

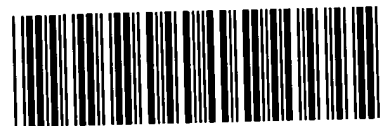
Registered number: 06588740

PINNACLE PEOPLE LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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PINNACLE PEOPLE LIMITED

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PINNACLE PEOPLE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2021

The directors present their annual report and the audited financial statements of Pinnacle People Limited (the "Company") for the year ended 31 March 2021.

Principal activity

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 taxation, amounted to £640k (2020: loss of £444k).

No dividends were paid in the year or proposed at the year end (2020: £Nil).

Going concern

The Company has made a loss of £640k (2020: loss of £444k) during the year and has net liabilities of £6,256k (2020: net liabilities of £5,616k) 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. As part of their review the directors have considered the implications of the current Coronavirus Pandemic on the going concern assumption. The economic impact on the business due to the Coronavirus Pandemic is subject to an unprecedented level of uncertainty with the full range of possible effects unknown. Pinnacle Group Limited has indicated its willingness to financially support Pinnacle People Limited for a period of at least 12 months from the date 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.

Donations

Charitable donations of £2k (2020: £Nil) were made in the year. No political donations were made in the year (2020: £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 15 days (2020: 16 days).

PINNACLE PEOPLE LIMITED

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2021

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.

Small companies exemption

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Directors

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

P M A Lloyd
C M Hodson
N P Wright
J E Baxter
C Kober

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be 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 28 October 2021 and signed on its behalf.



C M Hodson
Chief Financial Officer

PINNACLE PEOPLE LIMITED

**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

The directors are responsible for preparing the Annual Report and Financial Statements 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, 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 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 also 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.

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 2021 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 and Financial Statements (the "Annual Report"), which comprise: the Statement of Financial Position as at 31 March 2021; the Statement of Profit or Loss and 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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

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 our work undertaken in the course of the audit, the Companies Act 2006 requires 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 2021 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 in respect of the financial statements, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to but were not limited to payroll laws and tax laws and regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of

override of controls), and determined that the principal risks were related to posting of inappropriate journal entries to manipulate financial results. Audit procedures performed by the engagement team included:

- Discussions with management and group legal counsel;
- Challenging the key assumptions made by management in their significant accounting estimates, including audit work in respect of the accounting for leases;
- Identifying and testing journal entries meeting certain risk criteria, in particular any journal entries posted with unusual account combinations, journal entries containing unusual words and certain post-close journals; and
- Reviewing relevant meeting minutes, including those of the Board of Directors.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 obtained 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
29 October 2021

PINNACLE PEOPLE LIMITED

**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2021**

	Note	2021 £000	2020 £000
Revenue	4	1,683	1,980
Raw materials and consumables		(168)	(756)
Staff costs	7	(797)	(854)
Depreciation and amortisation	5	(36)	(87)
Administration and operating expenses		(961)	(582)
Operating loss		(279)	(299)
Interest payable and similar expenses	9	(243)	(255)
Loss before tax		(522)	(554)
Tax on loss	10	(118)	110
Loss for the year		(640)	(444)

There was no other comprehensive income for 2021 (2020: ENil).

The notes on pages 10 to 28 form part of these financial statements.

PINNACLE PEOPLE LIMITED
REGISTERED NUMBER: 06588740

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2021

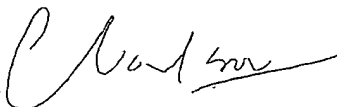
	Note	2021 £000	2021 £000	2020 £000	2020 £000
Non-current assets					
Property, plant and equipment	12		71		110
Investments	13		-		-
Deferred tax asset	19		43		49
Total non-current assets			114		159
Current assets					
Trade and other receivables	14	35		223	
Cash and cash equivalents		49		29	
Total current assets		84		252	
Trade and other payables	15	(5,007)		(4,599)	
Short term lease liabilities	18	(6)		(25)	
Net current liabilities			(4,929)		(4,372)
Non-current liabilities					
Subordinated debt	16		(915)		(871)
Loans payable			(504)		(480)
Long term lease liabilities	18		(22)		(52)
Net liabilities			(6,256)		(5,616)
Capital and reserves					
Share capital	20		50		50
Accumulated losses			(6,306)		(5,666)
Total equity			(6,256)		(5,616)

The Company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements on pages 7 to 9 were approved by the board on 28 October 2021 and were signed on its behalf by:

C M Hodson

Chief Financial Officer



The notes on pages 10 to 28 form part of these financial statements.

