Registered number: 04240859

PINNACLE GROUP LIMITED

ANNUAL REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

PINNACLE GROUP LIMITED

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 March 2023

Introduction

Having seen significant growth during the previous period, the year ended 31 March 2023 was one primarily of consolidation. We needed to complete the integration of two acquisitions and commence the delivery the Defence Infrastructure Organisation contract to manage the 49,000 home service family accommodation portfolio. Acquisition integration is never easy as culture, structure and systems all move towards alignment, but often at different speeds. We are pleased that the process is complete in the case of both Orchard and Shipman and AM Services. Against this background and, in particular, the Russian invasion of Ukraine with its consequential impact on world financial and supply markets, the continuing operations of the Group achieved an outturn for the year ahead of the original budget set and well ahead of the year ended 31 March 2022.

During the year, we came to the conclusion that the Group did not have the resources to provide our majority controlled subsidiary, Pinnacle Power Limited, with the capital resources to continue to develop district heat networks at the pace which their market leading position warranted. The end result of these deliberations has seen the sale of our interest in Pinnacle Power generating a considerable gain of £21.7m. A substantial proportion of this gain has been passed back to our patient and supportive shareholders post year end.

The delivery of the service family accommodation portfolio has been more difficult and while the commercial aspects of the contract are on track, the perception of our service amongst the customer group has represented a considerable challenge. As the point of contact for all customers, Pinnacle has been the focal point for criticism albeit that we do not deliver the services that are the centre of attention. We have added resources to the contract and retained pro active media relations and I am pleased to say that the situation is much improved as the delivery partners contracted to the Defence Infrastructure Organisation are working together to deliver a service that our armed forces personnel deserve.

Our ability to continue to deliver during periods of considerable uncertainty demonstrates the resilience of our business. This is primarily a function of the quality, loyalty and efforts of our people who have yet again shown they can go the extra mile. This then is recognised by our clients who continue to reward us with new business. We recognise that the loyalty of these two groups is central to our continued success.

Strategic Direction

Following the sale of Pinnacle Power Limited ("Pinnacle Power"), the Group has a renewed focus on our core community service delivery. We started back in the mid 90's as a housing business and have grown from that core to include other services that those who live in the communities we serve need provided. We recognise that a community comprises a range of housing tenures from market sale through private rental and shared ownership to social housing and we continue to be one of very few organisations that has the capacity and knowledge to offer a whole community solution. There is a severe shortage of suitable and affordable housing in many parts of the UK and we aim to be part of the solution that not only supports the creation of new communities and the regeneration of existing communities, but also provides a long term tenure blind management solution supported by the FM services that the housing and related community infrastructure needs to sustain them.

The fragility of financial markets has heightened the interest of major investment institutions in the residential market. Attracted by the supply shortage and inflation-hedging characteristics that residential property offers, the flow of longer-term money into the sector has seen a steady rise over the last 5 years. We continue to be well placed to support this investment appetite and as one of a limited number of organisations that has both national coverage and the expertise needed to provide an institutional quality of service, we continue to be approached on a regular basis, requiring us to expand the scope of our services and introduce appropriate technology to drive the efficiencies that our clients demand.

Following the acquisition of AM services in FY22, the Group has extended its capabilities in the FM space to one that services the business-to-business market as well as being capable of offering a national service. With operations stretching from Devon to Carlisle there is scope to expand our FM offer to match the spread of our residential management coverage. There is also further scope to integrate the AM Services offer with our existing FM activities. As with our residential management activities, the introduction of technology is an essential component of our future success. Early-stage trials of cobotics equipment have gone well and will continue at pace.

It is our intention that the Group remains a series of businesses which provide services rather one which acquires and holds assets. We do not need a substantial capital base to enable us to operate successfully and nor do we require debt to enable us to deliver for our clients. Our value relies on the quality of the services we deliver, the margin we are able to sustain from delivering those services and our ability to recruit and retain the quality of staff that have enabled us to weather major external pressures such as the pandemic and the war in Ukraine.

Outlook

The political and economic outlook for the UK does not make for happy reading. Inflation is showing signs of becoming ingrained at levels well above the Bank of England's target with the result that interest rates are likely to remain high for some time. While some of the issues creating this position are specific to the UK, the outlook for the developed economies is not much better. But for Pinnacle, we are fortunate that at the time of writing, a large proportion of our contracts have a linkage to an inflation index (83.5% of all contracts are index linked) providing us with a significant degree of protection against rising costs. But many of our local authority clients are faced with severe budgetary pressures and we need to be aware that while the majority of the contracts we have with them are for services that are non-discretionary, when bidding for new business it is clear that price rather than quality will be the determinant for a winning bid.

Overall, we are in a sound condition with no debt and with a strong order book from high quality clients who need the services we offer. The forecast may be for storms ahead but we are well prepared and have the benefit of an incredible workforce who have demonstrated they can sustain us when factors outside our control take effect.

Summary of results and Key Performance Indicators (KPIs)

The Group uses the following KPIs to assist in the understanding of the performance of the business:
- Group revenues were £175,117k against £135,317k (restated) in the prior year.
- Profit before tax is £27,562k (2022: restated £4,812k).

The business does not currently report on non-financial KPIs.

Balance sheet and cash

The net assets of the Group at 31 March 2023 were £60,377k compared to £37,823k at 31 March 2022 and at 31 March 2023 the Group had net cash position net of short term borrowings of £26,062k compared to £6,362k at 31 March 2022.

Stakeholders Agenda

Section 172(1) statement - Companies Act 2006
This report sets out how the Directors comply with the requirements of Section 172 Companies Act 2006 and how these requirements have impacted the board's decision making throughout the year.

The Role of the board
The board's primary role is to promote the long-term success of the Company, by creating and delivering sustainable shareholder value through the provision of high-quality services and jobs that sustain and enhance communities by ensuring they operate effectively and affordably. This relies on a number of factors, including maintaining positive relationships with a wide range of stakeholders.

A formal schedule of reserved matters is set out and reviewed regularly to ensure it remains fit for purpose. This will include decisions on the ongoing strategic direction of the Group, approval of the business plan and budget, the acquisition or disposal of assets, entry into major new contracts and changes in key policies.
The board also monitors the effectiveness of the Group's internal controls, governance, and risk management processes.

The board delegates the day-to-day running of the business to the Group Chief Executive, who is supported by members of the Executive Committee. It also delegates certain responsibilities to the Audit Committee and Remuneration Committee. These committees are made up of Non-Executive Directors and provide the board with independent oversight.

Board Governance
Back in 2020 we updated our approach to reflect changes in the reporting requirements, most notably the 2018 UK Corporate Governance Code and The Companies (Miscellaneous Reporting) Regulations 2018.

We continue to apply the Wates Corporate Governance Principles for Large Private Companies for the year ended 31 March 2023, which allow us to reflect on where we have done well, and where we can learn from best practice to raise our corporate governance standards to a higher level.

The Principles also support directors in meeting the requirements of Section 172 with guidance on the following areas:
- Purpose and leadership;
- Board Composition;
- Directors' responsibilities;
- Opportunity and risk;
- Remuneration; and
- Stakeholders.

Our Corporate Governance Statement sets out how the Group has applied these principles.

The strategy and strategic priorities of the Group were set out in a Business Plan which was signed off by our shareholders in January 2019. In approving the plan, the Directors also considered external factors such as the market and our competitors, as well as economic and political conditions.

We provide quarterly reviews to staff on our progress against the plan, and any changes to our strategic direction where relevant. For FY23 those strategic priorities continued unchanged.

During the year, the Directors made the following key decisions:

- Following the acquisition of both AM Services Group and Orchard & Shipman Group in FY22, the board confirmed that FY23 was a year of consolidation whilst we integrated both businesses in the Group. This has now been achieved, including the decision to merge the Orchard & Shipman brand into Pinnacle whilst retaining the AM Services brand to focus on B2B activities.
- To support Grain Connect's interim funding round (alongside funds managed by Albion Capital and Equitix), as it continues to roll out full fibre hyperfast broadband services across the country.
- To dispose of Pinnacle Group's entire interest in its District Heating Business, Pinnacle Power. On 31st March 2023 the Group sold its interest to DIF Capital Partners (https://www.pinnaclegroup.co.uk/news/pinnacle-group-sells-district-heating-business-pinnacle-power-to-dif-capital-partners/).
- To renew focus on the growth of the Homes division in response to increased interest from Institutional Investors in the sector and our operating platform. Since the year end, the new "Place by Pinnacle" brand has been launched.
- To take a minority interest as a founding member in Armadillo Analytics, a software-as-a-service tech company that provides a data hub for the built environment.
- Enter into a second "Meadowship" project with LB Bromley to purchase and manage up to 200 properties to provide settled homes to families and individuals currently living in temporary accommodation.
- To step into a 20 year contract with The Riverside Group to deliver Total FM Services on its Extra Care PFI scheme in Hull.
- Appoint a more central government focussed public relations consultancy – Headland - following the degree of reputational damage that Pinnacle Service Families suffered as a consequence of RAMS contractors service failures on the MOD FDIS contracts.
- To make a cost of living payment in Autumn 2022 to over 2,500 of our lower paid staff.

The business continues to develop and pursue growth opportunities consistent with our vision and purpose.
It is the board's priority to ensure that Directors have acted in the way that they consider, in good faith, would most likely to promote the success of the Company and its members as a whole. This includes the matters set out in paragraphs a-f of Section 172 of the Companies Act 2006, as follows:

a. The likely consequences of any decision in the long term

- Decisions to enter new customer contracts follow a robust Investment Committee (IC) process.
- Decisions to enter any new Key Supplier arrangements are taken to and approved by ExCom.
- Decisions to make any material changes to Employee T&Cs, Pension Scheme arrangements, the Business Plan (and budget), dividends to parent companies, etc. are all reviewed by the board.
- Final approvals for making any changes to the corporate structure / material changes to the Business Plan, and entering into major contracts, settling any material disputes or litigation are matters reserved to the Pinnacle Group board, and the shareholders.

b. The interests of the Company's employees

- The Directors recognise that our staff remain the lifeblood of the business and are essential to its long-term success. The Group is certified to Silver standard by Investors in People, and continually strives to improve the way it interacts with its staff.
- We have continued to embrace and embed hybrid working practices. At the same time as significantly reducing our office footprint, we have invested significantly in high quality spaces, with collaborative working (both internal and external) at the heart of the design, whilst providing private spaces for more focused individual work. Feedback from staff has been extremely positive, and we will continue to roll out this approach when the opportunity arises. Going forward we encourage all our managers to engage with their teams and discuss how work can best be organised to meet the needs of individuals and the required contract deliverables, with flexibility at the heart of those discussions.
- The health & safety of staff remains a top priority, and the Directors review the performance in this area at each meeting.
- See our Corporate Governance Statement for further details.

c. The need to foster business relationships with suppliers, customers and others

- The board regularly reviews how the Group maintains positive relationships with all key stakeholders.
- During the year, we maintained our ISO44001 accreditation, and continue to embed collaborative working arrangements with stakeholders into our contract mobilisation and contract management processes.
- Please also refer to our ESG Impact Report which showcases our progress across the four key pillars of our ESG Framework (https://www.pinnaclegroup.co.uk/esg/).
- A number of customer engagement surveys were carried out during the course of the year across our portfolio of Housing contracts - the results of these surveys are reported back through the Shareholder Control Group forum. Furthermore, we are a corporate member of the Institute of Customer Service and continue to work with the institute and other members to enhance the customer experience.
- We have rigorous processes in place to ensure that our suppliers are paid promptly, in accordance with contract terms. Quarterly reviews with key suppliers provide the mechanism for jointly seeking opportunities to develop our contractual arrangements for the benefit of both parties.

d. The impact of our operations on the community and the environment

- The Directors are committed to providing a secure, safe and healthy environment for all our stakeholders.
- During the year, we have maintained our ISO14001 accreditation, are ESOS compliant, and made good progress towards our challenging strategic target to achieve Net Zero on direct emissions by 2025 (Scope 1 and 2) and full emissions by 2035 (Scope 3), continuing with a number of exciting initiatives including Project Switch and Project Electrify. We also embarked on a partnership with Planet First Energy, who are helping us manage the transition to "green" energy across our estate.
- Our environmental targets are reviewed on an annual basis.
- Please also see sections on streamlined energy and carbon reporting.
- We have continued to take an active role in the communities we serve. Our involvement in a wide range of social value projects and community activities are published internally on our ESG Power BI Dashboard.

- The Group continued with its strategy for engaging with local supply chain partners on major contracts.
- Please also see more detail on our Community Impact and Protecting our Planet as set out in our ESG Framework and 2022 Impact Report (https://www.pinnaclegroup.co.uk/esg/).

e. Desirability of the Company to maintain a reputation for high standards of business conduct.
- The reputation of the Group is of upmost importance to our Directors, and this is not just limited to financial and operational performance. To that end, the board has approved the Group's policies on Modern Slavery, and Anti-Bribery and Corruption.
- We monitor compliments and complaints from our customers, our key suppliers are signed up to a Code of Conduct, and all staff must adhere to our Core HR Policies and our staff handbook, which incorporates a section on "Living the Values".
- The board has also considered the findings of our Gender Pay Gap report, including areas to focus going forward.

f. The need to act fairly between members of the Company.
- The shareholders and board are committed to setting targets for and developing all the main areas of the Group. This is reinforced through their approval of the annual budget.
- Decisions from the board are filtered down through ExCom, whose membership includes all the statutory directors for the two largest operating businesses, Pinnacle Housing Ltd and Pinnacle FM Ltd.
- Group companies where Pinnacle Group does not have 100% ownership operate their own statutory boards whose makeup reflects the relevant shareholdings in those businesses, and decision making reflects the shareholder agreements in place.

Corporate governance statement

For the year ended 31 March 2023, in accordance with The Companies (Miscellaneous Reporting) Regulations 2018, the Company has continued to adopt the Wates Corporate Governance Principles for Large Private Companies. We set out below how we have applied the Principles during this financial year.

Principle 1 – Purpose and leadership

The focus of the board, through the Executive Committee (see below), has been the delivery of the Annual Budget, and the strategic plan which defines our purpose, vision and values. The plan, and our progress are communicated throughout the business through quarterly updates, workshops and Q&A sessions. Employees are encouraged to contribute ideas through our Innovation Centre, which is managed by our Project Management Office.

Our annual manager conference and awards ceremony took place in the run up to Christmas at the Victory Services Club in London to celebrate the achievements of both the business and staff during the year, allowing us to recognise and personally thank individuals that embody our vision and values. More than 150 managers across the Group attended to share key messages and discuss the future opportunities and direction for the business. On the night, 27 finalists joined the celebrations representing seven different award categories, designed to champion both team and individual performance. The nominations were all made by colleagues, who were encouraged to submit nominations for those who uphold Pinnacle's core values of trust, respect, involve, challenge and deliver excellence.

Our governance and risk management structures and groups are deeply embedded across the business. Our Governance SharePoint site provides a single window to our ever growing controlled document source for policies, procedures, tools, tips and guidance, framework documents, standards, and terms of reference including automated version control, review, retention and ownership. This year, our Project Review board was firmly established, and a section on Advising the board was added to our SharePoint site to support both Executive and non-Executive Directors in their duties.

Our governance framework supports a positive risk culture, one which encourages openness and discusses real business issues in a realistic manner.

