TSTAR PINNACLE LIMITED

Annual report

Registered number 10757654

For the year ended 31 March 2020

Contents

Strategic Report

This time last year when preparing the financial statements for the year ending March 2019, the UK was in the middle of a political crisis. Brexit was dominating the agenda at the expense of everything else and traditional political boundaries were all but a thing of the past. It was against this background that we had made the decision to focus on our core activities providing services to our community clients and customers. We have been fortunate that this strategy served us well as the year progressed and regeneration and development activity began to falter. In particular, concentrating on core cash generating activities has meant that we have fared better than most as the COVID 19 crisis has impacted the UK economy. Nevertheless, the Brexit factor did have an impact on our overall performance as organisations began to defer decisions on new contracts pending resolution of the timing and nature of the UK's exit from the European Union. Despite a new Prime Minister and Government following the General Election in December 2019, this uncertainty remains albeit eclipsed for now by the depth and severity of the global pandemic.

Against this uncertain background, the core activities of the Group performed in line with expectations and continued to benefit from opportunities for incumbent replacement in a marketplace where there is continued concern over the financial strength of some highly leveraged FM providers. Our performance in these contracts has been strong and we intend to continue to develop further potential opportunities in the current year. In the Homes division, there was a concerted effort to develop our management capabilities for the growing institutional investor market and securing a contract as the only private sector provider to manage a significant proportion of the Legal and General Affordable Housing stock was a major achievement.

The market for the services of Pinnacle People has been was more difficult as a major proportion of the funding for its activities originated from the European Social Fund. This had a significant impact on the award of new contracts with the result that new business won during the year was well behind target. Brexit also had a negative impact on Pinnacle Power Limited as key developer clients began to defer commencing new schemes as the year progressed, but despite this the business has won a number of major new projects and its prospects are increasingly exciting.

During the year, we secured the commitment for a significant new equity injection into our broadband business, Grain Connect Limited. As this business grows and develops it requires increasing amounts of new capital and is also becoming less reliant on the Group. Grain's rate of growth is significant and at a time when the demand for high speed fibre broadband is increasing exponentially, we see the opportunity for above average value growth.

Strategic Direction and Outlook

At a time of considerable uncertainty, the Group has considered it prudent to maintain its focus on delivering people first services across a range of community facing assets and infrastructure rather than branching out into new but complementary areas of activity. The task has been to continue to do what we do but to do it better and more efficiently. This has enabled us to preserve our resources for when a degree of certainty emerges as the global community succeeds in dealing with the COVID virus.

A key part of our business planning in 2018 was the need to identify ways in which we could deliver the services we offered more efficiently both through the utilisation of new technologies and simply through better working practices. The benefits of this planning began to bear fruit in the year to March 2020 with the introduction of both workforce management and performance management applications. These investments in systems and the training to use them had an impact in the year

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but will generate benefits in forthcoming years as the efficiencies are created. We also established a commitment to be carbon neutral by 2025. The process of calculating our current footprint has now been completed and we are beginning to implement the changes necessary to achieve our goal. This will involve switching our current 300 vehicle fleet over to an EV fleet as suitable vehicles become available.

As we emerge from the COVID crisis we anticipate a different commercial environment and one which is likely to play to the Group's strengths. We believe that companies which can clearly demonstrate respect for their customer, employees, and the environment and which demonstrated this clearly through their response to COVID 19 are more likely to prosper. In terms of contract awards, this may see a shift towards quality and away from simply the lowest price and a new emphasis on the ESG characteristics of a business. We wholeheartedly welcome this shift.

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 plus joint ventures were £107.1m against £102.5m in the prior year.
- Group revenues excluding joint ventures 2020 is £107.1m (2019: £101.2m).
- Loss for the year of £2.6m. (2019: profit £2.5m).

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

Balance Sheet and Cash

The net assets of the Group at 31st March 2020 were £5.4m compared to £7.8m at 31st March 2019 and at 31st March 2020 the Group had £3.4m in cash compared to £2.7m at 31st March 2019.

Stakeholder 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.

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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 in that role by the Executive Committee made up of the senior management of the Group. 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

We have 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 have chosen to apply the Wates Corporate Governance Principles for Large Private Companies for the year ended 31 March 2020, which have allowed 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;
- Director responsibilities;
- Opportunity and risk;
- Remuneration; and
- Stakeholders.

Our Corporate Governance Statement, which is set out in the statutory accounts for Pinnacle Group Ltd, provides details of how the Group has applied these principles.

Board Activity during the year

The strategy and strategic priorities of the Group were set out in a 3-year Business Plan (FY2020-FY2022), 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.

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

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- To secure additional third party capital for the further development of Grain Connect Limited, our fibre broadband business, acknowledging that this will reduce the Groups shareholding to below 50%.

- For the Housing division to bid for the National Accommodation Services contract for the chance to manage 50,000 service family homes across the UK, being let by the Defence Infrastructure Organisation.

- To enter into a commercial lease with Westminster City Council for a discounted market residential development of nearly 200 units at Dudley House, Paddington.

- For Pinnacle Power Limited to set up an Energy Services Company (ESCO), backed by 3rd party funding, which will generate revenue from the delivery of heat and energy over a 25 year concession as part of the Springfield Hospital regeneration project in South London.

It is the Board's priority to ensure that Directors have acted in the way that they consider, in good faith, is 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 at ExCom.

    - 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 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.

    - The health & safety of staff remains a top priority, and the Directors review the performance in this area at each meeting.

    - Significant investment in JobWatch for our site based Facility Management (FM) teams, and further roll-out and training of O365 functionality across the group during the year has had a big impact on the number and ways of achieving

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meaningful two-way communication with our staff. We will look to enhance this further in the coming year. Our relaunched Performance Management Framework, Investors in People processes, and employee satisfaction surveys form the bedrock for understanding the views of our employees and provide a mechanism to develop ideas on how we treat our staff.

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, the decision was made to seek ISO44001 accreditation, to enhance our credentials and more formally embed our collaborative working arrangements with stakeholders.

- 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 surveyed are reported back through the Shareholder Control Group forum.

- 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 ISO14000 accreditation, are ESOS compliant, and made the strategic commitment to reduce our carbon footprint and thus achieve carbon neutrality by 2025. Our environmental targets are reviewed on an annual basis.

- Please also see section on streamlined energy and carbon reporting.

- During the year, 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 is described in more detail in the Social Value section of this report.

- The Group continued with its strategy for engaging with local supply chain partners on major contracts, evidenced when stepping in to the Swanscombe and Swindon Schools PFI contracts during the year.

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

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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 are committed to the business plan (FY2020 – FY2022), which sets out targets for and looks to develop all the main areas of the group. This is reinforced through the 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 Limited and Pinnacle FM Limited.

- Group companies where Pinnacle Group does not have 100% ownership (e.g. Pinnacle Power Limited and Grain Connect Limited), operate their own statutory boards whose makeup reflects the relevant shareholdings in those businesses, and decision making reflects the shareholder agreements in place.

Stakeholders Engagements

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. 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.

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.

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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 Pinnacle Way booklet that goes to all staff, supports a culture of openness and transparency. 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, 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, and a two weekly 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.

Staff views are also sought through a system of engagement surveys designed to gauge opinions at various stages of the employee life cycle. These surveys also allow for people to raise any issues of concern they may have.

During this financial year, a big emphasis has been made on the relaunch of our performance management framework, moving from a system that was considered too static, too paper-based, over formal and potentially confrontational rather than it being a positive two-way dialogue. It is now a much more dynamic process, with a combination of formal reviews and informal "check-ins" where objectives can be reviewed and revised as circumstances change. Time is set aside for staff to receive more feedback and recognition, which is important to them. We will continually look to seek feedback on this framework and will adapt and enhance, as necessary.

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.

We are pleased to announce that, during this financial year, we maintained our Investor in People accreditation, being upgraded to the Silver standard award – this is an important

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external barometer which clearly demonstrates that we are a value driven organisation, with people at the heart of everything we do.

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 our three Non-Executive Directors. Additionally, other individuals are invited to attend as and when appropriate, including the CEO, CFO, Finance & Business Support 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 approving 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 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 committee has a clearly defined terms of reference, which is reviewed annually alongside all other governance groups.

COVID-19

Towards the end of the financial year as it became clear that COVID 19 would develop into a global pandemic, we set up a special Crisis Management team to support senior management from operations and central functions through the impacts of the pandemic, supported by latest Government and Public Health England guidance. The response from both our staff and our customers to these unprecedented times has been remarkable, and we are confident that we will emerge from this crisis as a stronger organisation.

Executive Committee

While the Group Chief executive is responsible for the day-to-day management of the business, he is supported in that role by 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.

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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. Looking forward, we propose to put risk registers 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. 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.

We have a robust 3-year business plan in place, signed off by the Board. Our Governance structure creates an environment for regular monitoring and reporting of progress, review of the markets and competition in which we operate and 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.

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.

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.

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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 busines.

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 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. 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.

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 the Pinnacle Way.

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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 obligations to safety very seriously, with any issues reported through the quarterly Health & Safety Committee and escalated to the Board as necessary. This has been 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 have a set of robust and tested business plans across all areas of the business. Our workforce and office / site locations are geographically spread across the UK, minimising full-service disruption. Additionally, we operate a cloud-based IT system, accessible globally.

Pandemic - we have added this element as a new Principal Risk as a result of COVID-19. This could lead to significant shortages in available resources (employee and supply chain), site shutdowns, transport network disruptions, quarantine, etc. This could further lead to the inability of the company to carry out its contractual obligations and KPI's across a large part of its business due to staff absences and inability to travel.