PINNACLE PEOPLE LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Share capital	Accumulated losses	Total equity
	£000	£000	£000
At 1 April 2019	50	(5,222)	(5,172)
Loss for the year	-	(444)	(444)
At 31 March 2020	50	(5,666)	(5,616)
Loss for the year	-	(640)	(640)
At 31 March 2021	50	(6,306)	(6,256)

The notes on pages 10 to 28 form part of these financial statements.

PINNACLE PEOPLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

1. General information

Pinnacle People Limited (the "Company") is a private company, limited by shares, incorporated and domiciled in the United Kingdom. The registered address is 8th Floor, Holborn Tower, 137-144 High Holborn, London, England, WC1V 6PL.

2. Accounting policies

2.1 Basis of preparation of financial statements

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.

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

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.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirement in 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;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

PINNACLE PEOPLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions (continued)

- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.3 Impact of new standards, amendments and interpretations

There were no new standards, interpretations and amendments effective or adopted early during this financial year.

2.4 Going concern

The Company has accumulated losses at 31 March 2021 of £6,306k (2020: accumulated losses of £5,666k).

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. As part of their review the directors have considered the implications of the current Coronavirus Pandemic on the going concern assumption. The economic impact on the business due to the Coronavirus Pandemic is subject to an unprecedented level of uncertainty with the full range of possible effects unknown. Pinnacle Group Limited has indicated its willingness to financially support Pinnacle People Limited for a period of at least 12 months from the date 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.

2.5 Long-term contracts

In respect of long-term contracts, total revenue and related costs are calculated to determine a contract's profitability margin which is recognised in the profit and loss account over the term of the contract after making provision for foreseeable losses.

Project profitability of long-term contracts is regularly reviewed by management and a detailed exercise is carried out at least once every year.

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

PINNACLE PEOPLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

received and exceed amounts recoverable are included in creditors. Contract provisions in excess of amounts recoverable are included in provisions. Any difference between the calculated turnover figure and the invoiced amounts in the month is treated as deferred income or accrued income as appropriate.

2.6 Revenue recognition

Revenue represents fees receivable, excluding VAT. Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it delivers the service to a customer. For long-term contracts revenue is recognised over the period the service is delivered. For contracts which span a number of years, the contracts have either discrete annual measurement periods or specific milestones and revenue is recognised accordingly. Revenue is recognised over time.

2.7 Leases

The Company as a lessee

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognises a right-of-use asset and a corresponding lease liability with respect to all lease agreements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. Low-value assets comprise IT equipment and small items of office furniture. For these leases, the Company recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The lease liability is initially measured at the present value of the lease payments, discounted by using the interest rate implicit in the lease. If this interest rate cannot be readily determined, the Company uses its incremental borrowing rate (IBR). The Company's IBR is determined after considering its cost of borrowing funds across all alternative sources of borrowing and the risk of investing, adding a risk premium to the cost of capital.

Lease payments included in the measurement of the lease liability comprise:

- fixed lease payments (including in-substance fixed payments), less any lease incentives;
- variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- the amount expected to be payable by the lessee under residual value guarantees;
- the exercise price of purchase options, if the lessee is reasonably certain to exercise the options; and
- payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

The lease liability is presented as a separate line in the Statement of Financial Position.

PINNACLE PEOPLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.7 Leases (continued)

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

The right-of-use assets are measured at cost comprising of the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the Company expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The right-of-use assets are included in the 'Property, plant and equipment' line in the Statement of Financial Position.

As a practical expedient, IFRS 16 permits a lessee not to separate non-lease components, and instead account for any lease and associated non-lease components as a single arrangement. The Company has not used this practical expedient.

