil). There are no other contingencies as at 31 March 2019.

18 PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Pinnacle Group Limited which owns 100% (2018: 97.5%) of the ordinary share capital of the Company. Pinnacle Group Limited is the smallest group to consolidate these financial statements.

The ultimate parent undertaking and the largest group to consolidate these financial statements is TStar Pinnacle Limited.

The financial statements of Pinnacle Group Limited and TStar Pinnacle Limited are available from 1st Floor, 6 St Andrew Street, London, EC4A 3AE.

19 SUBSEQUENT EVENT

There have been no subsequent events post year end.