In response to COVID-19, a new Crisis Management forum (and SharePoint site) was set up to guide senior management and operations and central functions through the COVID-19 pandemic.

Our business continuity plans, and resource planners were updated to scenario plan for up to 30% of the workforce / supply chain being incapacitated. Initially 2 x weekly calls (now fortnightly) were put in place to ensure that key communications and issues (staff, clients, suppliers, etc.) were coordinated.

Quick development of a new Order Management PowerBI site followed, along with detailed staff FAQs, updated guidance, site operating procedures, toolbox talks, RAMS, etc.

Initially 3 x weekly (now 2 x weekly) ExCom calls were also put in place to discuss strategic issues and agree any policy changes.

Since year-end, a sub-group has been leading on a "Returning from Lockdown" project, ensuring that the offices and buildings that we work from are COVID-Secure and that we have properly consulted with our staff, all in accordance with government guidance.

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

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impact of those changes. This oversight is embedded in all our governance groups, which include regular framework and policy reviews.

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 were awarded the government's Cyber Essentials Plus accreditation.

However, we cannot rely on this alone to keep the company's (and our customers') data safe. 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.

Streamlined Energy and Carbon Reporting

Pinnacle Group Limited provides 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.

Our goal is for Pinnacle Group to be a socially and environmentally responsible organisation that inspires and implements solutions that protect the environment, whilst being commercially successful for our stakeholders. To support this ambition, in December 2019, the Company appointed a carbon consultant to work in partnership with us and expand our knowledge so that we are able identify the sources of emissions contributing to our carbon footprint and begin the journey of reducing it, with the specific goal of becoming a carbon neutral business by 2025. Now that we have our baseline year complete, we will continue to communicate our performance in an open and honest way and report on our performance through our Annual Report. In order to ensure we are successful in our commitment, during 2020 we will 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 that Pinnacle Group Limited should include in our report which has been classified against scopes. We are reporting on scope 1, 2 and category 6 of scope 3, specifically business mileage, during the year of 1/4/19 to 31/3/20.

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 also 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 (that is, the Group and its subsidiaries). 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.

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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			**Unit**	**FY20**
Scope 1 Emissions (emissions from combustion of fuel)	Fuel	Natural Gas	tCO^2e	1103
	Road Business	Agricultural	tCO^2e	140
		Car	tCO^2e	52
		Construction	tCO^2e	97
		HGV	tCO^2e	65
		LCV	tCO^2e	1677
Total Scope 1 Emissions				**3,134**

Scope 2 Emissions from electricity	Electricity (Grid)	Standard Grid	$tCO2e$	445
Total Scope 2 Emissions				**445**
Scope 3 Category 6 Business Travel (Road Business)	Road Business	Car	$tCO2e$	149
Total Scope 3 Emissions				**149**
Total Emissions				**3728**
Emissions intensity ratio ($CO2$ (t) per employee)				**1.41**

The total carbon dioxide equivalent emissions from the above sources for the year April 2019 to March 2020 is 3,727.80 tonnes of $CO2e$, calculated according to the GHG Protocol.

Our Communities & Customers

Across our Group, our residents are at the core of everything we do. We constantly liaise with and listen to our residents through our employees who interact with them on a daily basis and through other formal and informal means.

Our People

The Group now employs close to 2,700 people working on our contracts across England and Scotland and we continue to hold Investors in People accreditation. In the statement on our people in last year's report, I commented that achieving the goals we set for ourselves would be dependent on our people and I could not have imagined at that time how important that statement would be. As the COVID 19

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crisis began to hit the UK, it became clear that many of our people would be part of the front line continuing to deliver essential services to the communities we serve. My colleagues rose to that challenge in in the most extraordinary ways, far too many to mention here, but their outstanding performance has been recognised by multiple clients and has been fully deserved.

Management

While there have been no changes to the management of the Group, I remain grateful for the support of my senior colleagues who have demonstrated their strengths and commitment in the face of the extraordinary challenges we have faced as the COVID 19 pandemic has spread to the UK.

During the year, we reorganised the non-executive directors representing our shareholders which resulted in the departure of Roger Clarke and Sarah Broughton. I am grateful for their support and advice and wish them well. In their place we have welcomed both David Simmonds and Luke Dhanoa and I look forward to working with them.

Summary

The year to March 2020 was one of challenges and uncertainty despite which the Group remains in a strong position and ready to meet new challenges as the UK emerges from the COVID pandemic. We have a clear sense of direction, the resources needed to implement our plan and the people who can make it happen. The future holds opportunities for us which we are well placed to meet at a time when it is clear that companies who understand the impact they make on others and adjust their activities accordingly, will thrive.

On behalf of the board

Richard Croft Sharland
Director
18th December 2020

Directors' report

Financial Statements

The directors present their annual report and the Group financial statements for the year ended 31st March 2020 which have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Results and Dividends

The Group loss before tax amounted to £3.2m (2019: profit £3.3m). The Group loss for the year amounted to £2.6m (2019: profit of £2.5m).

During the year, the Group paid no dividends. There were no proposed dividends at year end.

Description of the Business

TStar provides 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.

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 of the Company

This is covered under the *Strategic Direction and Outlook* section on page 1.

Donations

Charitable donations of £750 (2019: £nil) were made during the year. No political donations were made in the year (2019: £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 38 days (2019: 33 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 17 to the financial statements.

Directors' report continued

Directors
The directors who served during the year up to the date of signing the financial statements were as follows:
R M H C Sharland
T M Tolley
D J Simmonds (Appointed on 31st December 2019)
K L S Dhanoa (Appointed on 25th February 2020)
R D Clarke (Resigned on 31st December 2019)
S Broughton (Resigned on 25th February 2020)

Corporate Responsibility and Governance

The Board of Directors recognises the importance of high standards of corporate responsibility and governance. This is evidenced through the following:

Social value - charity and community activities

Our Homes business prides itself on being commercially minded and socially principled, taking a real and active role in the communities we serve. Our staff are involved in a diverse programme of social value activities throughout the year, all of which are undertaken on a voluntary basis and determined by local staff teams with an eye to the needs of residents. The purpose of community activities is to encourage residents to engage with our contracts, improve residents' wellbeing and enhance the environments in which they live.

Over the past year Homes' teams have organised events ranging from older people's coach trips and BBQs, to tree planting initiatives and hosting gym classes. In Woking, for example, a community garden enjoyed a revamp with the Pinnacle team providing volunteers, a barbeque, plants & tools. Several residents joined the team in a planting up the old beds. All involved really enjoyed the day and the residents now have adopted the communal garden for the benefit of all in terms of wellbeing and a well-maintained garden. In the London Borough of Hammersmith and Fulham we celebrated the anniversary of our food share project, which sees surplus food distributed to local residents in need. The project meets weekly and attracts 60 residents.

Our FM teams have continued to carry out projects that enhance the communities we work in. There are practical projects that involve the installation of items such as planters or bench seating within schools or sheltered accommodation that enrich the environment and expand learning opportunities. We also provide sponsorship for client events, such as the Basildon Volunteer of the Year and Age UK events in Hammersmith & Fulham.

"Give Your Time" initiatives, such as the renovation of a community centre that provides a kitchen for the homeless in Leeds, have taken place and have had a transformative effect. Environmental schemes we have organised include the installation of LED lighting, rainwater harvesting to boost sustainability and increased use of aqueous ozone technology to reduce cleaning chemical usage.

Our Pinnacle People business has continued to deliver socioeconomic impact activities throughout the communities in which we operate. Pinnacle People have been working with numerous Local Authorities and Housing Association clients to help them achieve their social value priorities. We take our services directly into local community spaces and help improve the life chances of residents. Our

Directors' report continued

products and services improve wellbeing, training, employability, and skills opportunities for people by delivering workshops, seminars, one to one mentoring and coaching by our specialist team.

Examples of these are; employability and health support workshops for priority groups such a Lone Parents, Carers and Young Residents, CV writing support and interview techniques as well as connecting many residents with job opportunities within the Pinnacle Group. Over the course of the year, Pinnacle People has supported over 5,000 people on their journeys back to work or to starting their own business. Pinnacle People delivers on Government initiatives to both support and encourage people to secure employment or commence self-employment, ensuring a tangible community benefit.

Our Employees

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.

Over the year we have made a number of improvements in the way we engage with staff. Firstly, around 100 managers were consulted extensively on the putting together of the Group's Business Plan. Secondly, the introduction of a new performance management framework, with a focus on encouraging ongoing, two-way, supportive discussions about objectives and personal development, in line with our values has transformed how managers are interacting with their staff. Finally, during the year, all staff were consulted about their experience of working for the Group through the Investors in People (IIP) process. We were successful in being re-awarded IIP, for the first time at the higher Silver level, and we are now in the process of acting on the recommendations.

In addition, there is a well-defined framework of team meetings, which together with regular e-bulletins and other employee communications (such as the Business Plan one page easy to read booklet) ensure our people are regularly informed about the activities of the Group and changes in law or Government policy which may impact them. Information regarding our financial performance is available to relevant employees on a monthly basis.

We are committed to equality of opportunity in the selection, training, career development and promotion of employees regardless of any protected characteristic. We are committed to providing opportunities for the diverse communities we work in and we have put in place policies to help narrow the gender pay gap and promote flexible working.