2.8 Finance income

Finance income comprises interest receivable on funds invested using the effective interest method.

2.9 Finance costs

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

PINNACLE PEOPLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.10 Subordinated debt

Borrowings are recognised initially at fair value and subsequently carried at amortised cost.

2.11 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.

2.12 Current and deferred taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Statement of Profit or Loss except to the extent that it relates to items recognised directly in Statement of comprehensive income, 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.

PINNACLE PEOPLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.12 Current and deferred taxation (continued)

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.

2.13 Intangible assets

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 range as follows:

Software development costs	-	3	years
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2.14 Property, plant and equipment

Items of Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss. Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Depreciation is provided on all other items of property, plant and equipment so as to write off their carrying value over their expected useful economic lives.

The estimated useful lives range as follows:

Leasehold land and buildings	-	1 to 5 years
Plant and machinery	-	1 to 5 years
Right of use assets	-	Over the life/term of the lease

2.15 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

PINNACLE PEOPLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.16 Trade and other receivables

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 and amounts due from group undertakings.

The expected loss rates are based on the payment profiles of sales over a period of 12 month before 31 March 2021 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.

To determine the credit loss allowance for amounts due from group undertakings, the Company reviewed the net position of each group undertakings and considered whether it has sufficient and liquid assets to repay the outstanding balance at reporting date; if the group undertakings are unable to settle its debt, the Company considers the time over which the group undertakings are able to repay its balances. In cases where the group undertakings are unable to repay its debt and there is no alternative option to recover the debt, the full balance outstanding at the reporting date is fully impaired.

2.17 Cash and cash equivalents

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.

2.18 Trade and other payables

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.

PINNACLE PEOPLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2. Accounting policies (continued)

2.19 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.

2.20 Rounding of amounts

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

3. 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.

4. Revenue

The whole of the revenue is attributable to provision of management of welfare to work employment related services and recruitment.

All revenue arose within the United Kingdom.

PINNACLE PEOPLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

5. Operating loss

The operating loss is stated after charging:

	2021 £000	2020 £000
Depreciation of owned assets	20	36
Depreciation of right of use assets	16	51
Impairment of investments	-	8
	<u> </u>	<u> </u>

6. Auditors' remuneration

	2021 £000	2020 £000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	9	7
	<u> </u>	<u> </u>

During the year there were no non audit services provided by the statutory auditors (2020: none).

7. Staff costs

Staff costs were as follows:

	2021 £000	2020 £000
Wages and salaries	703	751
Social security costs	67	71
Other pension costs - defined contribution	27	32
	<u> </u>	<u> </u>
Total staff costs	<u>797</u>	<u>854</u>

The average monthly number of employees employed by the Company during the year was:

	2021 No.	2020 No.
Operational employees	<u>18</u>	<u>28</u>

PINNACLE PEOPLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

8. Directors' remuneration

The aggregate emoluments and benefits paid to the directors amounted to £102k (2020: £87k). The aggregate value of the company's contribution to money purchase scheme amounted to £9k (2020: £9k).

The above details of directors' remuneration do not include the remuneration of P M A Lloyd, C M Hodson and N P Wright, which is paid by Pinnacle Group Limited and recharged to the Company as part of a management charge. This management charge, which in 2021 amounted to £270k, also includes a recharge of administration costs borne by Pinnacle Group Limited on behalf of the Company. It is not possible to separately identify the amount of the remuneration for the above mentioned directors. The remuneration of C Kober is paid by Pinnacle Housing Limited, a subsidiary of the parent company, and makes no recharges to the Company.