Principle 2 – board Composition

The board comprises a separate Non-Executive Chairman and Group Chief Executive to ensure that the balance of responsibilities, accountabilities and decision making across the Group are effectively maintained, as well as a Chief Financial Officer. Three further Non-Executives representing our major shareholders provide a wealth of experience and expertise both within and outside of the sectors that we operate, provide new perspectives and challenge. We consider that the size and composition of the board is appropriate for our current business.

We acknowledge the lack of diversity on the Group board, but remain committed to developing a more diverse workforce, particularly within senior roles in the organisation where we continue to make steady progress in achieving a better balance – for more details see www.pinnaclegroup.co.uk/our-team/.

Principle 3 – Directors' Responsibilities

The board has a programme of four principal meetings every year. This is supplemented by a further four "Shareholder Control Group" meetings between the shareholder representatives and senior management which provides a forum for sharing and discussing key performance information on all aspects of the business.

The board receives timely information on all the main areas of the business, including health & safety, risks and opportunities, financial and operational performance, and customer feedback.

As part of the business planning process, a list of strategic priorities to develop our service offering were identified. The board's key areas of focus during the year are set out in the Section 172(1) Statement.

Principle 4 - Opportunity and Risk

Our aim is to integrate risk-based decision making into Pinnacle's governance, planning, management, reporting, policies, values and culture.

As a contracting business delivering a wide range of services to communities, opportunity and risk come hand in hand. We have a robust Investment Committee process in place which provides the framework for managing contracting risks, including clear approval processes for submitting tenders and proposals, and subsequently entering into contract.

Our Risk Management Group (as delegated by the board) is tasked with enhancing the Group's risk management capability and engendering and embedding a culture that encourages and supports the early and appropriate identification and escalation of risks.

We stood down our Crisis Management team in FY23, as post-COVID business as usual activities became more certain. As a result we also took the decision to downgrade Pandemic as a Principal Risk of the business (it remains on the Group risk register), albeit we have the experience, structures and processes ready to reinstate should the need arise in future.

We have set out in the table below our considered Principal Risks:

Strategic	Wrong business strategy	Failure to grow profitably	Failure to manage reputation
Financial	Financial control failure		
Operational	Contract non-performance / non-compliance	Failure of major change initiative	Supply chain failure
People	Loss of key people	Skills shortage	Failure to act with integrity
Hazard	Disaster		
Legal & compliance	Material legal & regulatory compliance failure	Major information security breach	

Our Contract Oversight Group and Deal Forum continue to focus on opportunities for the business, both within our existing portfolio of contracts and externally.

Principle 5 – Remuneration

The Remuneration Committee's primary objective is to approve the terms of employment of senior management within the business, to ensure that we can retain quality staff who can deliver the Group's strategic goals in a manner consistent with both its purpose and the interests of its shareholders.

The CEO reports into the Remuneration Committee comprising three Non-Executive board Directors. It sat twice during the year, firstly to approve those terms of employment in line with the annual budget process, and secondly to consider the CEO's report regarding annual bonus proposals for the senior management team, and if thought acceptable, approve.

The Group published its sixth Gender Pay Gap report with data as at April 2022, and each year ExCom sit down to consider the findings and assess areas of focus looking forward. The latest report can be found on our website, but it is worth reflecting on some of the headlines here to confirm the progress we are making:

- 25% of our senior management population are now female (up from 11% in 2017). Looking at the overall management population, we have seen an increase from 32% female to 42% in the same timeframe.
- Looking at full time staff only, we have a negative mean pay gap, an indication of a good distribution of female and male staff in full-time roles at different levels across the organisation.
- Our overall mean pay gap now stands at 10.1%, which compares very well with the national average.

In addition, outside of any statutory reporting requirement, we have started recording and reporting on our Ethnicity Pay Gap, where our overall mean pay gap is 9.5%.

Principle 6 – Stakeholders

The manner in which Pinnacle Group is governed is critical to the long-term success of the business. The board's objective is to continue to build a sustainable business through consistent, profitable growth and to make sure that we act responsibly in meeting our accountabilities to all our stakeholder community.

Our brand has been built up by doing the right things the right way and reflects our core values: Respect, Involve, Trust, Challenge, and Deliver Excellence. Good governance and effective communication are essential to deliver our purpose and to protect the Company's brand, reputation and relationships with our shareholders, customers, staff, suppliers and the local communities in which we work.

To our customers, we are committed to delivering creative, imaginative and dependable solutions which will have a lasting and positive effect.

To our suppliers, we are committed to maintaining the highest standards of honesty and integrity and expect the same from them. We have rigorous processes in place to ensure that our suppliers are paid promptly, in accordance with contract terms. We are also committed to promoting the growth and development of small, localised, innovative businesses within our supply chain – 10% of our supply chain spend is ring-fenced for these businesses.

To our communities, we are committed to helping disadvantaged communities, organisations and individuals to participate fully in the life of their community by delivering excellent services and investing in the long term.

Our Staff

Our staff remain our largest material stakeholder group. Over time, we have developed a range of formal and informal channels that allow our staff to engage in meaningful two-way dialogue, enabling the sharing of ideas and/or concerns with senior management. Our approach, as outlined in our Managing the Pinnacle Way intranet pages, supports a positive workplace culture of openness and transparency. All staff are provided with a 2-page graphical summary of the business, which underlines our key messages. People are encouraged to raise issues in a number of ways, individually and as teams.

Two of the five Values that underpin our culture are Challenge and Involve. Positive indicators of "Involve" behaviours include "embraces the contribution of his/her colleagues", "co-operates with other team members, is open to others' ideas", with managers specifically encouraged to "involve staff in all decisions that affect them". Behaviours looked for in "Challenge" include "challenges the way we work – looks for alternative ways to deliver the service", ensuring that the sharing of everyone's ideas is woven into the fabric of the organisation, it takes place on a daily basis.

To complement this, there is a well-defined structure of team meetings, health & safety meetings, contract oversight group meetings, etc. where managers meet staff and talk about issues affecting their contract and the business overall. People are encouraged to speak openly, and managers are encouraged, as a function of creating the right environment for their teams, to make sure they understand the reality of the difficulties faced by their staff on a daily basis, support them, and take an interest in their staff and their problems.

The flow of communication with people's line managers is complemented by ad hoc Senior Manager walkabouts, webinars, Intranet updates, and a regular e-bulletin called Inside Angle, which keeps staff up to date on the latest developments and achievements across the Group and encourages contributions from everyone.

A number of virtual social "clubs" were established at the beginning of lockdown, including cookery, gardening and the ever-popular photography club, and these continue to thrive as part of the new normal.

ESG - People pillar

During the year we continued to develop our ESG framework (see https://www.pinnaclegroup.co.uk/esg/ for more information). One of our 4 pillars is Our People – with the following commitments to continue to put our people at the heart of what we do:

- Prioritise the happiness and wellbeing of our people
- Provide equal opportunities for all to realise their ambitions
- Bring employment opportunities to the local community

Happiness and Wellbeing

Our first commitment to Our People is prioritising their happiness and wellbeing. This begins with how our people are managed. That relationship is the most important of all, if we are to develop productive, rewarding, mutually beneficial relationships. Our performance management framework centres around the recognition that managing effectively involves embracing continuous feedback in the form of regular catch ups, including conversations on wellbeing.

Corporate Induction

During the year, we have revamped our Corporate Induction process – all new staff receive a welcome email from the Chief Executive, which includes a variety of links to corporate resources and "everything you need to get started at Pinnacle", including our ESG Commitments, our Workplace Culture (performance management framework, living the values, etc.), guide to Managing the Pinnacle Way, and where to Get Help.

We have also carried out a series of webinar sessions for all new managers, with refresher training for existing managers where appropriate, which covers all of the above but also sections on Recruitment and Retention, and a Managers' HR Responsibilities.

Building an Inclusive Culture

Diversity and inclusion are key to our unique culture. Our approach has always been about the individual and providing support to ensure opportunities are available to everyone.

Our business is made up of many diverse people who all bring with them unique qualities, experience and views to create thriving teams at work. Our workforce today is 47% female, 30% from ethnic minorities, with over 40 nationalities represented.

Internally we monitor our progress over time in this area using our Power BI People's Hub Dashboard. For more information, please refer to https://www.pinnaclegroup.co.uk/diversity-inclusion/.

Engagement Surveys

Equally as important to happiness and wellbeing is giving our people an effective voice through our Your Voice engagement surveys, so we understand what our people are thinking and feeling, and can react to any issues of concern, and replicate where people are having positive experiences of work.

During the year we continued with the roll-out of the Your Voice surveys across the Group, our response rate remaining above 40%. Going forward there is a programme in place to survey all staff on an annual rolling basis.

Results remain encouraging, with the following scores all out of 10:

- Engagement 8.3
- Happiness 7.9
- Intention to stay 7.8
- Net promoter score 7.1
- Strength of culture* 7.6
- Happiness with development 7.4
- Happiness with recognition 6.8
- Happiness with managers 7.5
- Happiness with inclusion 8.0

*covering evidence of the following: Respect – 8.3, Involvement – 8.3, Trust – 7.5, Challenge – 6.8, display of values by colleagues – 7.5 and display of values by managers 7.5.

After each survey, follow up sessions with all staff involved are run, resulting in various actions plans being drawn up with the involvement of everyone in the areas, ensuring buy in.

Results are published internally within our Power BI People's Hub Dashboard. In FY23, we developed the dashboard further to make these metrics available at contract level, and over time will become a fundamental measure we use in running the business alongside financial and customer satisfaction indicators.

Recognition

Recognition is a further component of happiness and wellbeing, whether that is through the regular catch ups in the performance management framework, the annual awards or recognition at a local, contract or area level.

During the year, following research with a wide variety of people in the business on their experience of local recognition, we consulted extensively with the business and published a broad Recognition Guidance framework outlining how managers could consider recognising individuals and teams at a local level. In FY24, there will be a series of workshops with managers throughout the business on putting the guidance into practice.

Development

Our second commitment to Our People is to provide equal opportunities for all to realise their ambitions. One of the key sections of the performance management framework involves having individual questions about development with our staff, to find out people's aspirations for the future and to help them be met. Going forward we are reviewing options to enhance the system, making the process easier for managers to follow and better support managers with focussed conversations about the development of their staff.

Acknowledging that this is one of our lower scoring areas of the Your Voice surveys, we have worked hard during the year to identify ways in which we can develop our offering to staff:

- we have launched a career pathway project
- we are running awareness campaigns highlighting the broader training available through the apprenticeship levy
- we are reviewing our existing performance management solution, to see how we can better prompt managers to have conversations about development as part of their 1-2-1 check ins, signpost managers to relevant development opportunities, and help organise their approach to development by for example linking statutory development to job roles.

We have sourced a provider to deliver online learning to complement our current management development offering (Trainee Manager Scheme, CMI Level 3, CMI Level 5, plus a series of on demand face to face workshops). With the provider now on-boarded, we will begin to roll out these new programmes to managers in the coming year.

Recruitment

Our third commitment to Our People is to bring employment opportunities to our local communities in which we work. We continue to perform well in this area, with nearly 50% of our workforce living within five miles of where they work, and almost 70% within ten miles.

Last year we repositioned the recruitment function to solely service our internal demand, supporting both permanent as well as temporary vacancies. During FY23, we have launched our Applicant Tracker System and published our Careers website https://www.pinnaclegroup.co.uk/careers/. This has made career opportunities within the Group more transparent to all staff, who can easily access them and respond on-line, rather than rely on notice boards. This has been supplemented by increased investment in LinkedIn recruitment. We also continue to hold career days at local sites with some success.

Furthermore we have launched our Employee Referral Scheme, which offers bonuses to staff who bring people into the business. These bonuses are paid once new starters have successfully completed their probation period.

Treating People Fairly

Finally, where things are not working, it is important that people know where they can turn. We have clear and comprehensive policies and procedures, and all staff are aware of how they can take advantage of those processes, including access to a confidential Employee Assistance Helpline.

Committees

Audit Committee

The Audit Committee's principal purpose is to recommend the appointment of external auditors to shareholders, oversee the integrity of the Company's financial information, ensure that the financial controls and risk management processes are robust and appropriate, and sign off the Audit Report.

In this financial year, the committee comprised three Non-Executive Directors. Additionally other individuals are invited to attend as and when appropriate, including the CEO, CFO, Finance Director, Group Commercial & Legal Director and our External Auditors.

The committee has a clearly defined terms of reference, which is reviewed annually alongside all other governance groups.

Remuneration Committee

The Remuneration Committee's primary objective is to approve the terms of employment of senior management within the business, to ensure that we can retain quality staff who can deliver the Group's strategic goals in a manner consistent with both its purpose and the interests of its shareholders. The committee also approves annual bonus proposals for the senior management team.

The committee firmly believes that attracting and retaining the best talent through competitive remuneration packages is key to the delivery of long-term sustainable value for all stakeholders.

In this financial year, the committee comprised two Non-Executive Directors. The CEO attends to present his recommendations.The committee has clearly defined terms of reference, which is reviewed annually alongside all other governance groups.

Executive Committee

The board delegates the day-to-day running of the business to the Group Chief Executive, who is supported by members of the Executive Committee (ExCom). ExCom is chaired by the Group Chief Executive and consists of individuals responsible for the main operating businesses and key functions. A biography for each ExCom member can be found at the Group's website www.pinnaclegroup.co.uk/our-team/

Principal risks and uncertainties

The board sets the risk appetite for the Company and reviews the Principal Risks on an annual basis.

Ownership and responsibility for risk management and controls are delegated to management (through the Risk Management Group). A comprehensive set of policies and procedures are available on the Company's Intranet. Risk registers are in place and maintained at divisional and function level. Risk registers are also in place for major contracts.

A risk management framework, procedural guide and Group policy are in place and available to employees.

The Risk Management Group convenes every six months (as a minimum) to consider existing risks, but also to identify any new and emerging risks. During the year we made the decision to stand down our Crisis management team, established at the back end of FY20 to coordinate our response to COVID-19. Much of the learning that we have gained through this experience is embedded within our operating model and remains in place in a post COVID-19 world. As a result, we have removed Pandemic from our Principal Risks. During the year we have also updated and published our Incident Response Plan, acknowledging the ever-increasing cyber risk with the ongoing focus now on scenario testing. The ongoing high inflationary environment is placing sustained pressure on not just our operating model but also supply chain partners and of course client budgets. We continue to work closely with all parties to ensure that our end users continue to receive the services they require. We have also considered the impact of war in relation to our continued ability to provide services to our customers, looking at both staffing and supply chain. Whilst these items are included on our Group Risk Register, we have decided not to include as Principal Risks, but these emerging risks remain on our "watch list".

Pinnacle's Principal Risks are explained below.

1. Strategic

Wrong Business Strategy - employing the wrong business strategy and not being able to adapt to change could lead to a decline in financial viability of the business, job losses, reputational damage, and loss of market share.

Failure to Grow Profitably - could result in the business stagnating, limited access to funding/capital, and an inability to invest in new growth strategies, equipment or technologies.

Our Governance structure creates an environment for regular monitoring and reporting of progress, review of the markets and competition in which we operate, adapting to change quickly as required.

Failure to Manage Reputation - our strong reputation in the market is paramount to the long-term success of the Group. Failure to manage our reputation would negatively impact on our ability to retain existing business and win new work.

We believe that by conducting business in line with our business values, with honesty and integrity, and delivering on our promises will protect and enhance our reputation. We actively seek feedback from our customers and end users to ensure that we are achieving this.