We continue to support our colleagues from the EU regarding the uncertainty around their employment status as the detail is announced as part of the ongoing Brexit negotiations.

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 both employees and residents 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. 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.

Directors' report continued

Adequate resources are provided to ensure all our employees are aware of our health and safety policy and are committed to its effective implementation. To support the above, our health and safety management system is CHAS and ISO45001 accredited.

Environment

TStar is proud of our proven commitment to sustainable, environmentally - friendly service delivery and has been twice winners of the Sustainable Social Housing Contractor of the Year Award. We have been commended on our 'green' service features including our targeted reduction of:

- water usage (via use of pulse mops and grey water harvesting).
- chemical usage (via COSHH Sypol system)
- vehicle fuel (via electric vehicles and green travel plans)

We have a robust ISO14001 accredited Environmental Management System (EMS), are ESOS compliant and strictly apply our own Environmental Policy which sets out our high level aims and objectives, as well as listing key company environmental targets and identifying who is responsible for delivery of these targets. Our policy is reviewed annually and controlled by our dedicated Business Support and Environmental Manager. Our operational processes and practices are designed and tested to ensure that negative environmental impact is kept to a minimum, whilst efficiently delivering the highest quality services.

Local Action Plans (LAP's) are at the heart of our local, contract-level approach to minimising environmental impacts and delivering our corporate objectives. Our LAP's are able to reflect and combine client requirements and community needs also provide the evidence for our annual ISO14001 audit. All our LAPs are rewritten annually, and results reported on quarterly.

We work in close collaboration with all our clients to agree measurable targets during contract mobilisation. We always ensure that we are taking an active role within our own contracts in assisting our clients to meet their own wider environmental objectives.

Disclosure of Information to the Auditor

Each of the directors has confirmed that:

(a) so far as he is aware, there is no relevant audit information of which the Company's auditor is unaware; and
(b) he has taken all the steps that he ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' report continued

Auditor

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 18th December 2020.

Richard Croft Sharland
Director

Statement of directors' responsibilities in respect of the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and 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 the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group and company for that year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union 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 also 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 responsible for keeping adequate accounting records that are sufficient to show and explain the group 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.

On behalf of the board

Richard Croft Sharland
Director
18th December 2020

Independent auditors' report to the members of TStar Pinnacle Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- TStar Pinnacle 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 2020 and of the group's loss and cash flows for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law); and
- 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, which comprise: the consolidated and company statements of financial position as at 31 March 2020; the consolidated income statement, the consolidated statement of comprehensive income, the consolidated cash flow statement, 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

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

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

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

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

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 2020 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 fully in the Statement of directors' responsibilities in respect of the financial statements, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the 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. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

Diane Walmsley (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18th December 2020

Consolidated Income Statement
for the year ended 31st March 2020

	Notes	2020 £000	2019 £000
Revenue	2	**107,090**	101,164
Other gains		**-**	6,028
Raw materials and consumables		**(29,049)**	(28,488)
Staff costs	3	**(55,673)**	(53,058)
Depreciation, amortisation and impairment	4,7,8	**(5,044)**	(2,563)
Other expenses	4	**(16,776)**	(17,965)
Total expenses		**(106,542)**	(102,074)
Operating profit		**548**	5,118
Net financing (expense)	5	**(3,134)**	(2,483)
Share of net (loss)/ profit of associate and joint ventures using the equity method	9	**(660)**	619
(Loss)/Profit before tax		**(3,246)**	3,299
Taxation	6	**614**	(767)
(Loss)/Profit for the year		**(2,632)**	2,532
Attributable to:			
Equity holders of the parent		**(2,413)**	2,622
Non-controlling interest		**(219)**	(90)
(Loss)/Profit for the year		**(2,632)**	2,532

Consolidated Statement of Comprehensive Income
for the year ended 31st March 2020

	Note	2020 £000	2019 £000
(Loss)/Profit/for the year		**(2,632)**	2,532
Other comprehensive income			
Items that will not be reclassified to profit and loss			
Actuarial gain on defined benefit pension plans (net of deferred tax)	15	**232**	432
Other comprehensive income for the year (net of tax)		**232**	432
Total comprehensive (loss)/income for the year		**(2,400)**	2,964
Attributable to:			
Equity holders of the parent		**(2,181)**	3,054
Non-controlling interest		**(219)**	(90)
Total comprehensive (loss)/ income for the year		**(2,400)**	2,964

The notes on pages 29 to 62 form an integral part of the consolidated financial statements.

Consolidated Statement of Financial Position
at 31st March 2020

	Note	2020	2019
		£000	£000
Non-current assets			
Property, plant and equipment	7a	**5,814**	1,232
Investment properties	7b	**17,328**	-
Intangible assets	8	**28,875**	30,287
Investments	9	**3,565**	4,068
Defined benefit asset	15	**732**	316
		56,314	35,903
Current assets			
Inventories	11	**136**	-
Trade and other receivables	12	**20,615**	18,060
Current Tax receivables		**610**	-
Cash and cash equivalents		**3,445**	2,736
		24,806	20,796
Total assets		**81,120**	56,699
Current liabilities			
Other interest-bearing loans and borrowings		**-**	(23)
Short-term lease Liabilities	18	**(5,007)**	-
Trade and other payables	14	**(18,065)**	(14,839)
Current tax liabilities		**-**	(214)
		(23,072)	(15,076)
Non-current liabilities			
Other interest-bearing loans and borrowings	13	**(33,765)**	(31,483)
Lease liabilities	18	**(16,438)**	-
Deferred tax liabilities	10	**(2,469)**	(2,364)
		(52,672)	(33,847)
Total liabilities		**(75,744)**	(49,923)
Net assets		**5,376**	7,776
Equity attributable to equity holders of the parent			
Share capital	16	**7,012**	7,012
Retained earnings		**(1,683)**	498
		5,329	7,510
Non-controlling interest		**47**	266
Total equity		**5,376**	7,776

The financial statements on pages 24 to 28 were approved by the board of directors on 18th December 2020 and signed on its behalf by:

Richard Croft Sharland
Director

Company registered number: 10757654

The notes on pages 29 to 62 form an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity
for the year ended 31st March 2020

	Share Capital	Cash flow hedge reserve	(Accumulated losses)/Retained Earnings	Total parent equity	Non-controlling interest	Total equity
	£000	£000	£000	£000	£000	£000
Balance at 1st April 2018	7,012	452	(2,556)	4,908	7	**4,915**
Profit/(loss) for the year	-	-	2,622	2,622	(90)	**2,532**
Elimination of Reserve	-	(452)	-	(452)	-	**(452)**
Change in non-controlling interest	-	-	-	-	349	**349**
Other comprehensive income for the year	-	-	432	432	-	**432**
Balance at 31st March 2019	**7,012**	**-**	**498**	**7,510**	**266**	**7,776**
Loss for the year	-	-	(2,413)	(2,413)	(219)	**(2,632)**
Elimination of Reserve	-	-		-	-	**-**
Change in non-controlling interest	-	-	-	-	-	**-**
Other comprehensive income for the year	-	-	232	232	-	**232**
Balance at 31st March 2020	**7,012**	**-**	**(1,683)**	**5,329**	**47**	**5,376**

The notes on pages 29 to 62 form an integral part of the consolidated financial statements.

Consolidated Cash Flow Statement
for the year ended 31st March 2020

	Notes	2020 £000	2019 £000
Cash flows from operating activities			
(Loss)/Profit for the year		**(2,632)**	2,532
Adjustments for:			
Depreciation, amortisation and impairment	4,7,8	**5,044**	2,563
Finance income	5	**(146)**	(283)
Finance expense	5	**3,280**	2,721
Share of losses/(profits) of joint ventures	9	**660**	(619)
Loss on sale of property, plant and equipment		**2**	-
Other gains		-	(6,028)
IAS 19 pension expense	15	**(117)**	(638)
Credit loss allowance		**65**	157
Taxation	6	**(614)**	767
Cashflow from operations before movements in working capital		**5,542**	1,172
(Increase)/Decrease in trade and other receivables	12	**(622)**	815
(Increase) / Decrease in inventories	11	**(136)**	963
Decrease/(Increase) in trade and other payables	14	**70**	(12,927)
		4,854	(11,149)
Interest paid		**(853)**	(690)
Tax paid		**(145)**	(970)
Net cash inflow / (outflow) from operating activities		**3,856**	(11,637)
Cash flows from investing activities			
Proceeds from sale of JV's		-	8,680
Interest received		**123**	102
Acquisition of property, plant and equipment	7	**(1,075)**	(1,092)
Acquisition of other intangible assets	8	**(435)**	(316)
Dividends from joint ventures	9	-	451
Investment in associate		-	(300)
Net cash (outflow) / inflow from investing activities		**(1,387)**	7,525
Cash flows from financing activities			
Repayment of lease liabilities	18	**(1,760)**	(55)
Net cash inflow / (outflow) from financing activities		**(1,760)**	(55)
Net increase/(decrease) in cash and cash equivalents		**709**	(4,167)
Cash and cash equivalents at 1st April		**2,736**	6,903
Cash and cash equivalents at 31st March		**3,445**	2,736

The notes on pages 29 to 62 form an integral part of the consolidated financial statements.

Notes to the consolidated financial statements

1.1 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.

Compliance with IFRS

TStar Pinnacle Limited (the "Company") is a private company incorporated and domiciled in the United Kingdom. The registered address is 2nd Floor One Eagle Place, St. James's, London, SW1Y 6AF, Great Britain.