9. Interest payable and similar expenses

	2021 £000	2020 £000
Interest payable to group companies	171	183
Subordinated debt interest	44	43
Other loan interest payable	25	23
Interest on lease liabilities	2	6
Other interest payable	1	-
	<u>243</u>	<u>255</u>

PINNACLE PEOPLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

10. Tax on loss

	2021 £000	2020 £000
Current tax		
Group relief	-	(112)
Adjustments in respect of prior years	112	-
Total current tax	<u>112</u>	<u>(112)</u>
Deferred tax		
Origination and reversal of timing differences	6	2
Total deferred tax	<u>6</u>	<u>2</u>
Total tax charge/(credit)	<u>118</u>	<u>(110)</u>

Factors affecting tax charge/(credit) for the year

The tax assessed for the year is higher than (2020: lower than) the standard rate of corporation tax in the UK of 19% (2020: 19%). The differences are explained below:

	2021 £000	2020 £000
Loss before tax	<u>(522)</u>	<u>(554)</u>
Loss before tax multiplied by standard rate of corporation tax in the UK of 19% (2020: 19%)	(99)	(105)
Effects of:		
Depreciation charge in excess of capital allowances & other timing differences	-	(8)
Adjustments in respect of prior years	112	-
Movement in deferred tax	-	2
Other	-	1
Group relief	105	-
Total tax charge/(credit)	<u>118</u>	<u>(110)</u>

PINNACLE PEOPLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

10. Tax on loss (continued)

Factors that may affect future tax charges

The UK corporation tax rate as at 31 March 2021 is 19% (2020: 19%). In March 2021 the government announced that the rate is to increase to 25% from 1 April 2023 and that this change is to be included in Finance Act 2021.

11. Intangible assets

	Development & software costs £000
Cost	
At 1 April 2020	48
At 31 March 2021	48
Accumulated amortisation	
At 1 April 2020	48
At 31 March 2021	48
Net book value	
At 31 March 2021	-
At 31 March 2020	-

PINNACLE PEOPLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

12. Property, plant and equipment

	Leasehold land and buildings £000	Plant and machinery £000	Right of use assets £000	Total £000
Cost or valuation				
At 1 April 2020	6	306	128	440
Additions	-	14	-	14
Transfers intra group	-	15	-	15
Disposals	-	-	(68)	(68)
At 31 March 2021	6	335	60	401
Accumulated depreciation				
At 1 April 2020	6	273	51	330
Charge for the year on owned assets	-	20	-	20
Charge for the year on right-of-use assets	-	-	16	16
Disposals	-	-	(36)	(36)
At 31 March 2021	6	293	31	330
Net book value				
At 31 March 2021	-	42	29	71
At 31 March 2020	-	33	77	110

The net book value of owned and leased assets included as "Property, plant and equipment" in the Statement of Financial Position is as follows:

	2021 £000	2020 £000
Owned assets	42	33
Right of use assets	29	77
	<u>71</u>	<u>110</u>

PINNACLE PEOPLE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

12. Property, plant and equipment (continued)

Information about right-of-use assets is summarised below:

Net book value

	2021	2020
	£000	£000
Properties	29	77
	<u>29</u>	<u>77</u>

Depreciation charge for the year ended

	2021	2020
	£000	£000
Properties	(16)	(51)
	<u>(16)</u>	<u>(51)</u>

13. Investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Class of shares	Holdings
Pinnacle Recruitment (Services) Limited	Ordinary	100%
Pulse Social Enterprises Community Interest Company	Ordinary	100%

As at 31 March 2021, the Company owned 100% of the above listed subsidiaries. The total shareholding owned by the Company in each of these subsidiaries is 1 £1 Ordinary share.

The above listed companies are private companies, limited by shares, incorporated and domiciled in the United Kingdom. The registered address for each of these companies is 8th Floor, Holborn Tower, 137-144 High Holborn, London, England, WC1V 6PL.

As at 31 March 2021 the Pinnacle Recruitment (Services) Limited had net liabilities of £105k (2020: net assets of £237k) against the carrying value of the investment of £1, thus there is no further impairment of the investment. As at 31 March 2021, Pulse Social Enterprises Community Interest Company was a dormant company.

PINNACLE PEOPLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

14. Trade and other receivables

	2021 £000	2020 £000
Trade receivables	-	70
Corporation tax recoverable	-	111
Other receivables	1	2
Prepayments and accrued income	34	40
Total trade and other receivables	35	223

The credit loss allowance at 31 March 2021 is ENil (2020: £400) on its trade receivables.