During the year we have had some reputational challenges on one of our major contracts, and as a result we have strengthened both our internal and external resources to manage the position and our messaging more proactively, making it much clearer to our end-user and other stakeholders the extent of our responsibilities under the contract.

2. Financial

Financial Control Failure - failure to have robust control systems and processes in place could lead to fraud, loss of income and have a significant negative impact on our available working capital.

We ensure robust, efficient and auditable financial controls are in place, understood and followed. We have multi-tiered approval levels, and an appropriate segregation of duties. This is reinforced through our cloud based financial accounting system – AIQ, our on-line payment system, and our in-house developed Power BI Business Dashboards.

Rigorous supply chain checks are carried out (as part of the on-boarding process and at regular intervals) to reduce risk of fictitious suppliers. Training programmes and review checks in place to mitigate against human processing errors.

3. Operational

Contract non-performance - can lead to deductions, costly rectification, additional performance monitoring, step-in or ultimately termination of a contract. This will additionally damage our reputation in the marketplace, and impact on our ability to successfully grow the business.

Our Contract Oversight Group structure ensures robust monthly reporting and review of key contract performance, covering financial and operational performance, commercial risks and opportunities, corporate KPIs and client feedback. Quarterly, a summary report is issued and discussed with shareholders (Shareholder Control Group).

Supporting this is our ISO9001 framework, which regularly undertakes compliance audits of our key processes and contracts, and records and addresses any non-conformities.

Failure of major change initiative - we have a dedicated Project Management Office function in place to ensure that all major change programmes are scoped, costed, managed and monitored in a consistent and professional manner, mitigating the risk of delay, cost overrun and lack of adoption.

Supply Chain failure - resulting in our inability to obtain or purchase goods or services critical to the delivery of our contractual obligations.

All supply chain management is managed centrally through the Procurement team. They carry out regular due diligence on key supply chain partners, including credit checks. With supply chain failures occurring more frequently due to economic pressures, we have increased the frequency of these activities for key suppliers. We have a strategy to ensure there is no single point of failure, with alternative suppliers in place should any problems arise with our preferred suppliers. Where possible, we limit our supply to UK based partners who can source from the UK.

4. People

Loss of key people, skills shortage - our employees are the lifeblood of our business. The inability to recruit, retain, manage and reward our people could lead to an un-motivated workforce, unable to deliver contracted services and negatively impact on both operational and financial performance. It would also impact on our ability to grow the business in a sustainable way.

We ensure that clear succession plans are in place for all key people, with documented roles and responsibilities. Our performance management framework is embedded in the organisation and supports the development of our employees in accordance with our Company values, highlighting any gaps and training needs. We have staff development and upskilling programmes in place to cover potential shortfalls and limit reliance on external skills at higher levels.

In recent years the job market has become more challenging, with a number of sectors paying premiums to secure talent. Our task remains to keep Pinnacle as a place people want to work, where performance is well-rewarded with real opportunities to develop long-term careers within the business.

Our staff represent more than 40 nationalities across the business. Therefore in light of the ongoing war in Ukraine, we regularly monitor our exposure should any one or more nation become involved in war, and this is reflected in local BCPs.

Failure to act with integrity - where the leadership team, or employees, act with wilful or reckless disregard of legal requirements, obligations, ethics, standards or rules. Depending on severity of the failure, this could lead to reputational damage, legal proceedings, costly rectification and penalties.

We have a strict corporate governance framework and a Code of Conduct which supports doing business the right way. We call this Managing the Pinnacle Way.

5. Hazard

Disaster - failure to maintain high standards of health, safety and environmental management could result in harm to employees, our customers and end-users, or the environment, with consequential fines and reputational damage. Inability to be able to recover quickly from disasters (whether of our own making or not) would impact on the ongoing viability of the business.

The business takes its safety obligations very seriously, with any issues reported through the quarterly Health & Safety Committee and escalated to the board as necessary. This was particularly important during the COVID-19 pandemic, ensuring the safety of our staff, our customers and other members of the public whilst continuing to deliver essential front-line services to the communities we serve. We also launched an internally developed application which monitors the internal audit process and highlights where remedial actions are required and the timely completion thereof.

We have a set of robust and tested business continuity plans across all areas of the business. Our workforce and office / site locations are geographically spread across the UK, minimising full-service disruption. Furthermore, we operate cloud-based IT systems, accessible globally (when necessary).

6. Legal & Compliance

Material legal & regulatory compliance failure - failure to comply with applicable laws and regulations may lead to prosecution, significant fines and damage to Pinnacle's reputation. It could also prohibit us from bidding for public sector contracts.

Our Commercial & Legal, HR and Health & Safety functions (amongst others) ensure they regularly monitor legal and regulatory changes and assess and communicate to the business the impact of those changes. This oversight is embedded in all our governance groups, which include regular framework and policy reviews.

Building Safety is high on the political agenda – during the year we have set up a team to review and monitor our obligations (and those of our clients) under Building Safety Act.

Major information security breach - cyber risk and protection of data is an ever-increasing risk across many businesses, as hacking, phishing and ransomware attacks get more and more sophisticated. We have continued to invest in technology to protect the Group in this regard, and this year maintained the government's Cyber Essentials Plus accreditation.

However, we cannot rely on this alone to keep the Company's (and our customers') data safe. Our first line of defence is the staff that work for us, whilst recognising that human error is also our weakest link. Therefore, as part of our established Information Security Management System (which has achieved ISO27001 accreditation), we have an ongoing on-line information and data security training programme to ensure that our staff are regularly reminded of the risks at play, our policies and what to do if they receive any suspicious activity on their account. We also publish internally a quarterly update to reflect on the results of our training, assess the resilience of our infrastructure and highlight the dangers from increasingly sophisticated threat actors.

Despite all the preventative measures we have in place, we have also taken the additional step and have insured the business against cyber risk. The cyber market continues to be a challenge albeit rates (whilst still increasing) are now starting to soften with more capacity entering the market. We continue to see reduced limits available and additional exclusions.

Streamlined Energy and Carbon Reporting (SECR)

Pinnacle Group is a community-facing, people-first business that delivers, manages, and maintains communities and places where people live, work, learn and play. This includes a portfolio of 80,000+ mixed-tenure homes and, 200+ schools as well as open spaces, public and private buildings, retail, distribution centres, manufacturing and a range of complementary employment and wellbeing outcomes.

Pinnacle continued to work alongside its carbon reduction consultants, Greenstone, to ensure the Group's reporting is robust and meets the very best industry standards. During the financial year, Greenstone updated its software with the new Department for Environment Food and Rural Affairs (DEFRA) Emission Factors, ensuring that our carbon footprint calculations follow latest guidance, are up to date and accurate.

During the reporting period, Pinnacle also published three key documents outlining our commitment, targets, and initiatives to achieving net zero on both direct and indirect emissions. These include:

- ESG Impact Report
- Carbon Reduction Plan
- Plan to Net Zero

The ***ESG Impact Report*** outlines initiatives and key achievements across the Group, including those that fall under the Protect Our Planet pillar around sustainability, good governance, social impact and our people.

The ***Carbon Reduction Plan*** declaration commits the Group to achieving the UK Governments net zero targets by 2050. Pinnacle has set targets of being Net Zero in 2025 (FY26), on direct emissions (scopes 1 and 2) and 2035 on all emissions (direct and indirect), well ahead of the Government's 2050 target.
The ***Plan to Net Zero*** sets out a clear path to Net Zero and the projects and initiatives identified to reach our Science Based Targets.

Various projects are already underway to reduce the Group's impact on the environment whilst ensuring we have the right policies in place. This helps us to ensure our people, our clients and our suppliers are all playing their part in our net zero journey and ultimately tracking our journey towards transforming communities, changing lives.

Good progress has been made in FY23 on various projects including Project Electrify (electrifying the Groups fleet of vans and cars), Project Green Energy (migrating all end of term utility supply contracts to green energy across our estate of offices and depots).

The Group has also developed Carbon Footprint Awareness Sessions that are being delivered divisionally across Pinnacle. The sessions provide a simple summary of our targets and how we will meet them, what this means in terms of emission reductions, divisional/sub-divisional carbon footprint breakdowns and areas for improvement. The aim is to enhance all employees' understanding of our net zero journey and engage/involve them to make a difference and collectively reduce the Group's emissions.

The reporting period covered another globally challenging year most notably due to inflation, the war in Ukraine and the energy crisis putting huge pressures on companies. Despite this the Group continued to make progress on its net zero journey. Some highlights include:

- Continuing the roll out of our new EV fleet. By the end of FY23 the Group had 41 EVs in fleet, with a further 84 already ordered for delivery in FY24. This has a potential saving of 625 tCO_2e annually on our direct emissions.
- Transitioning 20% of the Groups offices to 'green' energy tariffs, saving the Group approximately 15.5 tCO_2e annually.
- Developing and monitoring of the Group's fleet management dashboard which includes driver behaviour information obtained from the vehicle telematics and data analysis which has had a positive impact on performance. For example, reducing idling for one hour can save 1.44 litres of fuel, assuming a driver idles for one hour five days a week, 374 litres of fuel per vehicle per year could be saved by simple behavioural changes through driver awareness campaigns.

Over the coming year, we will set achievable targets to further reduce our carbon footprint and GHG emissions by:

- Automating processes so we can start increasing the frequency that we measure and report on our carbon footprint in the future.
- Continuing to roll out our EV fleet and partnering with an EV charge point installer to implement our own EV charging infrastructure across various offices, depots, and employee homes.
- Switching to green energy where contracts are up for renewal, and this is not currently being procured.
- Continuing to evaluate our occupied spaces and where possible, moving to smaller, more carbon efficient spaces, or upgrading our existing spaces with energy efficient technology, such as LED lighting where possible.
- Continuing to engage with our suppliers and implement a Supplier Management System. This will allow us to obtain real time data from our suppliers on their carbon footprint, enabling us to use more accurate and reliant data in calculating our own carbon footprint.
- Promoting the use of various Group initiatives available to employees including, the Cycle to Work Scheme and Salary Sacrifice Scheme to encourage employees to make use of sustainable transport methods.

We will continue to set specific goals in the areas where we can make the most meaningful impact and generate the biggest results, aligning them to the Pinnacle business model and values.

This report has been generated by identifying all GHG sources within the Group that fall within the required reporting scopes for scope 1, 2 and category 6 of scope 3 (business mileage) for the period 1/04/2022 to 31/03/2023.

Scope 1
GHG emissions from sources that are owned or controlled by the organisation e.g., emissions from combustion in owned or controlled boilers, furnaces, and vehicles and GHG emissions from owned or controlled process equipment e.g., air conditioning systems.

Scope 2
GHG emissions from the generation of electricity, steam or heating/cooling consumed by an organisation, i.e., purchased or otherwise brought into the organisational boundary. GHG emissions from such sources are a consequence of the organisation's activities but physically occur at the source / facility where the electricity, steam or heating/cooling is generated.

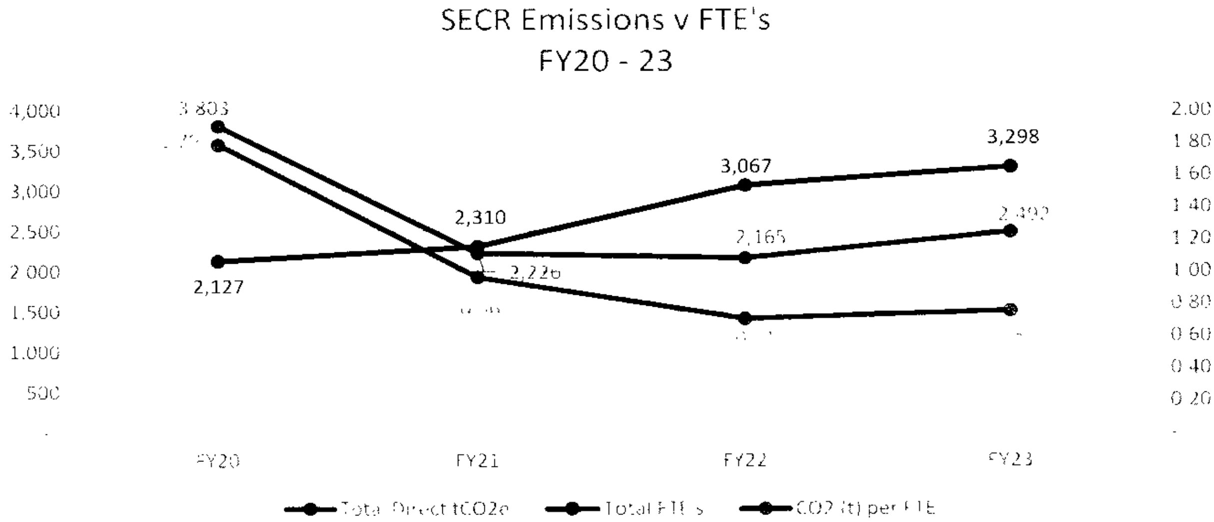
Scope 3, Category 6
GHG emissions from the transport of employees for business-related activities during the reporting year in vehicles that the reporting company does not own or operate.

Green House Gas Emissions Table

[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Scope 1 Emissions (emissions from combustion of fuel)	Fuel	Natural Gas	**35**	**28**
	Road Business	Agricultural	**130**	**142**
		Car	**30**	**47**
		Construction	**77**	**92**
		HGV	**37**	**55**
		LCV	**1,932**	**1,589**
Total Scope 1 Emissions			**2,241**	**1,953**
Scope 2 Emissions from electricity	Electricity (Grid)	Standard Grid	**88**	**79**
Total Scope 2 Emissions			**88**	**79**
Scope 3 Category 6 Business Travel (Road Business)	Road Business	Car	**163**	**133**
Total Scope 3 Emissions			**163**	**133**
			2,492	**2,165**
Emissions intensity ratio (CO_2 (t) per FTE, total 2,492 (FY22: 3,067))			**0.76**	**0.71**

STRATEGIC REPORT (CONTINUED)
FOR THE YEAR ENDED 31 March 2023

The total carbon dioxide equivalent emissions from the above sources for the period 1 April 2022 to 31 March 2023 is 2,492 tonnes of CO_2e, calculated according to the GHG Protocol, which equates to an emissions intensity ratio per FTE of 0.76 CO_2 (t), a 5.6% increase year-on-year. The marginal year-on-year increase is attributable to major new business wins resulting in an increase in employees by 7.5% to 3,298 FTEs for the year. This resulted in an additional 130 company vehicles, which due to lengthy EV lead times were petrol/diesel in the short-term increasing our FY23 emissions significantly. Most of these vehicles will be replaced with EVs during FY24.



Directors' statement of compliance with duty to promote the success of the Group

This report sets out how the Directors comply with the requirements of Section 172 of Companies Act 2006 and how these requirements have impacted the board's decision making throughout the year.

This report was approved by the board on 14 September 2023 and signed on its behalf.

P M A Lloyd
Group Chief Executive

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2023

Financial Statements

The directors present their report and the audited financial statements of the Group for the year ended 31 March 2023.

Results and dividends

The profit attributable to equity holders for the year, after taxation, amounted to £24,652k (2022: £4,538k).

During the year, the Group paid dividends totaling £1,109k (2022: £1,397k). Total dividends issued and paid post year end are £14,769k.

Description of the Business

Pinnacle is a community-facing, people-first business that delivers, manages and maintains communities and places where people **Live, Learn, Work & Play** – including multi-tenure housing, schools, open spaces, public/private buildings, retail centres, manufacturing plants, utilities and broadband networks – as well as a range of wellbeing outcomes.

