

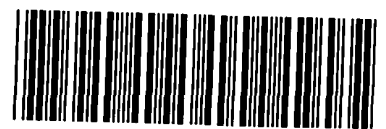
PINNACLE HOUSING LIMITED

**DIRECTORS' REPORT AND FINANCIAL
STATEMENTS**

For the year ended 31 March 2017

Company number 02246643

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PINNACLE HOUSING LIMITED

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For the year ended 31 March 2017

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PINNACLE HOUSING LIMITED

STRATEGIC REPORT

For the year ended 31 March 2017

Pinnacle Housing has had a successful year with good operational performance combined with financial discipline. Revenue rose to £58.4m (2016: £55.4m) with EBITDA increasing to £3.3m (2016: £2.9m).

Operationally, Pinnacle Housing continued to deliver existing services in line with Contract KPIs. Highlights include additional works from the Woking Asset Management contract and the London Legacy Development Corporation as well as new estate services contracts with Paragon and Stonewater during the year and additional variable income from clients.

Our focus remains on providing services which improve the communities we work in. Success is measured on achieving real satisfaction to a growing number of residents and other end users, our key performance indicators are therefore set with that in mind. In the year ending 31st March 2017 we had 28,100 homes under management.

To ensure customer and resident satisfaction is high monthly meetings are held with customers and resident representatives who, together with surveys and focus groups, provide continuous feedback on performance. In this way the Company is able to assess customer and tenant satisfaction and, together with the evidence from surveys and more general feedback, confirms high levels of satisfaction.

To manage the potential risk of losing business, the Company continues to work in partnership with its customers to provide a high level of service and develop strong relationships. Pinnacle Housing has long term index linked contracts worth in excess of £220m over periods of up to 20 years in the social housing sector. This visibility of future revenue streams remains a core strength of the business, particularly with continuing pressures on public sector spending.

Along with all those both within and outside our sector, we were devastated by the news regarding the fire at Grenfell Tower in North Kensington. Our thoughts remain with those affected by the tragedy. It is too early to tell the impact that this will have on the priorities of Local and Central Government spending but we will regularly assess any impact it may have on our business and act accordingly. What is already clear is that the provision of sufficient, decent, well managed and safe housing to low income individuals and families is very much in focus. We are well equipped to work with partners in delivering solutions.

The outsourcing market is an attractive market due to long term contracts and visibility of earnings, therefore it will always be subject to strong competition. The Company seeks to maintain its competitive advantage by ensuring it delivers first class services to its clients for a price that represents value for money for the taxpayer. The culture it instils in its employees means that the service its customers receive separates it from the competition, which is reflected in the tenant's satisfaction results year after year. The last set of satisfaction results were the best the company has ever achieved overall with all contracts achieving scores of at least 86%.

Our commitment to the many communities we work in is illustrated by the 300 community projects we supported this year. It is also reflected by our employees in their everyday services to customers.



Neil Euesden
Group Director of Operations
13 September 2017

PINNACLE HOUSING LIMITED
DIRECTORS' REPORT
For the year ended 31 March 2017

FINANCIAL STATEMENTS

The directors present their report and financial statements of Pinnacle Housing Limited (the "Company") for the year ended 31 March 2017.

PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The Company's principal activity is housing management and estates services.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £2,732,000 (2016: £2,268,000). The directors declared a dividend payment of £750,000 to Pinnacle PSG Limited in the year (2016: £750,000).

DONATIONS

No donations were made in the year (2016: £Nil).

PAYMENT TO SUPPLIERS

Settlements terms are agreed with suppliers as part of the contract terms and it is the Company's policy to pay in accordance with these terms. Other creditors are paid in accordance with invoice terms. Creditor days for the current year are approximately 20 days (2016: 26 days).

FINANCIAL INSTRUMENTS

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

DIRECTORS

The directors during the year were as follows:

NH Euesden
JL Saunders
R O'Sullivan (Resigned 30 September 2016)
NP Wright
AM Lee
A Cook
J Gibson
N Fergus

PINNACLE HOUSING LIMITED
DIRECTORS' REPORT
For the year ended 31 March 2017

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:

Charity and community activities

The Group strongly believes in giving something back to the communities in which we work. We actively support and contribute to a number of exciting community projects and initiatives nationwide. By working closely and in partnership with residents, community groups, local charities and businesses we are able to maximize the potential of people and places. Just a few of the projects and initiatives supported and contributed to by us in the year are set out below.