These financial statements are the consolidated financial statements for the "Group" consisting of TStar Pinnacle Limited and its subsidiaries. The consolidated financial statements of TStar Pinnacle Limited have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) as adopted by the European Union and with the Companies Act 2006 as applicable to companies reporting under IFRS.

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

The Company has elected to prepare its own financial statements in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101"); these are presented on pages 65 to 74. The Company proposes to continue to adopt the reduced disclosure framework or FRS 101 in its next financial statements.

Judgements made by the directors in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 1.18.

The Group has applied the following standards and amendments for the first time for their annual reporting year commencing 1 April 2019:

- IFRS 16 *Accounting for leases*

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

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

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

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

Notes to the consolidated financial statements continued

1.1 Basis of Preparation continued

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

The Group reviewed of all the leasing arrangements within the Group in light of the new lease accounting rules in IFRS 16. The standard affected primarily the accounting for the Group's operating leases.

On initial adoption, the Group recognised right-of-use assets of about £4,073k (carrying value excluding short-term leases exemption) on 1 April 2019, lease liabilities of £4,073k (after adjustments for prepayments and accrued lease payments recognised as at 31 March 2019 and short-term leases). The adoption of IFRS 16 does not have a material impact for the Group.

The impact on profit and loss for FY20 is a depreciation charge of £2,674k, interest expense of £581k, and this is offset by a decrease in rental expense circa. £3,255k.

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

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease, if that rate can be determined, or the Group's incremental borrowing rate.

Right-of-use assets are measured at cost comprising 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.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Please refer to note 18 for details of the Group's leases as at 31 March 2020.

New standards and interpretations not yet adopted

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

Notes to the consolidated financial statements continued

1.1 Basis of Preparation continued

- IFRS 17 Insurance Contracts
- Amendments to IFRS 9 Prepayment Features with Negative

- Annual Improvements to IFRS Standards 2015 – 2017 Cycle

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.

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. The forecasts indicate that, whilst taking into account reasonable downsides, sufficient funds are expected to be generated within the Group so as to meet the liabilities of the Group as they fall due.

As part of their review the directors have additionally considered the implications of the current Coronavirus Pandemic on the going concern assumption.

The economic impact due to the Coronavirus Pandemic is subject to an unprecedented level of uncertainty with the full range of possible effects unknown. Sensitivity analyses have been applied to the cashflow forecasts to assess the impact on EBITDA and working capital and the ability of the Group to fund its capital commitments. These forecasts continue to support the going concern assumption and the directors are confident they can take sufficient mitigating action to ensure that available funds will be sufficient for the business needs.

1.2 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 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

Notes to the consolidated financial statements continued

1.2 Basis of consolidation and equity accounting continued

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.

1.3 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.

1.4 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.

1.5 *Revenue*

Revenue represents fees receivable, excluding VAT. Revenue is measured based on the consideration to which the Group expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognises revenue when it delivers the service to a customer.

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

- Housing and facilities management - Contact centre services - Professional services - Low carbon energy development	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.
- Management of welfare to work employment related services	Long-term contracts for which revenue is recognised when the performance has been confirmed by the customer. This is recognised at a point in time.

Notes to the consolidated financial statements continued

1.6 Financing income and expenses

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

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

Interest income and interest payable is recognised in profit or loss as it accrues.

1.7 Taxation

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

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

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

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

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

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

1.8 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 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.

Notes to the consolidated financial statements continued

1.9 Financial instruments continued

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. Refer to note 17 for further details on the recognition of expected credit losses.

1.10 Property, plant and equipment

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Land is not depreciated. The estimated useful lives are as follows:

- Buildings - over the life of the lease
- Plant and equipment - 1 to 5 years
- Fixtures and fittings - 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.

1.11 Intangible assets and goodwill

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.

Notes to the consolidated financial statements continued

1.11 Intangible assets and goodwill continued

Impairment reviews are performed annually using discounted cash flow analysis. This analysis assumes a 11% discount rate, 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 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.

Intangible assets
Other intangibles that are acquired by the Group are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation
Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The estimated useful lives are as follows:

- capitalised software development costs - 3 years

1.12 Right-of-Use (RoU) Assets

Assets and liabilities arising from a lease are initially measured on a present value basis.

Right-of-use assets are measured at cost comprising 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.

The estimated useful lives of all right-of-use assets are over the life/term of the lease.

RoU Investment properties are recognised at costs and depreciated over the lease terms.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Please refer to note 18 for details of the Group's leases as at 31 March 2020.

1.13 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

1.14 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.

Notes to the consolidated financial statements continued

1.14 Inventories continued

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.

1.15 Contributed equity

Ordinary shares are classified as equity.

1.16 Impairment of non-financial assets excluding goodwill

The carrying amounts of the Group's non-financial assets, other than deferred tax 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.

1.17 *Employee benefits*

Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating annual leave that are expected to be settled wholly within 12 months after the end of the year in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting year

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

The Group operates a defined benefit contribution plan and a defined benefit pension plan.

For defined contribution plan, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contribution has been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in the future payments is available.

Notes to the consolidated financial statements continued

1.17 *Employee benefits continued*

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 amount

of future benefit that employees have earned in return for their service in the current and prior years; 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.

1.18 Accounting estimates and judgements

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.

Details of the assumptions used are included in note 15.

Impairment of goodwill

Determining whether goodwill is impaired requires an estimate of the value in use of the business 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. Refer to note 8 for further details.

Provision for credit losses
The provision for estimated credit losses is 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. Please refer to note 17 for further details.

1.19 Dividends

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

1.20 Rounding of amounts

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

Notes to the consolidated financial statements continued

2 Revenue

	2020	2019
	£000	£000
Housing management and maintenance services	**94,907**	88,404
Services to assist the unemployed	**2,491**	4,156
Sustainable energy solutions	**9,509**	8,510
Other income	**183**	94
Total	**107,090**	101,164

Revenues of approximately £9,132k (2019: £12,023k) are derived from a single external customer. All revenue is generated within the UK.

The Group did not recognise any material contract asset or liability.

3 Staff costs

The average number of persons employed by the Group (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2020	2019
Housing management and maintenance services	**2,504**	2,400
Services to assist the unemployed	**28**	34
Sustainable energy solutions	**55**	44
Other Income	**80**	72
Total number	**2,667**	2,550

The aggregate payroll costs of these persons were as follows:

	2020	2019
	£000	£000
Wages and salaries	**49,877**	47,478
Social security costs	**3,753**	3,598
Contributions to defined contribution plans	**1,841**	1,786
Expenses related to defined benefit plans	**202**	196
Total salaries	**55,673**	53,058

Notes to the consolidated financial statements continued

4 Expenses and auditor's remuneration

Included in profit are the following:

	2020	2019
	£000	£000
Depreciation and amortisation		
- owned asset	**830**	475
- Right of use assets	**2,674**	103
- Intangible assets	**1,540**	1,786
Impairment		
- asset held for sale	-	180
- goodwill	-	-
- subsidiary shares	-	19

Auditors remuneration:

	2020	2019
	£000	£000
Fees payable to the Company's auditors for the audit of the Company's financial statements	**20**	19
Fees payable to the Company's auditors for services in respect of the audit of the Company's subsidiaries pursuant to legislation	**174**	117

5 Finance income and expense

	2020	2019
	£000	£000
Finance income		
Interest income on financial assets	**135**	283
Interest income from defined benefit pension plan	**11**	-
Total finance income	**146**	283
Finance expense		
Interest on financial liabilities measured at amortised cost	**2,524**	2,405
Other finance charges	**175**	310
Interest on lease liabilities	**581**	-
Interest on defined benefit pension plan obligation	-	6
Total finance expense	**3,280**	2,721
Net financing (expense)	**(3,134)**	(2,438)

Notes to the consolidated financial statements continued

6 Taxation

Recognised in the income statement

	2020	2019
	£000	£000
Current tax		
Current tax on profits for the year	**145**	731
Adjustments for current tax of prior years	**(809)**	(178)
Total current tax (credit)/expense	**(664)**	553
Deferred tax		
Origination and reversal of temporary differences gain	**77**	214
Prior year adjustment	**(27)**	-
Total tax (credit)/expense	**(614)**	767

Recognised in other comprehensive income

	2020	2019
	£000	£000
Tax charge on actuarial gain on defined benefit pension plans	**55**	115
Total	**55**	115

Reconciliation of effective tax rate

	2020	2019
	£000	£000
(Loss)/Profit before tax	**(3,246)**	3,299
Tax using the UK corporation tax rate of 19% (2019: 19%)	**(617)**	627
Effects of:		
- Non-taxable income	**-**	117
- Joint venture/associates results net of tax	**(125)**	(118)
- Adjustments for deferred tax	**50**	214
- Disallowable expenses	**481**	-
- Others	**406**	105
Adjustments in respect of prior years	**(809)**	(178)
Total tax (credit)/expense	**(614)**	767

The suspension of a proposed reduction in the UK corporation tax rate from 19% to 17% effective from 1 April 2020 was substantively enacted in March 2020. The UK corporation tax rate remains at 19%.