On behalf of the public sector, institutional investors, registered housing providers and private sector partners, we deliver tailored solutions that are not just comprehensive and integrated, but also create long-term value within the communities we serve.

Future developments

This is covered under the Strategic Direction and Outlook section included within the Group Strategic report.

Donations

Charitable donations of £23k (2022: £8k) were made during the year. No political donations were made in the year (2022: £nil).

Payments to suppliers

Settlements terms are agreed with suppliers as part of the contract terms, and it is the Group'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 26 days (2022: 24 days).

Financial instruments

The Group is exposed to the usual credit risk and cash flow risk associated with standard 30-day payment terms 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. Further information is provided in note 30 to the financial statements.

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
J R S Newiss
R M H Croft-Sharland
K L S Dhanoa (resigned on 13 February 2023)
C W T Tsang
K B Catlett (appointed on 22 February 2023)

Statement of Corporate Governance arrangements

The board of Directors recognises the importance of high standards of corporate responsibility and governance. Please see our separate Corporate Governance Statement for more details of our approach. In addition, this is evidenced through the following:

Covid-19

Throughout FY22 (and indeed since March 2020) our staff have demonstrated time and again their commitment and skill to support our continued operations as well as the communities we serve. Our Company has continued to work tirelessly to reduce risks for all our employees, clients, customers and the communities we operate in.

We firmly believe that we emerged from the pandemic an even better and stronger organisation than the one that entered it, with the valuable learning that has been achieved over the last 24 months.

We are proud of each team member at Pinnacle for upholding our values and delivering service excellence above and beyond requirements in these unprecedented times.

Health and Safety

The Group recognises the fundamental importance of effective health and safety management and is committed to providing a secure, safe, and healthy environment for our employees and supply chain partners, our residents and building users, and other members of the public with whom we interact.

The ongoing and sustained success of our health and safety policy requires the involvement and commitment of everybody within the Company. Every employee has both a moral and legal obligation to co-operate in all health and safety matters and to take reasonable care for their own health and safety and that of others. In addition to this, the Company will also have a financial obligation to ensure we have good health and safety systems in place.

We provide clear and accessible frameworks, training and management support for all our work environments *to be safe places for our teams and the communities around us. This applies to physical safety in the form of* practical and behavioural training programmes, as well as digital safety.

Everyone understands their responsibilities and how working together can improve the overall health and safety culture of our Company. We continue to promote the sharing of best practice and information across the Group to help continuously improve standards as well as ensuring our knowledge and expertise matches our growth.
To support the above, our health and safety management system is CHAS and ISO45001 accredited.

Environment, Social, Governance (ESG)
Each day our teams go above and beyond to protect our planet, care for our people, have a positive impact in the community and deliver our services in a responsible and ethical manner. These actions directly align with our purpose of transforming communities, changing lives.

Our ESG framework is structured around four pillars – '**Protect Our Planet**', '**Our People**', '**Community Impact**' and '**Responsible Business**'.

To bring rigour to our measurement and reporting of ESG over the coming years, we are aligning to the TOMS framework and progress will be reviewed regularly by a dedicated ESG team. During the period we published our ESG Year in Review, which highlights many of our key achievements in 2022. In addition to this, we developed an ESG dashboard aligned to our four pillars, so all teams across the business can track their ESG journey throughout the year.

Protect Our Planet
In February 2022, the Group committed to and published its Carbon Reduction Plan. The plan states our target of being a direct emissions net zero company in 2025, well ahead of the government's 2050 target.

The Group has made notable progress over the reporting period to further reduce its carbon emissions, despite the significant growth in turnover, FTE's and vehicle fleet. These reductions are a direct result of the various initiatives implemented since establishing our carbon emissions baseline in FY20. Further information on our emissions, initiatives and targets can be found in the Streamlined Energy and Carbon Report (SECR) section of this report.

Our People
Our HR framework seeks to ensure that employee experience is maximised at all stages of the employee lifecycle, to make the Group an attractive and rewarding place to work. During FY23, we have articulated this into three overriding commitments as below:

- Putting our people's happiness and wellbeing first;
- Providing equal opportunities for all to achieve their ambitions; and
- Bringing employment opportunities to the local community

Disabled employees

The Group gives full consideration applications for the employment from disabled persons where the candidate's particular aptitudes and abilities are consistent with adequately meeting the requirements of the job. Opportunities are available to disabled employees for training, career development and promotion.

Where existing employees become disabled, it is the Group's policy to provide continuing employment wherever practicable in the same or an alternative position and to provide appropriate training to achieve this aim.

How we achieve these commitments is discussed in more detail in the Corporate Governance Statement section within this report.

Community Impact

Pinnacle always places the public at the heart of our services by creating healthier, safer and more resilient communities where people want to live and can thrive. To achieve this, staff are fully empowered to work with local stakeholders and provide added value so we can have the biggest impact possible in the areas we work. From giving thousands of hours of our time volunteering to help local causes, to launching and running community employability programmes through to raising awareness and funds for charitable causes.

FY23 was no different, our teams volunteered their time, with around 1,000 hours given and thousands of pounds donated to various charities and organisations during the year.

We have set up an internal Armed Forces Network to help us more effectively support our own community of ex-service personnel, reservists and their families, as well as better reach out in society to assist whether it be through providing careers, supporting relevant charities, or raising awareness.

As we continue to do more in the numerous communities we serve, Pinnacle People gets right to the heart of assisting long-term unemployed and the more vulnerable members of society back into work. This is achieved through CV support, employability programmes, soft skills training and much more.

Responsible Business

We are a values-led business and put great emphasis on doing the right thing at all times. To that end a number of formal Governance groups operate within the Group, which are governed and supported by a suite of Policy & Procedure documents and clearly defined Terms of Reference. Our aim is to integrate risk-based decision making into Pinnacle's governance, planning, management, reporting, policies, values and culture.

Being a responsible business is underpinned by our Corporate Governance Statement and S172(1) Statement, both of which can be found within this report.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

Disclosure of information to the Auditor

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

(a) so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are aware, and

(b) 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 and the Group'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 14 September 2023 and signed on its behalf.

C M Hodson
Chief Financial Officer

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

The directors are responsible for preparing the Annual report and consolidated 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 Group financial statements in accordance with UK-adopted international accounting standards and the Company 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 Group and Company and of the profit or loss of the Group 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 UK-adopted international accounting standards have been followed for the Group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the Company financial statements, 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 Group and Company will continue in business.

The directors are responsible for safeguarding the assets of the Group and 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 Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group's and 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 Group's and Company's auditors are aware of that information.

Independent auditors' report to the members of Pinnacle Group Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- Pinnacle Group Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2023 and of the group's profit and the group's cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards as applied in accordance with the provisions of the Companies Act 2006;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework", and applicable law), and
- the financial statements 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 Consolidated Financial Statements (the "Annual Report"), which comprise: the Consolidated and Company statements of financial position as at 31 March 2023; the Consolidated statement of profit or loss, the Consolidated statement of other comprehensive income, the Consolidated statement of cash flows, and the Consolidated and Company statements 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 group 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

Our evaluation of the directors' assessment of the group's and the company's ability to continue to adopt the going concern basis of accounting included:

- Reviewed the Directors going concern paper to ensure the cash flow assumptions are consistent with the Board approved forecasts and our understanding of the outlook for the Group's businesses and the wider market;

- Performed inquiry of each divisional managing director to understand the detailed outlook for their area of the Group and understanding of future plans;
- Compared the FY23 actual performance against forecast prepared in the prior year to assess management's ability to forecast accurately;
- Challenged the key assumptions applied and considered the appropriateness of each key assumption;
- Assessed the integrity and mathematical accuracy of the formulas in the model,
- Reviewed the severe but plausible downside prepared by the Directors and performed our own independent sensitivity analysis, and
- Reviewed the disclosure relating to going concern within the financial statements.

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 group's and 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 group's and 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 Strategic report and 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.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2023 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 group and company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more ful y 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 fa r 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 financ a statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters re ated to going concern and using the going concern basis of accounting unless the directors e ther intend to liquidate the group or 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 M sstatements 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

Irregular ties, including fraud, are instances of non-comp iance with laws and regulations. We design procedures n line with our responsib ities, 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 group and industry, we identif ed that the principal risks of non-compliance w th laws and regulations related to the Land ord & Tenants Act 1985, and we considered the extent to which non-compliance might have a material effect on the financial statements. We a so cons dered those aws and regulations that have a direct impact on the financial statements such as the Companies Act 2006, taxation legislation, and payroll laws and regulations. We eva uated management's incentives and opportunities for fraudulent man pulation of the financial statements (inc uding the risk of override of controls), and determined that the pr ncipal risks were related to posting of inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, divisiona managing directors and group legal counsel;
- Challenging the key assumptions made by management n their accounting estimates, inc uding in our audit work n respect of the carrying value of goodwill, expected / estimated cred t losses provision and the valuation of the defined benefit obligations;
- Identifying and testing journal entries meeting certain risk criteria in part cular any journal entries posted with unusual account combinations, journal entries containing unusual words and certa n post-close and consolidation journals; and
- Reviewing relevant meeting minutes includ ng 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 regulat ons that are not closely related to events and transactions reflected in the financial statements Also, the risk of not detect ng 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 responsibi ities for the audit of the financ al 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 company financial statements are not in agreement with the accounting records and returns.

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
18 September 2023

CONSOLIDATED STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £000	*As restated* *2022* *£000*
Revenue	7	**175,117**	*135,317*
Raw materials and consumables		**(48,665)**	*(36,321)*
Staff costs	9	**(94,506)**	*(71,472)*
Depreciation, amortisation and impairment	8	**(6,810)**	*(5,828)*
Administration and operating expenses		**(16,754)**	*(16,718)*
Profit from operations		**8,382**	*4,978*
Finance income	11	**340**	*1*
Finance expense	11	**(2,565)**	*(1,261)*
Share of joint venture results and post-tax losses of equity accounted associates	18	**(256)**	*(580)*
Other gains	10	**21,661**	*1,674*
Profit before tax		**27,562**	*4,812*
Tax expense	12	**(1,334)**	*(524)*
Profit from continuing operations		**26,228**	*4,288*
(Loss)/profit on discontinued operations	13	**(2,961)**	*397*
Profit for the year		**23,267**	*4,685*
Profit/(Loss) for the year attributable to:			
Equity holders of the parent		**24,652**	*4,538*
Non-controlling interests		**(1,385)**	*147*
Profit for the year		**23,267**	*4,685*

The comparative balances have been restated due to the disposal of Pinnacle Power Limited during the year and therefore classification of this business as discontinued operation.

The notes on pages 44 to 106 form part of these financial statements.

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

		2023	*As restated* 2022
		£000	*£000*
Profit for the year		**23,267**	*4,685*
Actuarial (loss)/gain on defined benefit pension schemes, net of deferred tax	29	**(273)**	*899*
Other comprehensive (expense)/income for the year, net of tax		**(273)**	*899*
Total comprehensive income		**22,994**	*5,584*
Total comprehensive income/(expense) attributable to:			
Equity holders of the parent		**24,379**	*5,437*
Non-controlling interests		**(1,385)**	*147*
Total comprehensive income		**22,994**	*5,584*
Total comprehensive income/(expense) for the period attributable to the parent			
Continuing operations		**27,340**	*5,040*
Discontinued operations		**(2,961)**	*397*
Total comprehensive income		**24,379**	*5,437*

The notes on pages 44 to 106 form part of these financial statements.

PINNACLE GROUP LIMITED
REGISTERED NUMBER: 04240859

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	2023 £000	*2022 £000*
Assets			
Non-current assets			
Property, plant and equipment	14	**28,416**	*14,798*
Investment property	15	**14,428**	*13,171*
Intangible assets	16	**16,590**	*16,824*
Investments in associates and joint ventures	18	**2,198**	*2,271*
Long-term loan receivable	24	**473**	*-*
Employee benefit assets	29	**1,300**	*1,456*
Deferred tax assets	23	**116**	*353*
		63,521	*48,873*
Current assets			
Inventories	19	**49**	*154*
Trade and other receivables	20	**45,124**	*44,043*
Cash and cash equivalents		**26,062**	*6,362*
		71,235	*50,559*
Total assets		**134,756**	*99,432*

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2023

	Note	2023 £000	*2022 £000*
Liabilities			
Non-current liabilities			
Other liabilities	22	**628**	*984*
Long term lease liabilities	27	**37,839**	*23,038*
Provisions	26	**394**	*677*
Deferred tax liabilities	23	**2,485**	*2,383*
		41,346	*27,082*
Current liabilities			
Trade and other payables	21	**23,662**	*29,746*
Short term borrowings	25	**3,622**	*-*
Short term lease liabilities	27	**5,749**	*4,781*
		33,033	*34,527*
Total liabilities		**74,379**	*61,609*
Net assets		**60,377**	*37,823*
Equity attributable to equity holders of the parent			
Share capital	28	**2,401**	*2,401*
Capital redemption reserve		**678**	*678*
Retained earnings		**57,298**	*34,030*
		60,377	*37,109*
Non-controlling interest		**-**	*714*
TOTAL EQUITY		**60,377**	*37,823*

The financial statements on pages 34 to 106 were approved and authorised for issue by the board of directors on 14 September 2023 and were signed on its behalf by:

C M Hodson
Chief Financial Officer

The notes on pages 44 to 106 form part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	2023 £000	*2022 £000*
Assets			
Non-current assets			
Property, plant and equipment	14	**1,064**	*1,313*
Intangible assets	16	**32**	*36*
Investments	17	**61,588**	*58,236*
Investments in associates and joint ventures	18	**1,843**	*1,843*
Long term loan receivable	24	**473**	-
Deferred tax assets		**1,038**	*684*
		66,038	*62,112*
Current assets			
Trade and other receivables	20	**26,757**	*17,842*
Cash and cash equivalents		**25,158**	-
		51,915	*17,842*
Total assets		**117,953**	*79,954*

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 MARCH 2023

	Note	2023 £000	*2022 £000*
Liabilities			
Non-current liabilities			
Long term lease liabilities	27	**461**	*685*
Deferred tax liabilities	23	**8**	*28*
		469	*713*
Current liabilities			
Bank overdrafts		**-**	*3,389*
Trade and other payables	21	**74,418**	*53,470*
Short term borrowings	25	**3,622**	*-*
Short term lease liabilities	27	**402**	*433*
Total liabilities		**78,911**	*58,005*
Net assets		**39,042**	*21,949*
Equity attributable to equity holders of the parent			
Share capital	28	**2,401**	*2,401*
Capital redemption reserve		**202**	*202*
Retained earnings		**36,439**	*19,346*
TOTAL EQUITY		**39,042**	*21,949*

The Company's profit for the year was £18,202k (2022 - loss £127k).