In Woking, our housing management team continues to support the Borough Council's Living Well and Inclusion initiatives through the 'Five Ways to Well-being' project which has involved enhancing social interaction in sheltered housing schemes, art projects and a digital inclusion campaign to provide free and accessible IT training and equipment to residents of all ages across the borough. The scheme is initially focusing on improving IT literacy among elderly people in the 17 sheltered and supported housing schemes managed by Pinnacle PSG.

Pinnacle PSG's housing team in LB of Hammersmith and Fulham have continued their 'Community Connects' which are held monthly, centered on a particular housing estate and based in a local community hall. Any resident can 'drop in' to get support on a range of topics including giving up smoking, health and well-being, debt advice or income management along with the opportunity to report service issues to partner organizations (e.g. repairs) and to meet our team. These roadshows are beyond our contractual tenancy management obligations. Working in partnership with our client, they are designed to complement LB Hammersmith and Fulham's seven priorities: Involve and listen; Improving children's chances in life; Help local people into work or training; Increased inclusion for the elderly to tackle social isolation and depression; Health and wellbeing; Provide assistance with debt and money management; and Delivering diversionary activities, strengthening communities.

In Canning Town, the community facilities of Ruscoe Road Sheltered Housing Scheme are well used by both the tenants who reside in the accommodation but also other elders that live in the area. It brings the community together, breaks down barriers and maximizes usage of the lounge, hall and gardens.

In June, Pinnacle PSG sponsored the Community Initiatives Café at the Chartered Institute of Housing Conference and Exhibition in Manchester for the eighth consecutive year. As part of this we provided sponsorship for a number of community projects that had to compete for funding from Pinnacle PSG – residents and other conference delegates again chose the lucky winners.

Employees

The Company's policy is one of equal opportunity in the selection, training, career development and promotion of employees regardless of age, gender, ethnic origin, religion and whether disabled or otherwise, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Company continues and the appropriate training is arranged. It is the policy of the Company that the training, career development and

PINNACLE HOUSING LIMITED
DIRECTORS' REPORT
For the year ended 31 March 2017

promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of their business units and of the Company as a whole. Communication with all employees continues through the intranet, our in-house e-bulletin 'Inside Angle', mailings, briefing groups and the distribution of the annual report.

Health and Safety

The Company recognises the importance of effective health and safety management and is committed to providing a secure, safe and healthy environment for both residents and employees. The Company has specific Health and Safety personnel who advise management and monitor activities to ensure appropriate levels are maintained.

Quality, standards and customer services

The Company strives to deliver its services with the highest quality in standards and safety. Its operational governance is demonstrated by the following standards and awards: ISO9001, ISO14001, OHAS18001, ISO27001, CHAS and Member of British Safety Council. In addition, the best practice Investors in People framework has long been embedded within our organisation.

Environment

Environmental considerations play an increasingly prominent role in the areas we operate and we believe we can act as a positive catalyst to influence how residents view and treat their surroundings.

The Company has a formalised sustainability management programme where local contracts put their own local action plans in place. These feed into the overall company sustainability plan. Areas covered include fuel use, energy use, green waste and recycling, water use, pollution, biodiversity and staff/community awareness. A number of community initiatives have taken place including cycle cinemas and sustainable planting programmes on our estates.

The sharing of best practice has improved due to the co-ordination of company sustainability approaches within the business. Regular meetings with staff, residents and our clients help us identify any environmental issues and formulate quick responses, thus ensuring long term and sustainable improvements across all of our contracts nationally.

PINNACLE HOUSING LIMITED

DIRECTORS' REPORT

For the year ended 31 March 2017

OUR PEOPLE

The Company is fortunate to have at its core, employees who share a common belief that prosperity for its stakeholders will be achieved through the delivery of excellent service. Our position in our markets is built on a perception that our people have respect for each other and our customers, and that from this respect comes a sustainable delivery capability. We will continue to strive to deliver for our people and for our clients, for to succeed will be our most potent weapon in creating a valuable, sustainable and respected business.