15. Trade and other payables

	2021 £000	2020 £000
Trade payables	7	33
Amounts owed to group undertakings*	4,651	4,187
Other taxation and social security	74	97
Accruals and deferred income	275	282
Total trade and other payables	5,007	4,599

*Amounts owed to group undertakings are unsecured, interest bearing at Barclays base rate + 4%, have no fixed date of repayment and are repayable on demand.

PINNACLE PEOPLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

16. Subordinated debt

	2021 £000	2020 £000
Subordinated debt at 1 April	871	829
Accrued interest	44	42
At 31 March	<u>915</u>	<u>871</u>

The subordinated debt is owed to Pinnacle Group Limited and was lent to the Company to enable it to purchase the interest in the share capital of its subsidiaries. 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 subordinated debt is repayable on demand. Pinnacle Group Limited will not seek the repayment of amounts advanced to the Company unless adequate alternative financing has been secured by the Company.

17. Loans payable

	2021 £000	2020 £000
Amount owed to parent undertaking*	504	480
	<u>504</u>	<u>480</u>

*The amount owed to parent undertaking is unsecured, interest bearing at 5% p.a and is compounded at the end of each financial year. The loan has no fixed date of repayment and is repayable on demand.

PINNACLE PEOPLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

18. Leases

Company as a lessee

The Company leases various properties. Leases are negotiated on an individual basis and contain a wide range of different terms and conditions (incl. termination and renewal rights).

Lease liabilities are due as follows:

	2021 £000	2020 £000
Short term	6	25
Long term	22	52
	<u>28</u>	<u>77</u>

Contractual undiscounted cash flows are due as follows:

	2021 £000	2020 £000
Less than one year	7	25
One to five years	27	61
Later than five years	3	-
	<u>37</u>	<u>86</u>

The following amounts in respect of leases, where the Company is a lessee, have been recognised in profit or loss:

	2021 £000	2020 £000
Interest expense on lease liabilities	<u>2</u>	<u>6</u>

The depreciation charges recognised in the statement of profit or loss in respect of right of use assets are disclosed separately in Note 12.

PINNACLE PEOPLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

18. Leases (continued)

Lease cost and payments

	2021 £000	2020 £000
Cost		
Opening balance	77	128
Additions	-	-
Interest	2	6
Disposals	(36)	-
	<u>43</u>	<u>134</u>
Payments		
Interest	2	6
Principal repayment	13	51
	<u>15</u>	<u>57</u>
Lease liabilities balance		
Cost	43	134
Repayments during the year	(15)	(57)
Balance at 31 March	<u>28</u>	<u>77</u>

19. Deferred tax asset

	Property, plant and equipment £000	Total £000
Recognised deferred tax		
At 1 April 2020	49	49
Recognised in profit or loss (origination and reversal of timing differences)	(6)	(6)
At 31 March 2021	<u>43</u>	<u>43</u>

PINNACLE PEOPLE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

20. Share capital

	2021 £000	2020 £000
Authorised, allotted, called up and fully paid		
50,000 (2020: 50,000) Ordinary shares of £1 each	50	50

21. Contingencies

The Company has issued guarantees in favour of Barclays Bank Plc (2020: Barclays Bank Plc) to support the indebtedness of Pinnacle Group Limited and its subsidiaries. The exposure to this guarantee at the balance sheet date was £Nil (2020: £Nil). There are no other contingencies as at 31 March 2021 (2020: £Nil).

22. Controlling party

The immediate parent undertaking is Pinnacle Group Limited which owns 100% 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 immediate parent entity of TStar Pinnacle Limited is TStar Pinnacle Lux S.à r.l, which is incorporated in Luxembourg. The ultimate joint controlling parties are Tunstall Pinnacle Holdco S.à r.l and SOF-11 Pinnacle Lux S.à r.l, both incorporated in Luxembourg, and have an ownership interest of 50% each.

The financial statements of Pinnacle Group Limited and TStar Pinnacle Limited are available from 8th Floor, Holborn Tower, 137-144 High Holborn, London, England, WC1V 6PL.

23. Subsequent events

There have been no subsequent events post year end.