The financial statements on pages 34 to 106 were approved and authorised for issue by the board of directors on 14 September 2023 and were signed on its behalf by:

C M Hodson
Chief Financial Officer

The notes on pages 44 to 106 form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Share capital	Capital redemption reserve	Retained earnings	Total attributable to equity holders of parent	Non-controlling interest	Total equity
	£000	£000	£000	£000	£000	£000
At 1 April 2021	2,401	678	29,989	33,068	567	33,635
Profit for the year	-	-	4,538	4,538	147	4,685
Other comprehensive income	-	-	899	899	-	899
Total comprehensive income for the year	-	-	5,437	5,437	147	5,584
Dividends	-	-	(1,397)	(1,397)	-	(1,397)
Total distributions to equity holders	-	-	(1,397)	(1,397)	-	(1,397)
At 31 March 2022	**2,401**	**678**	**34,029**	**37,108**	**714**	**37,822**
At 1 April 2022	2,401	678	34,029	37,108	714	37,822
Profit/(loss) for the year	-	-	24,652	24,652	(1,385)	23,267
Other comprehensive expense	-	-	(273)	(273)	-	(273)
Total comprehensive income for the year	-	-	24,379	24,379	(1,385)	22,994
Deconsolidation following disposal of subsidiary (see note 13)	-	-	-	-	671	671
Dividends	-	-	(1,109)	(1,109)	-	(1,109)
Total distributions to equity holders	-	-	(1,109)	(1,109)	-	(1,109)
At 31 March 2023	**2,401**	**678**	**57,298**	**60,377**	**-**	**60,377**

The notes on pages 44 to 106 form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Share capital	Capital redemption reserve	Retained earnings	Total equity
	£000	£000	£000	£000
At 1 April 2021	2,401	202	20,870	23,473
Loss for the year	-	-	(127)	(127)
Total comprehensive expense for the year	-	-	(127)	(127)
Distributions to equity holders				
Dividends	-	-	(1,397)	(1,397)
Total distributions to equity holders	-	-	(1,397)	(1,397)
At 31 March 2022	**2,401**	**202**	**19,346**	**21,949**
At 1 April 2022	2,401	202	19,346	21,949
Profit for the year	-	-	18,202	18,202
Total comprehensive income for the year	-	-	18,202	18,202
Distributions to equity holders				
Dividends	-	-	(1,109)	(1,109)
Total distributions to equity holders	-	-	(1,109)	(1,109)
At 31 March 2023	**2,401**	**202**	**36,439**	**39,042**

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £000	2022 £000
Cash flows from operating activities			
Profit for the year		**23,267**	*4,685*
Adjustments for			
Depreciation, amortisation and impairment	8	**6,810**	*6,200*
Bad debt written off		**1**	*18*
Finance income		**(339)**	*(62)*
Finance expense		**2,565**	*1,340*
Share of post-tax losses of equity accounted associates	18	**256**	*580*
(Profit)/loss on disposal of property, plant and equipment		**(30)**	*19*
Other gains	10	**(21,661)**	*(1,674)*
IAS 19 pension loss		**(176)**	*(164)*
Income tax expense	12	**1,334**	*473*
Movement in provisions	26	**(167)**	*4*
Adjustments in relation to discontinued operation	13	**233**	-
		12,093	*11,419*
Movements in working capital:			
Increase in trade and other receivables	20	**(1,197)**	*(7,171)*
Decrease/(increase) in inventories	19	**105**	*(2)*
(Decrease)/increase in trade and other payables	21	**(2,035)**	*6,064*
(Decrease) in other liabilities		**(356)**	*(528)*
Cash generated from operations		**8,610**	*9,782*
Income tax paid		**(919)**	*(486)*
Interest paid		**(2,573)**	*(1,288)*
Net cash from operating activities		**5,118**	*8,008*

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £000	*2022* *£000*
Cash flows from investing activities			
Proceeds from sale of shares of investments	13	**21,677**	*3,518*
Payments for and deferred consideration shares purchased		**(3,536)**	*(9,994)*
Purchases of property, plant and equipment	14	**(789)**	*(652)*
Other pass-through income*		**500**	-
Purchase of intangible assets	16	**(162)**	*(580)*
Net cash from/(used in) investing activities		**17,690**	*(7,708)*
Cash flows from financing activities			
Issue of loan note receivable	24	**(453)**	-
Draw down of bank borrowings	25	**3,564**	-
Dividends paid to Company's equity holders		**(1,109)**	*(1,397)*
Payment of lease liabilities	27	**(5,110)**	*(4,430)*
Net cash used in financing activities		**(3,108)**	*(5,827)*
Net cash increase/(decrease) in cash and cash equivalents		**19,700**	*(5,527)*
Cash and cash equivalents at the beginning of year		**6,362**	*11,889*
Cash and cash equivalents at the end of the year		**26,062**	*6,362*

The notes on pages 44 to 106 form part of these financial statements.

*Other pass-through income of £500k (2022: £nil) relates to overage income from a subsidiary's investment.

1. Reporting entity

Pinnacle Group Limited (the 'Company') is a limited company incorporated in the United Kingdom. The Company's registered office is at 8th Floor Holborn Tower, 137-144 High Holborn, London, WC1V 6PL. These consolidated financial statements comprise the Company and its subsidiaries (collectively the 'Group' and individually 'Group companies'). The Group is primarily involved in providing people-first services across a range of community-facing assets and infrastructure including multi-tenure housing, schools, open spaces, public buildings, utilities and broadband networks, as well as a range of complementary employment and wellbeing outcomes.

2. Basis of preparation

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

The financial statements of Pinnacle Group have been prepared in accordance with UK-adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The Company's individual financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006. They were authorised for issue by the Company's board of directors on 14 September 2023.

Details of the Group's accounting policies, including changes during the year, are included in note 3.

The Company has taken advantage of the exemption available under section 408 of the Companies Act 2006 and elected not to present its own Profit and Loss Account or Statement of Comprehensive Income in these financial statements.

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

The areas where judgements and estimates have been made in preparing the consolidated financial statements and their effects are disclosed in note 6.

2.1 Basis of measurement

The financial statements have been prepared on the historical cost basis with the exception of defined benefit plan assets that are stated at their fair value.

2. Basis of preparation (continued)

2.2 Changes in accounting policies

i) New standards effective during the financial year

There was no impact arising from new standards or amendments effective during the financial year.

ii) New standards, interpretations and amendments not yet effective

The following new standards, interpretations and amendments, which are not yet effective and have not been adopted early in these financial statements, will or may have an effect on the Company's future financial statements:

- IFRS 17 Insurance Contracts.
- Amendments to IFRS 9 Prepayment Features with Negative Compensation and modifications of financial liabilities.
- Annual Improvements to IFRS Standards 2018 – 2020 Cycle.
- Classification of Liabilities as Current or Non-current – Amendments to IAS 1.
- Property, Plant and Equipment: Proceeds before intended use – Amendments to IAS 16.
- Reference to the Conceptual Framework – Amendment to IFRS 3.
- Onerous Contracts – Cost of Fulfilling a Contract – Amendments to IAS 37.
- Annual Improvements to IFRS Standards 2018-20-22.
- Sale or contribution of assets between an investor and its associates or joint venture – Amendments to IFRS 10 and IAS 28.
- Disclosure of Accounting Policies - Amendments to IAS 1 and IFRS Practice Statement 2.
- Definition of Accounting Estimates - Amendments to IAS 8

The Group does not anticipate the adoption of the new accounting standards and interpretations (listed above) to have a material effect on its financial statements.

3. Accounting policies

3.1 Basis of consolidation and equity accounting

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Joint ventures

Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring the ventures' unanimous consent for strategic financial and

3. Accounting policies (continued)

3.1 Basis of consolidation and equity accounting (continued)

operating decisions.

Joint ventures are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the change in net assets of the investee after the date of acquisition.

Equity accounting basis

The consolidated financial statements include the Group's share of the total comprehensive income and equity movements of equity accounted investees, from the date the significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the Group's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an investee.

Discontinued operations

On 31 March 2023, the Group disposed of Pinnacle Power Limited and its subsidiaries and therefore discontinued its operations in the sustainable energy solutions sector. As a result the 2022 Consolidated Income Statement has been restated to exclude trade from the sustainable energy solutions sector as part of profits from continuing operations.

3.2 Going concern

The financial statements have been prepared on a going concern basis which forecasts that the Group will have sufficient liquidity to meet its financial obligations for a period of at least 12 months from the date of these financial statements.

A consolidated liquidity forecast, including entity level forecasts, has been prepared for a period of more than 12 months from the date of approval of these financial statements.

As part of their review the directors have considered the implications of the current economic conditions on the going concern assumption This has also included sensitivity analyses which take into account severe but plausible downsides.

The conclusion is that sufficient funds are expected to be generated within the Group so as to meet the liabilities of the Group as they fall due. This is also supported by the robust financial performance of the Group as evidenced by consolidated revenue increasing by 30% to £175,117k from £135,317k (restated) in FY 2022. The cash position of the Group also remained strong with a net cash balance of £26,062k (FY22: £6,362k).

3. Accounting policies (continued)

3.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

3.4 Acquisitions and disposals of non-controlling interests

Acquisitions and disposals of non-controlling interests that do not result in a change of control are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary. Any difference between the price paid or received and the amount by which non-controlling interests are adjusted is recognised directly in equity and attributed to the owners of the parent.

3.5 Goodwill

Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is not amortised, but it is tested for impairment annually, or more frequently if events or changes in circumstances indicate that it might be impaired.

Goodwill is allocated to cash-generating units (CGUs) for the purpose of impairment testing. The allocation is made to those CGUs or groups of CGUs that are expected to benefit from the business combination in which the goodwill arose. For the purpose of impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment testing reflects the lowest level at which goodwill is monitored for internal reporting purposes.

Impairment reviews are performed annually using discounted cash flow analysis. This analysis assumes a 12.25% discount rate (2022: 12%), projects future cash flows for three years with an assumption of growth, year on year.

If the recoverable amount of the CGU is less than the carrying amount of the unit, the impairment loss

3. Accounting policies (continued)

3.5 Goodwill (continued)

is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. An impairment loss recognised for goodwill is not reversed in a subsequent year. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

3.6 Revenue

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it transfers control over a product or service to a customer.

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

There are a number of principal revenue streams which have different revenue recognition policies, these are detailed below: -

Revenue streams:
- Housing and facilities management*
- Contact centre services *
- Professional services*
- Management of welfare to work employment related services**

Recognition policies:
*Long-term contracts for which 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.

**Long-term contracts for which revenue is recognised when the performance has been confirmed by the customer. Revenue is recognised over time.

3.7 Leases

The Group as a lessee

The Group assesses whether a contract is or contains a lease, at inception of a contract. The Group 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. For these leases, the Group 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.

3 Accounting policies (continued)

3.7 Leases (continued)

The Group as a lessee (continued)

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 Group uses its incremental borrowing rate(IBR). The Group'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 Consolidated Statement of Financial Position.

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 Group 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 remeasures 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 comprises 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 Group expects to exercise a purchase option, the related right-of-use asset is

3. Accounting policies (continued)

3.7 Leases (continued)

The Group as a lessee (continued)

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' and 'Investment Property' lines, as applicable, in the Consolidated Statement of Financial Position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss as described in note 3.15.

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 Group has not used this practical expedient.

3.8 Finance income

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

3.9 Finance costs

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

3.10 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.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit pension plans is calculated by estimating the

3. Accounting policies (continued)

3.10 Employee benefits (continued)

Short-term obligations (continued)

amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets (at bid price) are deducted. The liability discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of and having maturity dates approximating to the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan, reductions in future contributions to the plan or on settlement of the plan and takes into account the adverse effect of any minimum funding requirements.

3.11 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.

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.

3. Accounting policies (continued)

3.12 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 Group.

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. It is provided at the following range:

Leasehold land and buildings	1 to 5 years
Plant and equipment	1 to 5 years
Motor vehicles	1 to 5 years

Depreciation methods, useful lives and residual values are reviewed at each balance sheet date.
Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. When revalued assets are sold, it is Group policy to transfer any amounts included in other reserves in respect of those assets to retained earnings.

3.13 Investment property

Investment property assets are carried at cost less accumulated depreciation and any recognised impairment in value. The depreciation policies for investment property are consistent with those described for property, plant and equipment

3.14 Intangible assets

Intangible assets (excluding goodwill)

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Software development costs	3 years

3. Accounting policies (continued)

3.15 Impairment of non-financial assets (excluding goodwill)

The carrying amounts of the Group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

Impairment losses recognised in prior years are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.16 Inventories

Inventories are measured at the lower of cost and net realisable value. Costs comprise direct materials, direct labour and where applicable, those overheads that have been incurred in bringing the stocks to their present location and condition. Where appropriate, cost is calculated on a specific identification basis, otherwise stocks are valued using the first-in first-out method.

Net realisable value represents the estimated selling price less all estimated costs to completion and costs to be incurred in marketing, selling and distribution.

At each reporting date an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in the Consolidated Income Statement.

3. Accounting policies (continued)

3.17 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, and it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. A legal obligation can arise through a contract, legislation, or other operation of law.

The amount recognised as a provision is the best estimate, at each period end, of the expenditures required to settle the present obligation considering the risks and uncertainties associated with the obligation. Where expenditures are expected to be incurred in the future, the obligation is measured at its present value using a current market-based, risk adjusted interest rate.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Onerous contract

An onerous contract is one in which the unavoidable costs of meeting the obligations under the contract exceeds the economic benefits expected to be received under it.

Social housing contracts

Rent arrears and tenant dilapidation costs arising from social housing contracts are charged to the Consolidated Profit or Loss Account as they arise. Head lease end dilapidation costs are provided for within the financial statements over the period of the lease.

3.18 Financial instruments

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

Trade and other receivables

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.

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable

3 Accounting policies (continued)

3.18 Financial instruments (continued)

on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised costs and trade receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

3.19 Dividends

Dividends are recognised as distributions to equity holders during the period in which the dividend is paid.

Dividends are recognised in the statement of changes in equity. All dividends were declared and paid in the financial year.

4. Disclosure exemptions - parent Company individual financial statements

In preparing its individual financial statements under FRS 101, the Company has taken advantage of the following disclosure exemptions permitted by FRS 101:

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91 to 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 requirements 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
- 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
- the requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into 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) to 134(f) and 135(c) to 135(e) of IAS 36 Impairment of Assets

5. Functional and presentation currency

These consolidated financial statements are presented in pound sterling, which is the Group's presentational currency. All amounts have been rounded to the nearest thousand pound, unless otherwise indicated.

6. Accounting estimates and judgements

6.1 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation at the reporting date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are as follows:

Defined benefit pension scheme valuations

In determining the valuation of defined benefit pension scheme assets and liabilities, a number of key assumptions have been made. The key assumptions, which are given below are largely dependent on factors outside the control of the Group:

- Inflation rate;
- Mortality;
- Discount rate; and
- Salary and pension increases.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimate of the value in use of the cash generating units to which goodwill has been allocated. The value in use calculation involves an estimate of the future cash flows of the business units and the selection of appropriate discount rates to calculate present values. See note 16.

Expected or estimated credit losses

The provision for estimated credit losses are based on assumptions about the risk of default and expected loss rates. The Group uses judgements in making these assumptions and selecting the inputs to the estimated credit losses calculation, based on the Group's history and current and forward-looking information on macroeconomic factors affecting the ability of its customers to settle the receivables.

7. Revenue

The following is an analysis of the Group's revenue for the year from continuing operations:

	2023 £000	*As restated 2022 £000*
Housing and facilities management services	**173,917**	*132,231*
Services to assist the unemployed	**743**	*2,856*
Other	**457**	*230*
	175,117	*135,317*

Revenues of approximately £28,380k (2022: £8,044k) are derived from a single external customer. All revenue is generated within the UK.

The Group derives revenue from provision of services provided over time. The Group does not recognise any material assets and liabilities related to contracts with customers.