Pinnacle Group held its 2016/17 Staff Awards ceremony on 20 July 2017 at the New London Architecture Centre in London. The awards recognised and celebrated the achievements of those members of staff who, over the year, have gone the extra mile and best displayed Pinnacle Group's five key values: Trust, Respect, Involve, Challenge and Deliver Excellence.

DISCLOSURE OF INFORMATION TO THE AUDITOR

Each of the directors has confirmed that:

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

AUDITORS

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

This report was approved by the Board on 13 September 2017.



Neil Euesden
Group Director of Operations

First Floor
6 St. Andrew Street
London
EC4A 3AE

PINNACLE HOUSING LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
For the year ended 31 March 2017

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PINNACLE HOUSING LIMITED

For the year ended 31 March 2017

We have audited the financial statements of Pinnacle Housing Limited for the year ended 31 March 2017 set out on pages 8 to 26. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) including FRS 101 Reduced Disclosure Framework.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and have been prepared in accordance with the requirements of the Companies Act 2006.

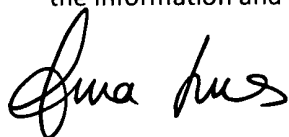
Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Anna Jones (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL
13 September 2017

PINNACLE HOUSING LIMITED**STATEMENT OF PROFIT AND LOSS & OTHER COMPREHENSIVE INCOME**

For the year ended 31 March 2017

	Notes	2017 £000	2016 £000
Revenue		58,412	55,435
Raw materials and consumables		(1,921)	(1,587)
Other external charges		(6,944)	(6,404)
Staff costs	14	(33,300)	(31,469)
Depreciation and amortisation	6, 7	(360)	(341)
Other operating charges		(12,918)	(13,124)
Operating profit	2	2,969	2,510
Interest receivable and similar income	3	494	437
Interest payable and similar charges	4	(68)	(67)
Profit before taxation		3,395	2,880
Tax on profit	5	(663)	(612)
Profit for the financial year		2,732	2,268

There is no difference between the profit before taxation and the retained profit for the year stated above, and their historical cost equivalents.

All operations are continuing.

The notes on pages 12 to 26 form part of the financial statements.

PINNACLE HOUSING LIMITED**STATEMENT OF PROFIT AND LOSS & OTHER COMPREHENSIVE INCOME**

For the year ended 31 March 2017

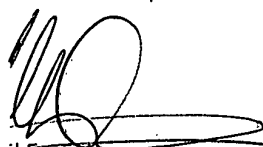
	Notes	2017 £000	2016 £000
Profit for the year		2,732	2,268
Other comprehensive income			
<i>Items that will not be reclassified to profit and loss</i>			
Actuarial loss on pension plans (net of deferred tax)	15	(724)	(34)
Other comprehensive expense for the year, net of income tax		(724)	(34)
Total comprehensive income for the year		2,008	2,234

The notes on pages 12 to 26 form part of the financial statements.

PINNACLE HOUSING LIMITED
STATEMENT OF FINANCIAL POSITION
For the year ended 31 March 2017

	Notes	31 March 2017 £000	31 March 2016 £000
Non-current assets			
Intangible assets	6	56	46
Property, plant and equipment	7	661	757
Net pension asset	15	-	236
Total non-current assets		717	1,039
Current assets			
Trade and other receivables	8	23,843	22,228
Cash and cash equivalents		1,132	850
Total current assets		24,975	23,078
Current liabilities			
Trade and other payables	9	(6,503)	(6,449)
Other interest-bearing loans and borrowings	10	(123)	(123)
Total current liabilities		(6,626)	(6,572)
Total assets less current liabilities		18,349	17,545
Non-current liabilities			
Other interest-bearing loans and borrowings	10	(108)	(230)
Net pension liability	15	(385)	-
Total non-current liabilities		(493)	(230)
Net assets		18,573	17,315
Capital and reserves			
Called up share capital		50	50
Profit and loss account		18,523	17,265
Total equity shareholder's funds		18,573	17,315

These financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 September 2017.