Notes to the consolidated financial statements continued

7a Property, plant and equipment

	Land and Buildings £000	Plant & Equipment £000	RoU Assets* £000	Total £000
Cost				
Balance at 1st April 2019	316	4,888	-	5,204
ROU assets Initial recognition as at 1st April 2019	-	-	4,073	4,073
Additions	605	470	2,022	3,097
Reclassification to IP	(57)	-	-	(57)
Disposals	-	(210)	(161)	(371)
Balance at 31st March 2020	**864**	**5,148**	**5,934**	**11,946**
Depreciation				
Balance at 1st April 2019	254	3,718	-	3,972
Depreciation charge for the year	27	496	1,760	2,283
Disposals	-	(123)	-	(123)
Balance at 31st March 2020	**281**	**4,091**	**1,760**	**6,132**
Net book value				
At 31st March 2020	**583**	**1,057**	**4,174**	**5,814**
At 31st March 2019	62	1,170	-	1,232

* RoU Assets are leased assets recognised in accordance with IFRS 16. Additional disclosure relating to leased assets can be found in Note 18.

Notes to the consolidated financial statements continued

7b Investment Properties

	Total £000
Cost	
Balance at 1st April 2019	-
Additions	18,185
Reclassification	57
Balance at 31st March 2020	**18,242**
Depreciation	
Balance at 1st April 2019	**-**
Depreciation charge for the year	914
Balance at 31st March 2020	**914**
Net book value	
At 31st March 2020	**17,328**
At 31st March 2019	-

The Investment Property addition in the year £18,185k, relates to a transaction entered into with a London council whereby one of the Group's subsidiary 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.

Notes to the consolidated financial statements continued

8 Intangible assets

	Goodwill	Development & Software	Trademarks	Customer Contracts	Total
	£000	**£000**	**£000**	**£000**	**£000**
Cost					
At 1st April 2019	15,060	880	5,042	12,430	33,412
Additions	-	435	-	-	435
At 31st March 2020	**15,060**	**1,315**	**5,042**	**12,430**	**33,847**
Amortisation and Impairment					
At 1st April 2019	-	430	882	1,813	3,125
Amortisation/Impairment for the year	-	307	504	1,036	1,847
At 31st March 2020	**-**	**737**	**1,386**	**2,849**	**4,972**
Net Book Value					
At 31st March 2020	**15,060**	**578**	**3,656**	**9,581**	**28,875**
At 1st April 2019	15,060	450	4,160	10,617	30,287

The net book value of goodwill by cash generating unit is broken down as follows:

	2020	2019
	£000	£000
Pinnacle Group	**15,060**	15,060
Total	**15,060**	15,060

No impairment charge has been recognised in the year on goodwill (2019: £nil).

A discount rate of 11% (2019:11%) has been applied when calculating the future discounted cashflows.

The Group tests whether goodwill has suffered any impairment on an annual basis. The goodwill was acquired in the period ended 31 March 2018. For the 2020 financial year, the recoverable amount of the cash generating units (CGUs) was determined based on value-in-use calculations which require the use of assumptions. The calculations use cash flow projections based on the corporate plan approved by management covering a three-year period.

Cash flows beyond the three-year period are extrapolated using an estimated growth rate of 1%. The growth rate used is consistent with forecasts.

The Group has conducted an analysis of the sensitivity of the impairment test to changes in the key assumptions used to determine the recoverable amount of the CGUs to which goodwill is allocated. The directors believe that any reasonable possible change in the discount rate would not cause the carrying amount of net assets (including goodwill) to exceed the recoverable amount of the related assets.

Notes to the consolidated financial statements continued

9 Investments

The Group has the following investments:

Subsidiaries

Company	Nature of business	Class of shares held	**2020**	2019
Pinnacle Group Limited	Holding company	£1 ordinary	**100%**	100%
Pinnacle PSG Limited	Holding company	£1 ordinary	**100%**	100%
Pinnacle FM Limited	Facilities management	£1 ordinary	**100%**	100%
Pinnacle Housing Limited	Housing management	£0.05 ordinary	**100%**	100%
Woking Housing Partnership Limited	Housing management	£1 ordinary	**100%**	100%
Pinnacle Connect Limited	Call centre services	£1 ordinary	**100%**	100%
Pinnacle People Limited	Recruitment services	£1 ordinary	**100%**	100%
Pinnacle Recruitment (Services) Limited	Recruitment services	£1 ordinary	**100%**	100%
Pulse Social Enterprises Community Interest Company	Recruitment services	£1 ordinary	**100%**	100%
UKPIM Holdco Limited	Holding company	£1 ordinary	**100%**	100%
Pinnacle Spaces Limited	Social housing provider	£1 ordinary	**100%**	100%
Regenter Limited	Housing project bids	£1 ordinary	**100%**	100%
Regenter Management Services Limited	Housing project bids	£1 ordinary	**100%**	100%
Pinnacle Placemaking Limited	Residential development	£1 ordinary	**100%**	100%
Pinnacle PSG Holdings Limited	Holding company	£1 ordinary	**100%**	100%
Pinnacle Power Limited	Low carbon energy development	£0.10 ordinary	**57.5%**	57.5%
Nova Power Limited	Renewable energy	£1 ordinary	**57.5%**	57.5%
PP Esco Holdco Limited	Holding company	£1 ordinary	**57.5%**	-
PP Esco (Clapham Park) Limited	Heating systems construction & operation	£1 ordinary	**57.5%**	-
Kirkbank Heating Limited	Heating installation and maintenance	£0.10 ordinary	**57.5%**	-

Associate

Grain Connect Limited	Broadband provider	Class A & class C	**30.29%**	48.8%

The registered address of the companies listed above is 21st Floor, 286 Euston Road, London, United Kingdom NW1 3DP except for Kirkbank Heating Limited whose registered address is Balgray House, Lockerbie, Dumfriesshire, DG1, 2JT; and Pinnacle Investment Management Limited whose registered address is 11, New Street, St Peter Port, Guernsey, GY1 2PF.

Notes to the consolidated financial statements continued

9 Investments continued

Joint Ventures

Ownership	Registered address	Class of shares held	**2020**	2019
MY8 Development LLP*	286 Euston Road, London, NW1 3DP, GB	£1 ordinary	**50 %**	50 %
Pinnacle Higgins LLP*	286 Euston Road, London, NW1 3DP, GB	£1 ordinary	**50 %**	50 %
Pinnacle Fund LLP*	286 Euston Road, London, NW1 3DP, GB	£1 ordinary	**50 %**	50 %

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

Dormant companies

Company	Nature of business	Class of shares held	**2020**	2019
Pinnacle Homecare Limited	Dormant	£1 ordinary	**100%**	100%
Pinnacle Regeneration Group Limited	Dormant	£1 ordinary	**100%**	100%
Social Housing Regeneration Partnerships Limited	Dormant	£1 ordinary	**100%**	100%
Pinnacle Places Limited	Dormant	£1 ordinary	**100%**	100%
Pinnacle Regeneration Limited	Dormant	£1 ordinary	**100%**	100%
Pinnacle NZ (Holdings) Limited	Dormant	£1 ordinary	**100%**	100%

The registered address for each of the above companies is 21st Floor, 286 Euston Road, London, NW1 3DP.

Total investments	**2020 £000**	2019 £000
Investments in associate and joint ventures	**3,500**	2,382
Additions	**65**	-
Loans to associate and joint ventures	-	1,686
Total investments	**3,565**	4,068

Loans to associate and joint ventures	**2020 £000**	2019 £000
At 1 April	**1,686**	3,997
Additions	-	1,686
Repayments	-	(3,997)
Interest	**92**	-
Converted to equity	**(1,778)**	-
At 31 March	-	1,686

Notes to the consolidated financial statements continued

9 Investments continued

Summarised financial information for associates

The tables below provide summarised financial information for those joint ventures and associates that are material to the group. The information disclosed reflects the amounts presented in the financial statements of the relevant associates and joint ventures and not the Group's share of those amounts. They have been amended to reflect adjustments made by the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

2020	MY8 Development LLP	Grain Connect Limited	Total
	£000	£000	£000
Balance Sheet			
Total assets	963	7,492	8,455
Total Liabilities	-	(573)	(573)
Net Assets	**963**	**6,919**	**7,882**
Profit and Loss			
Loss for the year	**(8)**	**(1,764)**	**(1,772)**
Reconciliation to carrying amounts:			
Group's share of opening net assets	**373**	**2,009**	**2,382**
Additions	**-**	**1,778**	**1,778**
Loss for the year	**(4)**	**(656)**	**(660)**
Carrying amount at 31 March of Associates	**369**	**3,131**	**3,500**
Other Investments*	**-**	**-**	**65**
Carrying amount at 31 March	**369**	**3,131**	**3,565**

*On 31st March 2020 PP Esco Holdco Limited (100% owned by Pinnacle Power Limited) purchased £65k B ordinary shares in PP Esco (Springfield) Limited. The 1 ordinary share was re-designated as a B ordinary share. The total shareholding owned by PP Esco Holdco Limited being 65,000 £1 B ordinary shares represents a 9.57% Pinnacle Group shareholding with the remainder being owned by Blackmead Infrastructure Limited

Notes to the consolidated financial statements continued

9 Investments continued

Summarised financial information for associates and joint ventures

2019	Regenter Myatts Field North Limited	MY8 Development LLP	Grain Connect Limited	Total
	£000	£000	£000	£000
Balance Sheet				
Total assets	-	971	1,708	2,679
Total liabilities	-	-	(1,804)	(1,804)
Net assets/(liabilities)	-	971	(96)	875
Profit and loss				
Profit for the year	340	1,202	(103)	1,439
Reconciliation to carrying amounts:				
Group's share of opening net assets/(liabilities)	(1,993)	58	-	(1,935)
Additions	-	-	300	300
Fair Value adjustments made by the Group	-	-	1,751	1,751
Profit for the year	170	601	(51)	720
Corporation tax and costs not illustrated in the results above	4	(114)	9	(101)
Dividends received	(279)	(172)	-	(451)
Disposal	2,098	-	-	2,098
Carrying amount at 31 March	-	373	2,009	2,382

Grain Connect Limited

Pinnacle Group Limited owns 30.29% (2019: 48.8%) of Grain Connect Limited (Grain) shares (class A & class C shares). In October 2019, the Group converted its loan into additional shares.