8. Operating expense and auditors' remuneration

	Notes	2023 £000	*As restated 2022 £000*
Depreciation of owned assets	14,15	**829**	*645*
Depreciation of right of use assets	14,15	**5,882**	*5,077*
Amortisation of intangible assets	16	**99**	*106*
Loss on disposal of property, plant and equipment		**30**	*17*
Fees payable to the Company's auditors for the audit of the Company's financial statements		**168**	*168*
Fees payable to the Company's auditors for services in respect of the audit of the Company's subsidiaries pursuant to legislation		**103**	*127*

9. Staff costs

Group

	2023 £000	*As restated* *2022* *£000*
Wages and salaries	**84,232**	*64,082*
National insurance	**7,063**	*4,910*
Defined contribution pension cost	**3,065**	*2,301*
Defined benefit scheme cost	**146**	*179*
Total staff costs	**94,506**	*71,472*

Key management personnel compensation

The Group's key management personnel are the board and members of the executive committee.

Executive directors are subject to a mutual notice period of either 6 or 12 months. On resignation at the request of the Group, they are entitled to termination benefits in line with the contractual notice period.

	2023 £000	*As restated* *2022* *£000*
Key management personnel compensation		
Total emoluments	**1,365**	*1,253*
Short term bonuses	**376**	*191*
Social security costs	**250**	*244*
Employers' contributions to money purchase pension plans	**114**	*307*

The aggregate emoluments and benefits paid to directors amounted to £794k (2022: £773k).

The emoluments of the highest paid director amounted to £353k (2022: £320k).

The value of the Company's contributions paid to money purchase scheme in respect of the highest paid director amounted to £31k (2022: £32k).

Retirement benefits under a money purchase pension scheme are accruing in respect of 2 directors (2022: 2).

9. Staff costs (continued)

The monthly average number of persons, including the directors, employed by the Group during the year was as follows:

	2023 No.	*As restated* *2022* *No.*
Housing and facilities management services	**3,647**	*3,418*
Services to assist the unemployed	**8**	*20*
Other	**91**	*109*
	3,746	*3,547*

10. Other gains

		2023 £000	*As restated* *2022* *£000*
Fair value gain on sale of discontinued operation	13	**21,633**	-
Fair value gain on dilution of interests in investments	18	-	*1,674*
Fair value gain on subsidiary share issue		**28**	-
		21,661	*1,674*

11. Finance income and expense

Recognised in profit or loss

	2023	*As restated* 2022
	£000	*£000*
Finance income		
Interest income on financial assets	**293**	*(6)*
Interest income from defined benefit pension plan	**47**	*7*
Total finance income	**340**	*1*
Finance expense		
Interest on lease liabilities	**2,216**	*1,079*
Other finance expenses	**349**	*182*
Total finance expense	**2,565**	*1,261*
Net finance expense recognised in profit or loss	**(2,225)**	*(1,260)*

12. Tax expense

12.1 Income tax recognised in profit or loss

	2023	*As restated* *2022*
	£000	*£000*
Current tax		
Current tax on profits for the year	**832**	*458*
Adjustments in respect of prior years	**72**	*(4)*
Total current tax	**904**	*454*
Deferred tax expense		
Origination and reversal of temporary timing differences	**311**	*105*
Adjustments in respect of prior years	**119**	*(35)*
Total deferred tax	**430**	*70*
Total tax expense	**1,334**	*524*

12. Tax expense (continued)

12.1 Income tax recognised in profit or loss (continued)

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to profits for the year are as follows:

	2023	*As restated* 2022
	£000	*£000*
Profit for the year	**23,267**	*4,685*
Income tax expense (including income tax on associate and joint ventures)	**1,334**	*524*
Profit before income taxes	**24,601**	*5,209*
Tax using the Company's domestic tax rate of 19% (2022:19%)	**4,674**	*990*
Disallowed expense/(income)	**10**	*(20)*
Release of deferred tax assets related to tax losses	**189**	-
Effect of future rate change on deferred tax	**64**	-
Adjustments to tax charge in respect of prior periods	**191**	*(39)*
Rate change impact to opening deferred tax balance (25%)	**21**	-
Non-taxable gain	**(3,553)**	*(318)*
Joint-ventures and associates results, net of tax charge	**49**	*110*
Group relief claim from parent company	**(311)**	*(148)*
Tax related to discontinued operations	-	*(51)*
Total tax expense	**1,334**	*524*

Changes in tax rates and factors affecting the future tax charges

The UK corporation tax rate as at 31 March 2023 is 19% (2022: 19%). In the 2023 Budget, the UK Government announced that from 1 April 2023 the corporation tax rate will increase to 25% from 1 April 2023. Deferred taxes at the balance sheet date have been measured using 25% and reflected in these financial statements.

12.2 Income tax recognised in other comprehensive income

	2023	*As restated* 2022
	£000	*£000*
Deferred tax (credit)/charge on actuarial (loss)/gain on defined benefit pension plans	**(91)**	*209*

13. Discontinued operations

On 31 March 2023, the Group disposed of Pinnacle Power Limited and its subsidiaries and therefore it is reported in the current period as a discontinued operation. Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

The post-tax gain on disposal of the discontinued operation was determined as follows:

	2023 £000
Cash consideration received	21,677
Cost of investment	(3)
Legal and transaction related fees	(526)
Property, plant and equipment and intangibles	(293)
Investments	(347)
Deferred Tax Asset	(87)
Long-term loan receivable	(926)
Inventories	(421)
Trade and Other receivables	(3,236)
Cash & Cash Equivalents	(508)
Trade Payables and other payables	6,450
Other loans	399
Lease Liabilities	69
Share capital and share premium	56
Non-controlling interest loss on disposal	(671)
Gain on disposal on discontinued operation	**21,633**

Adjustments in relation to Cashflow Statement

Depreciation, amortisation & impairment	243
Financial income	(107)
Financial expense	97
Cashflow from operations before movements in working capital	**233**

13. Discontinued operations (continued)

The financial performance of the discontinued operation was as follows:

	2023 £000	2022 £000
Result of the discontinued operation		
Revenue	**17,264**	*17,352*
Raw materials and consumables	**(12,025)**	*(11,545)*
Staff costs	**(5,825)**	*(4,130)*
Depreciation and amortisation	**(243)**	*(372)*
Administration and operating expenses	**(2,141)**	*(941)*
Interest receivable and similar income	**106**	*61*
Interest payable and similar expenses	**(97)**	*(79)*
(Loss)/profit before tax	**(2,961)**	*346*
Tax credit	-	*51*
(Loss)/profit for the year	**(2,961)**	*397*

14. Property, plant and equipment

Group

	Leasehold land and buildings £000	Plant and machinery £000	Motor vehicles £000	Right of use assets £000	Total £000
Cost or valuation					
At 1 April 2022	652	2,869	110	16,710	20,341
Additions	14	775	-	16,834	17,623
Disposals	-	(187)	(10)	(1,826)	(2,023)
At 31 March 2023	**666**	**3,457**	**100**	**31,718**	**35,941**
Accumulated depreciation and impairment					
At 1 April 2022	211	1,938	64	3,331	5,544
Charge owned for the year	211	598	18	2,872	3,699
Disposals	-	(92)	-	(1,626)	(1,718)
At 31 March 2023	**422**	**2,444**	**82**	**4,577**	**7,525**
Net book value					
At 31 March 2022	441	931	46	13,379	14,797
At 31 March 2023	**244**	**1,013**	**18**	**27,141**	**28,416**

14. Property, plant and equipment (continued)

14.1. Assets held under leases

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

	31 March 2023 £000	*31 March 2022 £000*
Property, plant and equipment owned	**1,275**	*1,419*
Right-of-use assets, excluding investment property	**27,141**	*13,379*
	28,416	*14,798*

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

Net book value

	31 March 2023 £000	*31 March 2022 £000*
Properties	**25,669**	*11,830*
Motor vehicles	**1,472**	*1,549*

14. Property, plant and equipment (continued)

14.1 Assets held under leases (continued)

Depreciation charge for the year ended

	For the year ended 31 March 2023 £000	*For the year ended 31 March 2022 £000*
Properties	**1,810**	*1,102*
Motor vehicles	**1,062**	*1,125*

Company

	Leasehold land and buildings £000	**Plant and machinery £000**	**Motor vehicles £000**	**Right of use assets £000**	**Total £000**
Cost or valuation					
At 1 April 2022	207	338	-	1,821	2,366
Additions	2	138	-	379	519
Disposals	-	-	-	(536)	(536)
At 31 March 2023	**209**	**476**	**-**	**1,664**	**2,349**

14. Property, plant and equipment (continued)

Accumulated depreciation and impairment					
At 1 April 2022	66	188	-	799	1,053
Charge owned for the year	69	124	-	407	600
Disposals	-	-	-	(368)	(368)
At 31 March 2023	**135**	**312**	**-**	**838**	**1,285**
Net book value					
At 31 March 2022	141	150	-	1,022	1,313
At 31 March 2023	**74**	**164**	-	**826**	**1,064**

14.2. Assets held under leases

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

	31 March 2023 £000	*31 March 2022 £000*
Property, plant and equipment owned	**238**	*291*
Right-of-use assets, excluding investment property	**826**	*1,022*
	1,064	*1,313*

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

Net book value

	31 March 2023 £000	*31 March 2022 £000*
Properties	**826**	*1,022*

14. Property, plant and equipment (continued)

14.2 Assets held under leases (continued)

Depreciation charge for the year ended

	For the year ended 31 March 2023 £000	*For the year ended 31 March 2022 £000*
Properties	**407**	*410*

15. Investment property

Group

	Right of use asset	Investment property owned	Total
	£000	£000	£000
Cost			
At 1 April 2022	**19,636**	**57**	**19,693**
Additions	**4,268**	**-**	**4,268**
At 31 March 2023	**23,904**	**57**	**23,961**
Accumulated depreciation			
At 1 April 2022	**6,513**	**9**	**6,521**
Charge for the year	**3,010**	**2**	**3,012**
At 31 March 2023	**9,523**	**11**	**9,533**
Net book value			
At 31 March 2022	13,123	48	13,172
At 31 March 2023	**14,381**	**46**	**14,428**

The investment property net book value above, includes a balance of £14,381k (2022: £13,122k) which relates to a transaction entered into with a London council whereby, on 25 October 2019 one of the Group's subsidiary's has leased a new building from the Council, consisting of 197 flats, for a period of just short of 7 years. The subsidiary is contracted to pay a series of monthly payments to the Council in accordance with the said lease and the subsidiary can rent the flats to those who qualify at discounted market rents. Under IAS 40 and IFRS 16 this transaction classifies the subsidiary's interest in the building as an "Investment Property" which is depreciated accordingly.

The rental income generated from investment properties was £4,025k (2022: £3,530k). The direct operating expenses associated with the rental income was £3,995k (2022: £3,197k).

16. Intangible assets

Group

	Goodwill £000	Development & software costs £000	Customer relationships £000	Total £000
Cost				
At 1 April 2022	14,378	1,895	8,328	24,601
Additions - external	-	162	-	162
Adjustments	421	-	-	421
Disposals	-	(1,286)	-	(1,286)
At 31 March 2023	**14,799**	**771**	**8,328**	**23,898**
Accumulated amortisation and impairment				
At 1 April 2022	6,734	1,043	-	7,777
Charge for the year - owned	-	99	-	99
Disposals	-	(568)	-	(568)
At 31 March 2023	**6,734**	**574**	**-**	**7,308**
Net book value				
At 31 March 2022	7,644	852	8,328	16,824
At 31 March 2023	**8,065**	**197**	**8,328**	**16,590**

16. Intangible assets (continued)

The net book value of goodwill is £8,065k (2022: £7,644k) of which £421k relates to the unwinding of the settlement of deferred consideration of the two acquisitions in the year to 31st March 22. £270k relates to the acquisition of Pinnacle (O&S) Limited (formerly Orchard & Shipman Group Limited) and £151k relates to the acquisition of AM Services Holdings Limited.

During the year the Group's cash generating units ("CGU") were restructured to reflect the strategic direction of the business and the goodwill re-allocated as follows:

	£000
Homes	2,602
FM	1,215
AMS	4,248
	8,065

All CGU's are assessed for goodwill impairment. The assessment is based on cash flow projections drawn from the FY24 budget approved by the Board. Cashflow projections beyond FY24 are extrapolated using an estimated growth rate of 2%. A discount rate of 12.25% (2022: 12%) has been applied to generate future discounted cashflows.

The value-in-use derived from discounting future cashflows of the Homes CGU would have to decrease by 84% (FY22: 99.9%) for there to be an impairment in the value of its goodwill. The discounted future cashflows of the FM CGU would have to decrease by 83% (FY22: 99.9%) for there to be an impairment in the value of its goodwill.

16. Intangible assets (continued)

Company

	Development & software costs £000
Cost	
At 1 April 2022	269
Additions - external	22
At 31 March 2023	**291**
Accumulated amortisation and impairment	
At 1 April 2022	233
Charge for the year - owned	26
At 31 March 2023	**259**
Net book value	
At 31 March 2022	36
At 31 March 2023	**32**

17. Investments

The Group's subsidiaries at 31 March 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares, and the proportion of ownership interests held equals the voting rights held by the Group.

Name of entity	Principal activities	Ownership interest held directly by the Company 2023 %	Ownership interest held directly by the Company 2022 %	Ownership interest held by the Group 2023 %	Ownership interest held by the Group 2022 %
Pinnacle PSG Holdings Limited	Holding company	100	100	100	100
Pinnacle People Limited	Recruitment services	100	100	100	100
UKPIM Holdco Limited	Holding company	100	100	100	100
Pinnacle Power Limited	Low carbon energy development	-	58	-	58
Pinnacle Spaces Limited	Social housing provider	100	100	100	100
Pinnacle Placemaking Limited	Residential development	100	100	100	100
Regenter Limited	Housing project bids	-	-	100	100
Regenter Management Services Limited	Housing project bids	-	-	100	100
Pinnacle Recruitment (Services) Limited	Recruitment services	-	-	100	100
Pulse Social Enterprises Community Interest Company	Recruitment services	-	-	100	100
Pinnacle PSG Limited	Holding company	-	-	100	100
Pinnacle FM Limited	Facilities management	-	-	100	100
Pinnacle Connect Limited	Call centre services	-	-	100	100
Pinnacle Housing Limited	Housing management	-	-	100	100

17. Investments (continued)

Name of entity	Principal activities	Ownership interest held directly by the Company 2023 %	Ownership interest held directly by the Company 2022 %	Ownership interest held by the Group 2023 %	Ownership interest held by the Group 2022 %
Woking Housing Partnership Limited	Housing management	-		100	100
Nova Power Limited	Renewable energy	-	-	-	58
PP Esco Holdco Limited	Holding company	-	-	-	58
Pinnacle (O&S) Limited (formerly Orchard & Shipman Group Limited)	Residential letting and property management	100	100	100	100
Pinnacle Affordable Homes Limited (formerly Orchard & Shipman Homes Limited)	Provision and management of social housing	-	-	100	100
Pinnacle (Bromley) Limited (formerly Orchard & Shipman Residential Limited)	Residential letting and property management	-	-	100	100
AM Services Holdings Limited	Cleaning and security services	100	100	100	100
AM Services Group Limited	Cleaning and security services	-	-	100	100
Pinnacle Homecare Limited	Dormant	-	-	100	100
Pinnacle Regeneration Group Limited	Dormant	-	-	100	100
Social Housing Regeneration Partnerships Limited	Dormant	-	-	100	100
Pinnacle Regeneration Limited	Dormant	-	-	100	100
Pinnacle Places Limited	Dormant	-	-	100	100
Pinnacle NZ (Holdings) Limited	Dormant	-	-	100	100

17 Investments (continued)

Name of entity	Principal activities	Ownership interest held directly by the Company 2023 %	Ownership interest held directly by the Company 2022 %	Ownership interest held by the Group 2023 %	Ownership interest held by the Group 2022 %
Captus Metering Ltd	Dormant	-	-	-	-
Grain Connect Limited	Telecommunications activities	-	-	6	6

The registered address for each of the above companies is 8th Floor, Holborn Tower, 137-144 High Holborn, London, England, WC1V 6PL, except for Grain Connect Limited which is Clifford House Cooper Way, Parkhouse Carlisle, CA3 0JG.