Neil Euesden
Group Director of Operations

Company number: 02246643

The notes on pages 12 to 26 form part of the financial statements.

PINNACLE HOUSING LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 31 March 2017

	Share capital £000	Retained earnings £000	Total equity £000
Balance at 1 st April 2015	50	15,781	15,831
Profit for the year	-	2,268	2,268
Other comprehensive income for the year	-	(34)	(34)
Dividends paid	-	(750)	(750)
Balance at 31 st March 2016	50	17,265	17,315
Profit for the year	-	2,732	2,732
Other comprehensive expense for the year	-	(724)	(724)
Dividends paid	-	(750)	(750)
Balance at 31st March 2017	50	18,523	18,573

The notes on pages 12 to 26 form part of the financial statements.

PINNACLE HOUSING LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

1 ACCOUNTING POLICIES

Pinnacle Housing 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.

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 of Pinnacle PSG 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

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

1.1 MEASUREMENT CONVENTION

The financial statements are prepared on the historical cost basis.

1.2 GOING CONCERN

The financial statements have been prepared on a going concern basis. The company has accumulated profits to date of £18,523k (2016: £17,265k) and have long term contracts in place which are forecast to be profitable over the life of the contract. The company has a good cash position and has a positive cashflow forecast for the next twelve months. On this basis the Directors believe that the Company will have adequate resources to continue in operational existence for the foreseeable future and meet its obligations as they fall due.

1.3 REVENUE

Revenue represents fees and commissions receivable for housing management services and estates services and is recognised over the period for which the services are delivered.

PINNACLE HOUSING LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

1.4 LONG TERM CONTRACTS

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

Turnover on long-term contracts is determined by the level of activity as measured by the valuation of works completed by management during the period. Costs represent amounts invoiced plus accruals for work completed but not invoiced during the period. Project profitability is regularly reviewed by the Board and a detailed exercise is carried out at least once every year.

Amounts recoverable on contracts are valued at anticipated net sales value of work done after provision for contingencies and anticipated future losses on contracts. Cash received on account of contracts is deducted from amounts receivable on contracts. Such amounts which have been received and exceed amounts recoverable are included in creditors. Contract provisions in excess of amounts recoverable are included in provisions. Any difference between the calculated turnover figure and the invoiced amounts in the month is treated as deferred income or accrued income as appropriate.

1.5 EXPENSES

Operating lease payments

Payments made under operating leases are recognised in the statement of profit and loss on a straight-line basis over the term of the lease. Lease incentives received are recognised in the statement of profit and loss as an integral part of the total lease expense.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Financing income and expenses

Financing expenses comprise interest payable and finance leases recognised in profit or loss using the effective interest method. Financing income comprise interest receivable on funds invested. Interest income and interest payable is recognised in profit or loss as it accrues.

1.6 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.

PINNACLE HOUSING LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

1.6 TAXATION (continued)

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

1.7 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 of the cash balance. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

1.8 PROPERTY, PLANT AND EQUIPMENT

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

Leases in which the Group assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. Where land and buildings are held under leases the accounting treatment of the land is considered separately from that of the buildings. Leased assets acquired by way of finance lease are stated at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and less any accumulated impairment losses.

Depreciation is charged to the statement of profit and loss 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 years

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

PINNACLE HOUSING LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

1.9 INTANGIBLE ASSETS

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

1.10 ASSETS AND LIABILITIES

Current assets and liabilities are due within 12 months of the balance sheet date. Non-current assets and liabilities are due after 12 months.

1.11 EMPLOYEE BENEFITS

Defined contribution plans

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

Defined benefit plans

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

1.12 DIVIDENDS

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

PINNACLE HOUSING LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

2 OPERATING PROFIT

Is stated after charging:		2017	2016
		£000	£000
Operating lease rentals	- hire of plant and machinery	1,633	1,722
	- other	342	398
Depreciation and amortisation	- owned assets	218	207
	- assets held under finance leases	123	134
Fees payable to the company's auditor for services in respect of:			
	- audit services	12	12
	- other services	1	1

3 INTEREST RECEIVABLE AND SIMILAR INCOME

	2017	2016
	£000	£000
Intercompany interest receivable	479	424
Net finance income on pension scheme assets and liabilities	15	13
Total interest receivable and similar income	494	437