Grain Connect Limited entered to an Investment Agreement on 30 October 2019 with Albion Real Estate LP for the initial investment of £5,000k (266,382 Ordinary Shares at a price of £18.77 per share. The conversion of Pinnacle Group loan to shares, together with our existing holdings led to a reduction of the Group's share holding to 30.29% from 48.8%. The investment in Grain Connect Limited is being treated as an investment in associate and therefore the equity accounting method is applied. The Group does not recognise any gain or loss (2019; £2,092k) on remeasurement of its interest in Grain Connect Limited.

Notes to the consolidated financial statements continued

9 Investments continued

Regenter Myatts Field North Limited

On 26th September 2018, UKPIM Holdco Limited sold its interest in Regenter Myatts Field North for £8,680k, generating a profit of £3,704k in year ended 31st March 2019.

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.

PP Esco (Springfield) Limited

PP Esco (Springfield) Limited was incorporated on 4th October 2019 fully owned by Pinnacle Power Limited. On 30th March 2020 PP Esco (Springfield) Limited was still 100% owned by PP Esco (Holdco) Limited.

On 31st March 2020 PP Esco Holdco Limited (100% owned by Pinnacle Power Limited) purchased £65k B ordinary shares in PP Esco (Springfield) Limited. The 1 ordinary share was re-designated as a B ordinary share. The total shareholding owned by PP Esco Holdco Limited being 65,000 £1 B ordinary shares represents a 9.57% Pinnacle Group shareholding with the remainder being owned by Blackmead Infrastructure Limited.

Pinnacle Investments (Holdings) Limited

On 24th September 2019, Pinnacle Group Limited (Group) acquired 25% of Pinnacle Investments (Holdings) Limited, (PIHL). The Group entered into a loan agreement with Christopher Turnbull for a loan of £153k to enable the Group to purchase the shares. Christopher Turnbull is a former employee who no longer has any interest in the Group, having sold his shares in the holding company of the Group as part of his exit from employment at the end of December 2018.

There is a put and call option on the Group's shares in PIHL. The call may be exercised by Christopher Turnbull at any time; the Group may exercise the put option after the expiry of 10 (ten) months after the date of the agreement. The non- interest-bearing loan is in substance not a liability for the Group to repay and the exercise of the option by either party leads to the transfer of shares to Christopher Turnbull and will offset the liability as consideration.

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

Pinnacle Group Limited acquired an 89% interest in Pinnacle Fund Management Limited (PFML). The other 14% is held by Pinnacle Investments (Holdings) Ltd (PIHL). Pinnacle Group Limited entered into a shareholder agreement with PIHL which sets out how Pinnacle Fund Management Limited is to be governed and the nature of "permitted activities" As a result of the terms of the agreement Pinnacle Group Limited does not have any significant influence over PFML and hence this entity is not a subsidiary of the Group.

Notes to the consolidated financial statements continued

10 Deferred tax liability

Recognised deferred tax liabilities

	Property, Plant, and Equipment £000	Tax losses £000	Pension Scheme £000	Intangible Assets £000	Total £000
At 1 April 2018	199	171	60	(2,465)	(2.035)
Recognised in profit or loss	(167)	-	-	(47)	(214)
Recognised in other comprehensive income	-	-	(115)	-	(115)
At 31 March 2019	**32**	**171**	**(55)**	**(2,512)**	**(2,364)**
Recognised in profit or loss	(123)	78	(29)	(3)	(77)
Prior year adjustment	27	-	-	-	27
Recognised in other comprehensive income	-	-	(55)	-	(55)
At 31 March 2020	**(64)**	**249**	**(139)**	**(2,515)**	**(2,469)**

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of tax losses of £282k (2019: £282k) because it is not probable that future taxable profits will be available against which the Group can utilise the benefits therefrom.

11 Inventories

	2020 £000	2019 £000
Work in progress	**136**	-
Total	**136**	-

Notes to the consolidated financial statements continued

12 Trade and other receivables

	2020	2019
	£000	£000
Current		
Trade receivables	**15,148**	13,208
Other debtors	**131**	133
Prepayments and accrued income	**5,336**	4,719
Total	**20,615**	18,060

13 Other interest-bearing loans and borrowings

For more information about the Group's exposure to interest rate and foreign currency risk, see note 17.

	2020	2019
Finance lease	**£000**	£000
Current	-	23
Non-current	-	122
Total	-	145

During the year, all finance leases were treated in accordance with IFRS 16 (leases). Please refer to note 18 for further details on Leases.

Borrowings

Loans payable	**2020**	2019
	£000	£000
More than five years	**32,463**	30,461
Accrual of loan interest	**1,302**	900
Total payables	**33,765**	31,361

Included within creditors, amounts falling due after more than one year is an amount of £32,463k (2019: £30,461k) in respect of liabilities payable which fall due for repayment after more than five years from the reporting date, due to related undertakings.

On the 14th June 2017, the Company issued a £13,424k fixed-rate unsecured loan note instrument due 2027 to Tunstall Pinnacle Holdco S.à r.l. and a £1,200k fixed-rate unsecured loan note instrument due 2027 to management, together comprising the "Notes". A loan agreement was also concluded between the Company and SOF-11 Pinnacle Lux S.à r.l pursuant to which SOF-11 Pinnacle Lux S.à r.l would lend the Company £13,424k repayable in 2027.

Notes to the consolidated financial statements continued

13 Other interest-bearing loans and borrowings continued

The notes and the loan agreement are repayable in June 2027.

Interest accrues on the notes and the loan agreement at a rate of 8% per annum from the date of issue until redemption, and is payable quarterly in arrears on the Interest Payment Dates which are 31 March, 30 June, 30 September and 31 December.

To the extent that interest is not cash settled on these dates, any accrued interest outstanding on 30 September may be capitalised in accordance with the Notes and the loan agreement.

The interest accruing on the notes and the loan agreement at the reporting date amounted to £1,302k (2019: £900k) for the year.

14 Trade and other payables

	2020	2019
	£000	£000
Current		
Trade payables	**3,011**	2,805
Other taxes and social security costs	**4,201**	3,457
Other payables and accrued expenses	**10,853**	8,577
Total	**18,065**	14,839

15 Employee benefits

Pension plans

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 31st March 2018. There were no amounts payable to the scheme at end of the current financial year (2019: £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 31st March 2018.The administrator of the pension scheme is Hymans Robertson LLP.

The 31st March 2018 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*

Notes to the consolidated financial statements continued

15 Employee benefits continued

retirement of 2.5% per annum, and a discount rate in the period after retirement of 0.75% per annum. The market value of the scheme's assets at 31st March 2018 was £8,887k.

(a) Amounts included within the financial statements

The amounts recognised in the balance sheet are as follows:

	2020	2019
	£000	£000
Present value of plan liabilities	**(8,995)**	(9,154)
Fair value of scheme assets	**9,727**	9,470
Net assets	**732**	316

The amounts recognised in the consolidated income statement are as follows:

	2020	2019
	£000	£000
Current service cost	**139**	154
Administration costs	**63**	42
Net interest (income)/expense	**(11)**	6
Net cost	**191**	202

Changes in the amounts recognised in the consolidated statement of changes in equity are as follows:

	2020	2019
	£000	£000
Actuarial gain	**287**	547

Changes in the present value of the defined benefit liabilities are as follows:

	2020	2019
	£000	£000
Opening defined benefit liability	**9,154**	9,238
Service cost	**139**	154
Administration cost	**63**	42
Contributions by members	**26**	30
Interest cost	**217**	244
Changes in financial assumptions	**(352)**	(380)
Benefits paid	**(252)**	(174)
Closing defined benefit liability	**8,995**	9,154

Changes in the fair value of scheme assets are as follows:

	2020	2019
	£000	£000
Opening fair value of scheme assets	**9,470**	8,887
Interest income	**228**	238
Contributions by employers	**319**	326
Contributions by members	**26**	30
Return on assets excluding amounts included in net interest	**(64)**	163
Benefits paid	**(252)**	(174)
Closing fair value of scheme assets	**9,727**	9,470

Notes to the consolidated financial statements continued

15. Employee benefits continued

The Group contributions during the accounting year amounted to £319k (2019: £326k) and the agreed Group contribution rate for the coming year is 26% pa of pensionable salaries. Estimated employer expense for the next accounting year is £163k

The cumulative amount of actuarial losses taken to the consolidated statement of changes in equity at 31st March 2020 was £2,197k (2019: £2,428k).