All subsidiary undertakings are included in the consolidation. The Company does not have any shareholdings in the preference shares of subsidiary undertakings included in the Group.

Grain Connect Limited

On 5 August 2021, 114,714 shares in Grain Connect Limited were disposed of at £30.82 per share resulting in a dilution of shareholding from 20.2% to 6.4%. This led to Grain Connect Limited being reclassified from an associate to an investment. The Group recognised its share of Grain Connect Limited's results up until the date of disposal.

On 3 March 2022, Grain Connect Limited issued a share for share exchange to Grain Connect Topco Limited. This has diluted Pinnacle Group Limited's shareholding (now in Grain Connect Topco Limited) further to 5.8% as of 31 March 2022. The share price for this share for share exchange was at £30.82 and therefore no impairment is required at year end.

Pinnacle Power Limited

On 31 March 2023, all shares in Pinnacle Power Limited and its subsidiaries were disposed and resulted in the deconsolidation of Pinnacle Power Limited and its subsidiaries. The Group recognised its share of Pinnacle Power Limited and its subsidiaries results up until the date of disposal as losses from discontinued operations. Please refer to note 13 for further details.

17. Investments (continued)

Company

	Shares in group undertaking	Loans to group undertaking	Total
	£000	£000	£000
Cost			
At 1 April 2022	22,400	36,843	59,243
Additions	421	2,934	3,355
Disposal	(3)	-	(3)
At 31 March 2023	**22,818**	**39,777**	**62,595**
Provisions			
At 1 April 2022	136	871	1,007
At 31 March 2023	**136**	**871**	**1,007**
Net book value			
At 31 March 2022	**22,264**	**35,972**	**58,236**
At 31 March 2023	**22,682**	**38,906**	**61,588**

Pinnacle Power Limited

On 31 March 2023, all shares in Pinnacle Power Limited and its subsidiaries were disposed. Please refer to note 13 for further details.

18. Investments in associates and joint ventures

The following entities have been included in the consolidated financial statements using the equity method:

Name of associates/joint ventures	Country of incorporation principal place of business	Relationship to the entity	Ownership interest held as at (%) 2023	2022
1) MY8 Development LLP	United Kingdom	Joint venture	50	50
2) Pinnacle Higgins LLP	United Kingdom	Joint venture	50	50
3) Pinnacle Fund LLP	United Kingdom	Joint venture	50	50
4) Armadillo Analytics Limited	United Kingdom	Associate	25	-

These companies are exempt from audit under section 479 of the Companies Act.

The registered address for MY8 Development LLP, Pinnacle Higgins LLP and Pinnacle Fund LLP is 8th Floor, Holborn Tower, 137-144 High Holborn, London, England, WC1V 6PL. Armadillo Analytics Limited registered address is 3rd Floor 86-90 Paul Street, London, Greater London, United Kingdom, EC2A 4NE.

1) MY8 Development LLP

In May 2012, UKPIM Holdco Limited formed a 50:50 joint venture, MY8 Development LLP (MY8), with Riverglade Properties Limited. MY8 has a 50:50 joint venture, Myatts Field Development LLP, with Higgins Homes Plc which delivered the Lambeth Development project. The equity accounting method is applied to this investment in accordance with IAS 28 para 10.

2) Pinnacle Higgins LLP

In November 2013, UKPIM Holdco Limited formed a 50:50 joint venture with Higgins Home Plc to identify and develop regeneration projects. In the period to 31 March 2023 there were no activities or transactions.

3) Pinnacle Fund LLP

Incorporated in February 2013, it is a 50:50 joint venture between P M A Lloyd and Pinnacle Group Limited. In the period to 31 March 2023 there were no activities or transactions.

18. *Investments in associates and joint ventures (continued)*

4) Armadillo Analytics Limited
In October 2022, Pinnacle Group Limited acquired a 24.75% stake in Armadillo Analytics Limited. The equity accounting method is applied to this investment in accordance with IAS 28 para 10.

Summarised financial information of equity accounted associate and joint ventures

MY8 Development LLP

	2023	*2022*
	£000	*£000*
As at 31 March		
Total assets	**937**	*953*
Year ended 31 March		
Loss for the year	**(8)**	*(3)*
Total comprehensive income	**(8)**	*(3)*

Armadillo Analytics Limited

	2023	*2022*
	£000	*£000*
As at 31 March 2023		
Total assets	**1,439**	-
Total liabilities	**(1,671)**	-
Year ended 31 March		
Loss for the year	**(248)**	-
Total comprehensive income	**(248)**	-

18. Investments in associates and joint ventures (continued)

Group

Investment in associates and joint ventures - carrying amount

	MY8 Dev't LLP	Armadillo Analytics Limited	Other Investments	Total
	£000	**£000**	**£000**	**£000**
At 1 April 2022	363	-	65	428
Additions	-	248	-	248
Share of post tax loss for the year	(8)	(248)	-	(256)
Disposal	-	-	(65)	(65)
Carrying amount at 31 March 2023	**355**	**-**	**-**	**355**

Other Investments

PP Esco (Springfield) Limited

As a result of the disposal of Pinnacle Power Limited, PP Esco Holdco Limited's 9.57% of PP Esco (Springfield) Limited has been recognised as disposed by Pinnacle Group Limited. The total shareholding owned by PP Esco Holdco Limited being 65,000 £1 B ordinary shares with the remainder being owned by Blackmead Infrastructure Limited.

18. Investments in associates and joint ventures (continued)

Pinnacle Investments (Holdings) Limited

As at 31 March 2023, Pinnacle Group Limited (Group) holds 25% of the shares of Pinnacle Investments (Holdings) Limited, (PIHL). As a result of the terms of the agreement the Group does not have any significant influence over PIHL and hence this entity is not an associate of the Group.

Pinnacle Fund Management Limited

As at 31 March 2023, Pinnacle Group Limited (Group) holds 89.5% of the shares of Pinnacle Fund Management Limited (PFML). As a result of the terms of the agreement the Group does not have any significant influence over PFML and hence this entity is not a subsidiary of the Group.

Meadowship Homes LLP

The Group's wholly owned subsidiary, Pinnacle (Bromley) Ltd has 50% voting rights (although a 0% profit share) in Meadowship Homes LLP, a partnership formed with the London Borough of Bromley. The LLP has entered into an agreement with Pinnacle (Bromley) Ltd to acquire approximately 260 properties on the open market in and around Bromley. These properties are then leased to Pinnacle Affordable Homes Limited on a long lease who refurbish them to the Decent Homes Standard. The homes are then let by Pinnacle Affordable Homes Limited to tenants as nominated by the London Borough of Bromley.

Meadowship Homes 2 LLP

The Group's wholly owned subsidiary, Pinnacle (Bromley) Ltd has 50% voting rights (although a 0% profit share) in Meadowship Homes 2 LLP, a partnership formed with the London Borough of Bromley. The LLP has entered into an agreement with Pinnacle (Bromley) Ltd to acquire approximately 190 to 200 properties on the open market in and around Bromley. These properties are then leased to Pinnacle Affordable Homes Limited on a long lease who refurbish them to the Decent Homes Standard. The homes are then let by Pinnacle Affordable Homes Limited to tenants as nominated by the London Borough of Bromley.

Company	**2022/2023** **£000**	*2021/2022* *£000*
Investment in associates - carrying amount		
At 1 April	**1,843**	*4,263*
Additions	**248**	-
Share of post tax loss for the year	**(248)**	*(577)*
Net proceeds from disposal of shares	-	*(3,517)*
Fair value gain	-	*1,674*
Carrying amount at 31 March	**1,843**	*1,843*

19. Inventories

Group

	2023	*2022*
	£000	*£000*
Consumables	**49**	*154*
	49	*154*

20. Trade and other receivables

Group

	2023	*2022*
	£000	*£000*
Trade receivables	**16,854**	*16,780*
Receivables from parent undertaking*	**16,882**	*16,530*
Other receivables	**1,501**	*1,570*
Prepayments and accrued income	**9,887**	*9,163*
Total trade and other receivables	**45,124**	*44,043*

*These amounts receivable from the immediate parent company are unsecured, interest bearing at 0.5%, have no fixed date of repayment and are repayable on demand.

20. Trade and other receivables (continued)

Company

	2023 £000	2022 £000
Trade receivables	44	-
Receivables from Group undertakings*	8,828	560
Receivables from parent undertaking**	16,882	16,530
Other receivables	280	181
Prepayments and accrued income	723	571
Total trade and other receivables	26,757	17,842

*Receivables from Group undertakings are unsecured, incur interest at Barclays base rate + 4%, have no fixed date of repayment and are repayable on demand. Increase of Receivables from Group undertakings balance relates to intercompany activity within the group.

**These amounts receivable from the immediate parent company are unsecured, interest bearing at 0.5%, have no fixed date of repayment and are repayable on demand.

At 31 March 2023, the credit loss allowance was £116k (2022: £nil) on its trade receivables and on amounts owed by Group undertakings was £4,198k (2022: £3,600k) and on amounts owed by parent undertakings was £165k (2022: £165k). 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 their debts, the Company considers the time over which the Group undertakings are able to repay their balances. In cases where the Group undertakings are unable to repay their debts and there is no alternative option to recover the debts, the full balance outstanding at the reporting date is impaired.

21. Trade and other payables

	2023 £000	2022 £000
Group		
Trade payables	**4,341**	*3,117*
Other payables	**8,360**	*10,880*
Corporation tax payable	**477**	*404*
Accruals and deferred income	**10,484**	*15,345*
Total trade and other payables	**23,662**	*29,746*

The decrease in other payables, accruals and deferred income is as a result of the deconsolidation of discontinued operation and the timing of supplier payments.

	2023 £000	2022 £000
Company		
Trade payables	**692**	*198*
Payables to Group undertakings*	**71,657**	*48,835*
Other payables	**809**	*119*
Deferred consideration	**-**	*2,638*
Accruals and deferred income	**1,260**	*1,680*
Total trade and other payables	**74,418**	*53,470*

*Payables to Group undertakings are unsecured, incur interest at Barclays base rate + 4%, have no fixed date of repayment and are repayable on demand. Payables to Group undertakings balance increase relates to intercompany activity within the group.

22. Other liabilities

	2023 £000	2022 £000
Group		
Lifecycle fund	**628**	*984*
	628	*984*

The lifecycle fund balance of £628k relates to funds paid by Meadowship Homes LLP to Pinnacle Affordable Homes Limited to refurbish properties in accordance with the requirements of the Decent Homes Standard.

23. Deferred tax

Group

The following is the analysis of deferred tax (liabilities)/assets presented in the consolidated statement of financial position:

	Property, plant and equipment £000	Tax losses £000	Pension scheme £000	Intangibles £000	Total £000
Recognised deferred tax					
At 1 April 2022	(26)	353	(275)	(2,082)	(2,030)
Prior year adjustments	1	(120)	-	-	(119)
Recognised in profit or loss	(56)	(116)	(139)	-	(311)
Recognised in other comprehensive income	-	-	91	-	91
At 31 March 2023	(81)	117	(323)	(2,082)	(2,369)

Unrecognised deferred tax

Deferred tax assets have not been recognised in respect of tax losses of £272k (2022: £272k) because it is not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom.

23. Deferred tax (continued)

Company

The following is the analysis of deferred tax (liabilities)/assets presented in the Company's statement of financial position:

	Property, plant and equipment £000	Loss allowance for financial assets £000	Total £000
Recognised deferred tax			
At 1 April 2022	**(28)**	**684**	**656**
Prior year adjustments	**11**	**-**	**11**
Recognised in profit or loss	**9**	**354**	**363**
At 31 March 2023	**(8)**	**1,038**	**1,030**

Unrecognised deferred tax

There are no unrecognised deferred tax assets in the Company.

24. Long-term loan receivable

Group and Company

	2023 £000	*2022 £000*
Long-term loan receivable	**473**	-

On 21 October 2023, Pinnacle Group Limited issued a 5 year £452k loan facility to Armadillo Analytics Limited with fixed interest rate of 10% per annum. Armadillo Analytics Limited drew down the full facility during the year and at 31 March 2023 owed £473k (2022: £nil).

25. Short term borrowings

Group and Company

	2023	*2022*
	£000	*£000*
Revolving credit facility	3,622	-
Balance at 31 March	**3,622**	-

On 15 July 2022, the Group entered into a £4,000k Revolving Credit Facility with Barclays Bank Plc, repayable in 12 months and interest rates of Bank of England base rate plus 2.75%. During the year the Group drew down £3,564k and was charged interest of £109k (2022: £nil). As at 31 March 2023 the Group still owed £3,622k (2022: £Nil).

Subsequent to the year end, the revolving credit facility was repaid in full with the final tranche settled in July 2023.

26. Provisions

Group

	Rent arrears	Lease end repair provision	Total
	£000	£000	£000
At 1 April 2022	534	143	677
Charged to profit or loss	152	14	166
Utilised during the year	(406)	(43)	(449)
At 31 March 2023	**280**	**114**	**394**
Due after more than one year	280	114	394
	280	**114**	**394**

26. Provisions (continued)

Rent arrears

The rent arrears provisions is calculated based on the element of current and former tenant rent which is not considered collectable. The majority of the contracts are with Councils and the provisions will be settled when the contract ends.

Lease end repair provisions

Head leases end dilapidation costs are provided over the period of the lease, based on industry averages and actual costs incurred during current and prior periods. The provision is settled at the end of the lease.

27. Leases

Group

	2023 £000	*2022 £000*
Non-current		
Lease liabilities	**37,839**	*23,038*
Current		
Lease liabilities	**5,749**	*4,781*
	43,588	*27,819*

Company

	2023 £000	*2022 £000*
Non-current		
Lease liabilities	**461**	*685*
Current		
Lease liabilities	**402**	*433*
	863	*1,118*

27. Leases (continued)

(i) Group as a lessee

The Group leases various properties (office building, investment property), commercial vehicles & equipment. 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:

	2023	*2022*
	£000	*£000*
Maturity analysis - contractual undiscounted cash flows		
Less than one year	7,624	*5,669*
Between one year and five years	20,984	*17,920*
More than five years	42,354	*12,681*
	70,962	*36,270*

The following amounts in respect of leases have been recognised in Statement of Profit or Loss:

		As restated
	2023	*2022*
	£000	*£000*
Interest expense (included in finance expense)	**2,216**	*1,079*
Depreciation charges	**5,882**	*5,077*

Photocopier leases are classified as low value, a total sum of £18k (2022: £22k) in respect of photocopier lease costs is included in the Statement of Profit or Loss in this financial year.