The fair value of the plan assets and the return on those assets were as follows:

	2020 Fair value £000	2019 Fair value £000
Equities	**5,801**	5,043
Corporate bonds	**1,484**	1,492
Bonds	**2,442**	2,935
Total	**9,727**	9,470

(b) Disclosure of principal assumptions

	2020	2019
Discount rate at 31st March	**2.30%**	2.40%
First year salary increase	**2.00%**	2.00%
Future salary increases	**2.00%**	2.30%
Increases to pensions in payment accrued to date (RPI)	**2.80%**	3.30%
Increases to pensions in payment accrued to date (CPI)	**2.00%**	2.30%

Mortality

The average life expectancy assumed now for an individual at the age of 63 and projected to apply in 2020 for an individual then at the age of 63 is as follows:

Retiring today:	**2020**	2019
Males	**22.5**	22.4
Females	**26.3**	26.2

Retiring in 20 years:	**2020**	2019
Males	**24.9**	24.8
Females	**28.9**	28.8

Sensitivity analysis

	Increase in pension liability £000
0.5% decrease in discount rate	9,842
1-year increase in life expectancy	9,355

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

Notes to the consolidated financial statements continued

15 Employee benefits continued

Longevity assumptions

The longevity assumptions as at 31 March 2020 are based on bespoke longevity tables for members provided by Club Vita for the formal valuation of the Section as at 31 March 2018. 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.

Historical pension scheme information

	2020	2019	2018	2017	2016
	£000	£000	£000	£000	£000
Defined benefit liability	**(8,995)**	(9,154)	(9,238)	(9,083)	(7,177)
Scheme assets	**9,727**	9,470	8,887	8,619	7,472
Surplus/(Deficit)	**731**	316	(351)	(464)	295
Experience adjustment on scheme liabilities – gain/(loss)	**353**	380	130	(1,571)	256
Experience adjustment on scheme assets – (loss)/gain	**(64)**	163	90	699	(299)

Risks to which the Plan exposes the Company

The nature of the Plan exposes the Company 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.

16 Capital and reserves

Share capital

	Number of shares	
	2020	2019
Authorised		
Growth shares at £1 each	**750**	750
Ordinary shares at £100 each	**70,117**	70,117
At 31st March	**70,867**	70,867

	2020	2019
	£000	£000
Called up and fully paid		
Authorised Growth shares at £1 each	-	-
Authorised Ordinary shares at £100 each	**7,012**	7,012
Total	**7,012**	7,012

Notes to the consolidated financial statements continued

16 Capital and reserves continued

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. The ordinary B shares have no voting rights.

Dividends
No Dividend was declared and paid in the year (2019: £nil).

17 Financial Instruments

Financial instruments by category

Financial assets	**2020**	2019
	£000	£000
Financial assets at amortised cost		
Trade and other receivables excluding pre-payments	**19,581**	16,626
Cash and cash equivalents	**3,445**	2,736
	23,026	19,362

Financial liability	**2020**	2019
	£000	£000
Financial liabilities at amortised cost		
Lease liabilities	**21,445**	145
Trade and other payables excluding non-financial liabilities	**13,865**	11,382
Borrowings	**33,765**	31,361
	69,075	42,888

Notes to the consolidated financial statements continued

17 Financial Instruments continued

Financial risks

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.

Credit risk

Credit risk arises on financial instruments such as trade receivables, short-term bank deposits and interest rate and currency hedges.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	Note	**2020**	2019
		£000	£000
Trade and other receivables	12	**20,615**	18,060
Cash and cash equivalents		**3,445**	2,736
Total		**24,060**	20,796

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 2020 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.

Notes to the consolidated financial statements continued

17 Financial Instruments continued

On that basis, the loss allowance as at 31 March 2020 was determined as follows:

31 March 2020	Current 0 – 30 days £000	30 – 60 days £000	60 – 90 days £000	90 - 120 days £000	After 120 days £000	Total £000
Trade receivables balances at year end	9,661	2,853	346	258	2,215	**15,333**
Expected Loss Rate	0.05%	0.10%	0.26%	0.34%	0.38%	
Expected credit loss	7	3	1	1	8	**20**

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 2020, the Group made a specific bad debt provision of £147k (2019: £150k) for customers in Pinnacle Power Limited. (2019: Customer was in Pinnacle Housing Limited)

Trade 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.

Trade receivables due within 60 days total £12,514k (2019: £10,700k) and those due greater than 60 days total £2,819k (2019: £2,800k).

Impairment losses

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

	2020	2019
	£000	£000
Provision as at 1st April	**191**	39
Increase in provision during the year	**147**	150
Provision released during the year	**-**	2
Provision as at 31st March	**338**	191

There are £2,819k (2019: £2,800k) 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.

Cash and cash equivalents

The Group held cash at bank of £3,445k at 31st March 2020 (2019: £2,736k).

Notes to the consolidated financial statements continued

17 Financial Instruments continued

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 2020					
Lease liabilities	**1,350**	**3,707**	**4,285**	**10,408**	**5,088**
Trade and other payables	**13,864**	-	-	-	-
At 31 March 2019					
Finance lease liabilities*	6	16	23	123	-
Trade and other payables	16,558	31	3	1	-

*From 2020, all leases are treated in accordance with IFRS 16.

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 31st March 2020, the expected cash flows from trade receivables maturing within two months were £12,514k (2019: £10,700k).

Borrowing facilities

The Group has a £2,000k overdraft facility in place with Barclays Bank plc.

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.

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.

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

Notes to the consolidated financial statements continued

18 IFRS 16 – Accounting for leases

i) Practical expedients applied

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there are no onerous contracts as at 1st April 2019
- excluding initial direct costs from the measurement of right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.
- Short-term leases - leases which are less than 12 months.

ii) Measurement of lease liabilities

	2020 £000
Operating lease commitments disclosed as at 31 March 2019	4,570
Short term leases exemption as at 31 March 2019	(497)
Lease liabilities as at 1 April 2019	4,073

Of which are:	
Current lease liabilities	1,648
Non-current lease liabilities	2,425
Total	4,073

iii) Adjustments recognised in balance sheet on 1 April 2019

	2020 £000
Right-of-use assets increase by	4,073
Lease liabilities increased by	4,073
Impact on retained earnings	-

Notes to the consolidated financial statements continued

18 IFRS 16 – Accounting for leases continued

iv) Amounts recognised in the statement of financial position.
The statement of financial position shows the following amounts relating to leases included in the financial statement as at 31 March 2020:

a) Right-of-use assets

	PPE	Investment Property	Total
Cost	**£000**	**£000**	**£000**
Initial recognition at 1 April 2019	4,073	-	**4,073**
Additions	2,022	18,185	**20,207**
Disposals	(161)	-	**(161)**
Balance at 31 March 2020	**5,934**	**18,185**	**24,119**
Depreciation			
Depreciation charge for the year	1,760	914	**2,674**
Balance at 31 March 2020	**1,760**	**914**	**2,674**
Net book Value			
Balance at 31 March 2020	**4,174**	**17,271**	**21,445**

b) Lease Liabilities

Cost	**£000**
Initial recognition at 1 April 2019	4,073
Additions	20,207
Interest	581
Disposals	(161)
Cost at 31 March 2020	**24,700**
Payments	
Interest	581
Principal leases	1,760
Accruals for lease liabilities	914
Repayments during the year	**3,255**
Balance at 31 March 2020	**21,445**

Notes to the consolidated financial statements continued

18 IFRS 16 – Accounting for leases continued

Photocopier leases are classified as low value, a total sum of £16,700 in respect of copier lease costs is included in the income statement in this financial year.

v) Amount recognised in the statement of profit or loss
The statement of profit or loss shows the following amounts relating to leases during 2020 financial year:

	2020
	£000
Depreciation charge of right-of-use assets	
Properties	578
Vehicles	1,182
Investment properties	914
Total	**2,674**
Interest expense (included in finance cost)	581
Total	**581**

Lease Liabilities

	2020
	£000
Maturity analysis – contractual undiscounted cash flows	
Less than one year	5,057
One to five years	14,693
More than five years	5,088
Total discounted lease liabilities at 31 March	**24,838**

19 Related parties

The Group has a related party relationship with its joint ventures, key management personnel and companies under common control.

Transactions with key management personnel

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.

There were no transactions for goods or services between the Group and key management personnel.

Notes to the consolidated financial statements continued

Key management personnel compensation comprised:

	2020	2019
	£000	£000
Total emoluments	**1,309**	1,317
Short term bonuses	**232**	153
Employers' national insurance contributions	**191**	184
Employers' contributions to money purchase pension plans	**151**	95
Total	**1,883**	1,749

The above renumeration relates to the directors of Pinnacle Group Limited only. The remuneration of the directors of TStar Pinnacle Limited is included in other companies within the TStar Pinnacle Lux Sarl group.

The Group is controlled by the following entities:

Name	Relationship	Place of incorporation	Ownership interest **2020**	2019
Tunstall Pinnacle Holdco Sarl	Ultimate joint controlling party	Luxembourg	**50%**	50%
SOF-11 Pinnacle Lux Sarl	Ultimate joint controlling party	Luxembourg	**50%**	50%
TStar Pinnacle Lux Sarl	Immediate parent entity	Luxembourg	**95.7%**	95.7%

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

20 Remuneration of directors

	2020	2019
	£000	£000
Directors' emoluments	**666**	861

	2020	2019
Highest paid director	**£000**	£000
Aggregate emoluments and benefits	**309**	342

Retirement benefits under a money purchase pension scheme are accruing in respect of 2 directors (2019: 1 director).

Company Statement of Financial Position
at 31st March 2020

	Note	**31 March 2020 £000**	31 March 2019 £000
Non-current assets			
Investments	22	**49,978**	49,978
Total non-current assets		**49,978**	49,978
Current assets			
Trade and other receivables	23	**8**	1,761
Current tax receivables		**288**	203
Cash and cash equivalent		**-**	-
Total current assets		**296**	1,964
Current Liabilities			
Trade and other payables	24	**(16,189)**	(17,800)
Total current liabilities		**(16,189)**	(17,800)
Non-current liabilities			
Borrowings	25	**(33,765)**	(31,361)
Total non-current liabilities		**(33,765)**	(31,361)
Net assets		**320**	2,781
Equity attributable to equity holders of the parent			
Share capital	26	**7,012**	7,012
Accumulated losses		**(6,692)**	(4,231)
Total equity		**320**	2,781

Under section s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

The Company made a loss for the year of £2,461k (2019: Loss £1,947k).

These financial statements were approved by the board of directors on 18th December 2020 and were signed on its behalf by:

Richard Croft Sharland

Director

Company registered number: 10757654

The notes on pages 65 to 72 form part of the Company financial statements

Company Statement of Changes in Equity
for the year ended 31st March 2020

	Share capital £000	Accumulated losses £000	Total equity £000
Balance at 1st April 2018	7,012	(2,284)	4,728
Loss for the year	-	(1,947)	(1,947)
Balance at 31st March 2019	7,012	(4,231)	2,781
Loss for the year	-	(2,461)	(2,461)
Balance at 31st March 2020	**7,012**	**(6,692)**	**320**

The notes on pages 65 to 72 form part of the Company financial statements.

Notes to the Company financial statements

21 Accounting policies

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

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

Under section s408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account. The Company's loss for the year is £2,461K (2019: Loss £1,947K).

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

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

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

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

- Certain disclosures required by IAS 36 Impairment of assets in respect of the impairment of goodwill and indefinite life intangible assets;
- Certain disclosures required by IFRS 13 Fair Value Measurement and the disclosures required by IFRS 7 Financial Instrument Disclosures
- IFRS 9 'Financial Instruments'
- IFRS 15 'Revenue from Contracts with Customers'
- The requirement in IAS 24, 'Related party disclosures', to disclose related party transactions entered between two or more members of a group and key management compensation.

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

Notes to the Company financial statements continued

21.1 Measurement convention

The financial statements are prepared on the historical cost basis.

21.2 Investment in subsidiaries

Investments in subsidiaries are held at cost less accumulated impairment losses.

21.3 Non-derivative financial instruments

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

Trade and other receivables
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. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

21.4 Property, plant and equipment

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

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

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

- Buildings - Over the life of the lease
- Plant and Equipment - 1 to 5 years
- Fixtures and Fittings - 5 years
- Motor Vehicles - 3 to 5 years
- Right of Use assets - over the term/life of the leases.

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

Notes to the Company financial statements continued

21.5 Intangible assets, goodwill and negative goodwill

Other intangible assets

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

Amortisation

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

- capitalised software development costs - 3 years

21.6 Expenses

Interest receivable and Interest payable

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

21.7 Taxation

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

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

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

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

21.8 Dividends

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

No dividend was paid in the year (2019: £nil).

Notes to the Company financial statements continued

22 Investments

	Shares in group undertakings £000
Cost	
Balance at 1st April 2019	49,978
Balance at 31st March 2020	49,978
Provisions	
Provided in year	-
Balance at 31st March 2020	-
Net book value	
At 31st March 2020	**49,978**

The Company has the following investments:

Company	Nature of business	Class of shares held	2020	2019
Pinnacle Group Limited	Holding company	£1 ordinary	**100%**	100%
Pinnacle PSG Limited	Holding company	£1 ordinary	**100%**	100%
Pinnacle FM Limited	Facilities management	£1 ordinary	**100%**	100%
Pinnacle Housing Limited	Housing management	£0.05 ordinary	**100%**	100%
Woking Housing Partnership Limited	Housing management	£1 ordinary	**100%**	100%
Pinnacle Connect Limited	Call centre services	£1 ordinary	**100%**	100%
Pinnacle People Limited	Recruitment services	£1 ordinary	**100%**	100%
Pinnacle Recruitment (Services) Limited	Recruitment services	£1 ordinary	**100%**	100%
Pulse Social Enterprises Community Interest Company	Recruitment services	£1 ordinary	**100%**	100%
UKPIM Holdco Limited	Holding company	£1 ordinary	**100%**	100%
Pinnacle Spaces Limited	Social housing provider	£1 ordinary	**100%**	100%
Regenter Limited	Housing project bids	£1 ordinary	**100%**	100%
Regenter Management Services Limited	Housing project bids	£1 ordinary	**100%**	100%
Pinnacle Placemaking Limited	Residential development	£1 ordinary	**100%**	100%
Pinnacle PSG Holdings Limited	Holding company	£1 ordinary	**100%**	100%
Pinnacle Power Limited	Low carbon energy development	£0.10 ordinary	**57.5%**	57.5%
Nova Power Limited	Renewable energy	£1 ordinary	**57.5%**	57.5%

Notes to the Company financial statements continued

22 Investments continued

PP Esco Holdco Limited	Holding company	£1 ordinary	**57.5%**	-
PP Esco (Clapham Park) Limited	Heating systems construction and operation	£1 ordinary	**57.5%**	-
Kirkbank Heating Limited	Heating Installation and maintenance	£0.10 ordinary	**57.5%**	
Dormant				
Pinnacle Homecare Limited	Dormant	£1 ordinary	**100%**	100%
Pinnacle Regeneration Group Limited	Dormant	£1 ordinary	**100%**	100%
Social Housing Regeneration Partnerships Limited	Dormant	£1 ordinary	**100%**	100%
Pinnacle Spaces Limited	Dormant	£1 ordinary	**100%**	100%
Pinnacle Places Limited	Dormant	£1 ordinary	**100%**	100%
Pinnacle Fund LLP	Dormant	£1 ordinary	**100%**	100%
Pinnacle Regeneration Limited	Dormant	£1 ordinary	**100%**	100%
Pinnacle NZ (Holdings) Limited	Dormant	£1 ordinary	**100%**	100%

The registered address for each of the above companies is 286 Euston Road, London, NW1 3DP, except for Kirkbank Heating Limited whose registered address is Balgray House, Lockerbie, Dumfriesshire, DG11 2JT.

Pinnacle Group Limited owns 30.29% of Grain Connect Limited shares (2019 48.8%).

Notes to the Company financial statements continued

23. Trade and other receivables

	2020	2019
	£000	£000
Trade receivables	-	1,726
Other receivables	-	7
Other taxes and social security	8	28
Total receivables	8	1,761

Amounts owed by group undertakings are unsecured, incur interest at LIBOR +3.5%, have no fixed date of repayment and are repayable on demand.

24. Trade and other payables

	2020	2019
	£000	£000
Trade payables	-	187
Amounts owed to group undertakings	16,184	17,613
Accruals and deferred income	5	-
Total payables	16,189	17,800

Amounts due to group undertakings are unsecured, incur interest at LIBOR +3.5%, have no fixed date of repayment and are repayable on demand.

25. Borrowings

	2020	2019
Loans payable	£000	£000
In one year or less, or on demand	-	-
In more than one year but no more than five years	-	-
More than five years	32,463	30,461
Accrual of loan interest	1,302	900
Borrowings	33,765	31,361

Notes to the Company financial statements continued

25. Borrowings continued

Included within creditors, amounts falling due after more than one year is an amount of £32,463k (2019: £30,461k) in respect of liabilities payable which fall due for repayment after more than five years from the reporting date, due to related undertakings.

On the 14th June 2017, the Company issued a £13,424k fixed-rate unsecured loan note instrument due 2027 to Tunstall Pinnacle Holdco S.à r.l. and a £1,200k fixed-rate unsecured loan note instrument due 2027 to management, together comprising the "Notes". A loan agreement was also concluded between the Company and SOF-11 Pinnacle Lux S.à r.l pursuant to which SOF-11 Pinnacle Lux S.à r.l would lend the Company £13,424k repayable in 2027.

The Notes and the loan agreement are repayable in June 2027.

Interest accrues on the Notes and the loan agreement at a rate of 8% per annum from the date of issue until redemption, and is payable quarterly in arrears on the Interest Payment Dates which are 31 March, 30 June, 30 September and 31 December

To the extent that interest is not cash settled on these dates, any accrued interest outstanding on 30 September may be capitalised in accordance with the Notes and the loan agreement.

The interest accruing on the Notes and the loan agreement at the reporting date amounted to £1,302k (2019: £900k).

26. Capital and reserves

	Number of ordinary shares	
	2020	2019
Authorised		
Growth shares at £1 each	**750**	750
Ordinary shares at £100 each	**70,117**	70,117
At 31st March	**70,867**	70,867

	2020	2019
	£000	£000
Called up and fully paid		
Authorised Growth Shares £1 each	**-**	-
Authorised Ordinary shares at £100 each	**7,012**	7,012
Total	**7,012**	7,012

Notes to the Company financial statements continued

27. Contingencies

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

The Company has issued guarantees to support the indebtedness of Pinnacle Group Limited and its subsidiaries. The exposure to this guarantee at the balance sheet date was £Nil (2019: £Nil).

28. Related parties

The Company has taken advantage of the exemptions available under IAS 24, 'Related Party Disclosures' not to disclose any transactions or balances with entities that are 100% controlled by the Group.

The Company's related party transactions are its borrowings from shareholders and management, please refer to note 25 for terms and conditions relating to the balances

29. Controlling party

The ultimate controlling parties are Tunstall Pinnacle Holdco S.à r.l and SOF-11 Pinnacle Lux S.à r.l both incorporated in Luxembourg.

30. Subsequent Events

There have been no subsequent events post year end.