27. Leases (continued)

Group

Lease costs and payments

	2023	*2022*
	£000	*£000*
Cost		
Opening balance	**27,819**	*20,017*
Acquired through business combinations	-	*307*
Additions*	**21,102**	*12,012*
Interest	**2,216**	*1,079*
Disposals	**(223)**	*(86)*
	50,914	*33,329*
Payment		
Interest	**2,216**	*1,079*
Principal repayment	**5,110**	*4,431*
	7,326	*5,510*
Lease liabilities balance		
Cost	**50,914**	*33,329*
Repayment during the year	**(7,326)**	*(5,510)*
Balance at 31 March	**43,588**	*27,819*

*During the year, Pinnacle Affordable Homes Ltd (formerly Orchard & Shipman Homes Limited) entered into multiple lease agreements with Meadowship Homes LLP. This is reflected in increase of leases additions in a year.

27. Leases (continued)

Company

(ii) Company as a lessee

The Company leases various properties & commercial vehicles. 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:

	2023	2022
	£000	£000
Maturity analysis - contractual undiscounted cash flows		
Less than one year	461	454
Between one year and five years	520	753
More than five years	-	18
	981	1,225

The following amounts in respect of leases have been recognised in Statement of Profit or Loss:

	2023	2022
	£000	£000
Interest expense (included in finance expense)	54	63
Depreciation charges	407	410

27. Leases (continued)

Company

Lease costs and payments

	2023 £000	*2022 £000*
Cost		
Opening balance	**1,118**	*1,545*
Additions	**379**	*7*
Interest	**54**	*63*
Disposals	**(190)**	*-*
	1,361	*1,615*
Payments		
Interest	**54**	*63*
Principal repayments	**444**	*434*
	498	*497*
Lease liabilities balance		
Cost	**1,361**	*1,615*
Repayments during the year	**(498)**	*(497)*
Balance at 31 March	**863**	*1,118*

28. Share capital

Authorised

	2023 Number	2023 £000	*2022 Number*	*2022 £000*
Shares treated as equity				
Ordinary shares of £0.10 each	**24,004,681**	**2,400**	*24,004,681*	*2,400*
Ordinary B shares of £0.10 each	**7,500**	**1**	*7,500*	*1*
	24,012,181	**2,401**	*24,012,181*	*2,401*

Issued and fully paid

	2023 Number	2023 £000	*2022 Number*	*2022 £000*
Ordinary shares of £0.10 each				
At 1 April and 31 March	**24,004,670**	**2,400**	*24,004,670*	*2,400*

	2023 Number	2023 £000	*2022 Number*	*2022 £000*
Ordinary B shares of £0.10 each				
At 1 April and 31 March	**7,500**	**1**	*7,500*	*1*

29. Employee benefit assets

	2023 £000	*2022 £000*
Amounts recognised in the consolidated statement of financial position are as follows:		
Fair value of scheme assets	**8,528**	*10,838*
Defined benefit liability	**(7,228)**	*(9,382)*
	1,300	*1,456*

29. Employee benefit assets (continued)

(i) Pension plan characteristics

The Group participates in two employee benefit schemes.

There is one defined contribution scheme which is a Group Personal Pension for substantially all employees.

The other is a defined benefit scheme. The Plan is a registered defined benefit final salary scheme subject to the UK regulatory framework for pensions, including the Scheme Specific Funding requirements. The Plan is operated under trust and as such, the trustees of the Plan are responsible for operating the Plan and they have a statutory responsibility to act in accordance with the Plan's Trust Deed and Rules, in the best interest of the beneficiaries of the Plan, and UK legislation (including Trust law). The Trustee and the Company have the joint power to set the contributions that are paid to the Plan.

The assets of the scheme are held separately in independently administered funds. Payments to this scheme during the year have been made in accordance with the actuarial valuation on 31 March 2021. *There were no amounts payable to the scheme at end of the current financial year (2022: £nil).*

This reporting statement covers the retirement benefits provided from the Citrus Pension Scheme which is a defined benefit pension scheme. The last full independent actuarial valuation of the plan was undertaken as at 31 March 2021. The administrator of the pension scheme is Hymans Robertson LLP.

The 31 March 2021 valuation was prepared by an independent qualified actuary using the methods and assumptions set out in the Statement of Funding Principles for the purposes of the statutory funding objective, which was introduced by the Pension Act 2004. The principal financial assumptions were price inflation at market price RPI curve, salary increases at RPI less 1.0% per annum, a discount rate before retirement of 3.1% per annum, and a discount rate in the period after retirement of 0.4% per annum. The market value of the scheme's assets at 31 March 2021 was £10,134k.

The defined benefit pension scheme is a section of the Citrus Pension Plan, a multi-employer scheme. The constitution of the Citrus Pension Plan restricts the obligations of each participating employer to the provision of pensions and other Plan benefits to those members of its unitised section.

The pension assets disclosed in the financial statements are derived from a comprehensive unitisation process that involves tracking specific cash flows into and out of the Company's section of the scheme and allocating each section its share of its return on investments on a periodic (usually monthly) basis.

29. Employee benefit assets (continued)

Reconciliation of defined benefit liability and fair value of scheme assets:

	Fair value of scheme assets 2022/2023 £000	Defined benefit liability 2022/2023 £000	Net asset 2022/2023 £000
Balance at 1 April			
Opening asset	10,838	(9,382)	1,456
Net asset	10,838	(9,382)	1,456
Included in profit or loss			
Service cost - current	-	(109)	(109)
Administration cost	-	(38)	(38)
Interest income	297	(250)	47
Net income/(cost)	297	(397)	(100)
Other movement			
Contributions by members	18	(18)	-
Contributions by employer	308	-	308
Benefits paid	(286)	286	-
Net movement	40	268	308
Included in other comprehensive expense			
Changes in demographic assumptions	-	-	-
Changes in financial assumptions	-	2,884	2,884
Experience	-	(601)	(601)
Return on assets	(2,647)	-	(2,647)
Actuarial gain/(loss)	(2,647)	2,283	(364)
Closing asset	8,528	(7,228)	1,300

The agreed Group contribution rate for the coming year is 34% pa of pensionable salaries. Estimated *employer expense for the next accounting year is £38k.*

29. Employee benefit assets (continued)

	2023 £000	*2022 £000*
Fair value of the plan assets and return on those assets		
Equity and similar assets	**652**	*968*
Income generating assets	**4,338**	*6,358*
LDI Instruments	**1,885**	*2,256*
Cash and cash equivalent	**1,653**	*1,256*
Total	**8,528**	*10,838*

Majority of the underlying assets are quoted as they are invested in financial instruments and funds that are quoted.

All of equity and similar assets and LDI Instruments are quoted. Out of income generating assets, £1,985k are quoted and £2,353k are unquoted. Out of cash and cash equivalents, £1,644k are quoted *and £9k are unquoted.*

Actuarial assumptions

The principal actuarial assumptions used in the determining calculating the present value of the defined benefit liability includes:

	2023	2022
Discount rate at 31 March	**4.75%**	**2.70%**
First year salary increase	**7.90%**	**4.20%**
Future salary increase	**2.90%**	**3.20%**
Increases to pensions in payment accrued to date (RPI)	**3.30%**	**3.65%**
Increases to pensions in payment accrued to date (CPI)	**2.90%**	**3.20%**

29. *Employee benefit assets (continued)*

Mortality

The average life expectancy assumed now for an individual at the age of 65 and projected to apply in 2023 for an individual then at the age of 65 is as follows:

	2023	2022
Retiring today		
Males	**20.8**	**20.7**
Females	**24.2**	**24.1**
Retiring in 20 years		
Males	**22.2**	**22.2**
Females	**26.3**	**26.6**

Sensitivity analysis

	2023 **£000**	*2022* *£000*
Actuarial value of liabilities		
0.5% decrease in discount rate	**7,729**	*10,199*
1 year increase in life expectancy	**7,516**	*9,757*

The sensitivities disclosed were calculated using approximate methods taking into account the duration of the Plan's liabilities.

29. Employee benefit assets (continued)

Longevity assumptions

The longevity assumptions as at 31 March 2023 are based on bespoke longevity tables for members provided by Club Vita for the formal valuation of the Section as at 31 March 2021. For future improvements peaked increase in longevity improvements over the short term and longer-term improvement of 1.5% per annum for men and women have been used, based on CMI 2020 projections.

	2023 £000	2022 £000	2021 £000	2020 £000	2019 £000
Historical pension scheme information					
Defined benefit obligation	**(7,228)**	(9,382)	(9,844)	(8,995)	(9,154)
Scheme assets	**8,528**	10,838	10,064	9,727	9,470
Surplus	**1,300**	1,456	220	732	316
Experience adjustment					
Scheme liabilities - gain/(loss)	**2,283**	654	(1,505)	353	380
Scheme assets - (loss)/gain	**(2,647)**	455	834	(64)	163

Risks to which the Plan exposes the Group

The nature of the Plan exposes the Group to the risk of paying unanticipated additional contributions to the Plan in times of adverse experience. The most financially significant risks are likely to be:

- members living for longer than expected;
- higher than expected actual inflation and salary increase experience,
- lower than expected investment returns, and
- the risk that movements in the value of the Plan's liabilities are not met by corresponding movements in the value of the Plan's assets.

The sensitivity analysis disclosed is intended to provide an indication of the impact on the value of the Plan's liabilities of the risks highlighted.

30. Financial instruments

30.1 Accounting classifications and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

	Note	At amortised cost £000	Total £000
31 March 2023			
Financial assets			
Trade and other receivables excluding prepayments	20	45,124	45,124
Cash and cash equivalents		26,062	26,062
Financial liabilities			
Financial lease liabilities	27	43,588	43,588
Trade and other payables excluding non-financial liabilities		17,301	17,301

30.2 Financial risk management objectives

The Group has exposure to the following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

30. Financial instruments (continued)

30.2 Financial risk management objectives (continued)

Trade and other receivables

The Group 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 year of 12 months prior to 31 March 2023 and the corresponding historical credit losses experienced within this year. 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 Group 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.

On that basis, the loss allowance as at 31 March 2023 was determined as follows:

	0-30 days £000	30-60 days £000	60-90 days £000	90-120 days £000	> 120 days £000	Total £000
31 March 2023						
Trade and other receivables	**10,798**	**5,090**	**520**	**263**	**183**	**16,854**
Expected loss rate	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**	**0.00%**
Expected credit loss	-	-	-	-	-	-

30. Financial instruments (continued)

30.2 Financial risk management (continued)

The Group's exposure to credit risk is influenced by the characteristics of its trade debtor base, principally in the social housing and schools' sectors this is viewed as a core strength underlying its debtor base.

As at 31 March 2023, the Group made a specific bad debt provision of £nil (2022: £16k) for customers in Pinnacle Housing Limited.

During the year, the Group released a bad debt provision of £16k (2022: £179k) and £1k (2022: £154k) of bad debts that were written off for customers in Pinnacle Housing Limited.

Trade and other receivables included in the statement of financial position are stated net of a bad debt provision which has been estimated by management following a review of individual receivable accounts.

Impairment losses

An analysis of the impairment in respect of trade receivables is set out below

	2022/2023 £000	2021/2022 £000
Provision as at 1 April	**16**	*179*
Increase in provision during the year	**1**	*16*
Provision released during the year	**(16)**	*(179)*
Provision as at 31 March	**1**	*16*

There are £966k (2022: £1,192k) of trade receivables that were overdue at the balance sheet date,i.e. over 60 days, which have not been provided against. Of these, there are no indications as at the date of approval of these financial statements that they will not be received.

30. Financial instruments (continued)

30.3 Liquidity risk

	Less than 3 months £000	Between 3 months and 1 year £000	Between 1 and 2 years £000	Between 2 and 5 years £000	Over 5 years £000
At 31 March 2023					
Lease liabilities (undiscounted)	**1,906**	**5,718**	**4,197**	**16,788**	**42,354**
Trade and other payables	**23,662**	-	-	-	-
At 31 March 2022					
Lease liabilities (undiscounted)	**1,455**	**4,366**	**3,631**	**14,522**	**12,681**
Trade and other payables	**27,398**	-	-	-	-

30. Financial instruments (continued)

30.3 Liquidity risk (continued)

The Group's approach to managing liquidity risk is to ensure, as far as possible that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damaging the Group's reputation.

The Group monitors the level of expected cash inflows on trade and other receivables together with expected cash outflows on trade and other payables. At 31 March 2023, the expected cash flows from trade receivables maturing within two months were £15,889k (2022: £15,588k).

Borrowing facilities

The Group has a £4,000k overdraft facility in place with Barclays Bank plc. There was no drawdown in this financial year (2022: £2,000k).

The facility includes a gross overdraft facility for any entity within the Group of £5,000k. At year end the Company was not overdrawn (2022: overdrawn £3,389k). The Group is in a cash position of £26,062k (2022: net £6,362k) at year end.

The Group has adopted amortised cost as the carrying value of its financial liabilities. There is no difference between carrying value and the fair value of the Group's financial liabilities.

30.4 Market risk

Foreign exchange risk

The Group operates primarily within the UK such that its exposure to currency risk is not considered to be significant.

Capital risk management

The Group's overall capital risk management strategy is to maintain a strong capital base to sustain investor, creditor and market confidence and for the future development of the business. Capital consists of issued share capital, reserves and retained earnings, as disclosed in the consolidated statement of changes in equity.

The Group's objectives when managing capital are to:

• safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders; and
• maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group might modify the amount of dividends paid to shareholders.

There were no changes in the Group's approach to capital management during the year.

31. Related party transactions

Group

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. There were no transactions for goods or services between the Group and key management personnel outside of their remuneration.

The Group Chief Executive of Pinnacle Group Limited (P M A Lloyd) owns 32% of the shares in Pinnacle Investments (Holdings) Limited, one of the Group's associate companies.

Company

During the year, the following amounts were receivable from related parties:

At the year-end Pinnacle Group Limited was due £nil from Pinnacle Power Limited in respect of treasury management (2022: £2k). During the year, the Company charged Pinnacle Power Limited £915k (2022: £212k) in respect of Group services.

32. Contingent liabilities

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

The Company has issued guarantees to support the indebtedness of Pinnacle Group Limited and its subsidiaries. The exposure to this guarantee at the balance sheet date was nil (2022: nil).

33. Controlling party

The ultimate joint controlling party is TStar Pinnacle Lux S.à.r.l, which is incorporated in Luxembourg, and has an ownership interest of 95.84%. The immediate parent entity is TStar Pinnacle Limited, which is incorporated in the United Kingdom.

These financial statements are consolidated into the financial statements of TStar Pinnacle Limited. The financial statements of this company are available from 8th Floor, Holborn Tower, 137-144 High Holborn, London, England, WC1V 6PL.

34. Subsequent events

Group

There have been no subsequent events post year end other than that stated below.

Post year end the revolving credit facility was repaid in full with the final tranche settled in July 2023.

35. Guarantee in relation to subsidiary audit exemption

On 23 March 2023, the Directors of the Company provided guarantees in respect of its subsidiary companies in accordance with section 479C of the Companies Act 2006. As a result, the following subsidiary entities of the Company are exempt from the requirements of the Companies Act 2006 relating to the audit of accounts under section 479A of the Companies Act 2006.

- Pinnacle PSG Holdings Limited (company registration number: 05735973)
- Woking Housing Partnership Limited (company registration number: 07932237)
- UKPIM Holdco Limited (company registration number: 05149533)
- Regenter Limited (company registration number: 04401853)
- Regenter Management Services Limited (company registration number: 04420874)
- Pinnacle People Limited (company registration number: 06588740)
- Pinnacle Recruitment (Services) Limited(company registration number: 06832740)
- AM Services Holdings Limited (company registration number: 09995237)