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2017	2016
	£000	£000
Bank charges	55	53
Finance leases	13	14
Total interest payable and similar charges	68	67

PINNACLE HOUSING LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

5 TAX ON PROFIT

(a) Analysis of charge in the year

	2017	2016
	£000	£000
Current Tax		
Tax on profits for the year	128	146
Group relief claimed	544	469
Adjustment for previous years	(41)	(47)
Total current tax	631	568
Deferred Tax		
Origination and reversal of timing differences	32	44
Total deferred tax	32	44
Tax charge on profit	663	612

(b) Factors affecting tax charge for year

The tax assessed in each year varies from the standard rate of corporation tax in the UK in the relevant years. The differences are explained below:

	2017	2016
	£000	£000
Profit before tax	3,395	2,880
Profit before tax multiplied by standard rate of UK corporation tax of 20% (2016: 20%)	679	576
Deductible expenses	(23)	(11)
Depreciation credit in excess of capital allowances & other timing differences	16	50
Adjustments for previous years	(41)	(47)
Movement in deferred tax	32	44
Total tax charge for year	663	612

(c) Factors affecting future tax charge

The Chancellor announced on 8th July 2015 that the UK corporation tax rate will reduce to 17% by 2020. A reduction in the rate from 20% to 19% will become effective on 6 April 2017 with a further reduction to 17% planned to take effect from 6 April 2020.

It has not yet been possible to quantify the fully anticipated effect of the further 3% rate reduction, although this will further reduce the Company's future current tax charge and reduce the Company's deferred tax asset accordingly.

PINNACLE HOUSING LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

6 INTANGIBLE ASSETS

	Development & software costs £000
Cost	
Balance at 1 April 2016	144
Additions	39
Balance at 31st March 2017	183
Amortisation and impairment	
Balance at 1 April 2016	98
Amortisation for the year	29
At 31 March 2017	127
At 31 March 2017	56
At 31 March 2016	46

Amortisation and impairment charge

The amortisation charge is recognised in the following line items in the profit and loss:

	2017	2016
	£000	£000
Depreciation and amortisation	29	25

PINNACLE HOUSING LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

7 PROPERTY, PLANT & EQUIPMENT

	Leasehold Land & Buildings £000	Plant and Equipment £000	Motor Vehicle £000	Total £000
Cost				
At 1 April 2016	180	2,059	60	2,299
Additions	-	286	-	286
Disposals	-	(85)	(4)	(89)
Intercompany transfers	-	(5)	-	(5)
At 31 March 2017	180	2,255	56	2,491
Depreciation				
At 1 April 2016	172	1,310	60	1,542
Charge for the year	7	324	-	331
Disposals	-	(35)	(4)	(39)
Intercompany transfers	-	(4)	-	(4)
At 31 March 2017	179	1,595	56	1,830
Net Book Value				
At 31 March 2017	1	660	-	661
At 31 March 2016	8	749	-	757

Included within the net book value of fixtures and equipment is £200,000 (2016: £323,000) in respect of assets held under finance leases. Depreciation for the year on these assets was £123,000 (2016: £134,000).

8 TRADE AND OTHER RECEIVABLES

	2017 £000	2016 £000
Trade receivables	5,723	4,910
Amounts owed by related undertakings	15,816	14,052
Other receivables	280	1,000
Prepayments and accrued income	2,008	2,218
Deferred taxation asset (see note 11)	16	48
Total and other receivables	23,843	22,228

PINNACLE HOUSING LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

9 TRADE AND OTHER PAYABLES

	2017	2016
	£000	£000
Trade payables	1,174	1,484
Corporation tax	160	116
Other taxes and social security	2,112	2,130
Other payables	390	332
Accruals and deferred income	2,667	2,387
Total trade and other payables	6,503	6,449

10 OTHER INTEREST-BEARING LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost.

	2017	2016
	£000	£000
Current portion of finance lease liabilities	123	123

Future minimum payments under finance leases are as follows:

	Minimum lease payments	Interest	Principal	Minimum lease payments	Interest	Principal
	2017	2017	2017	2016	2016	2016
	£000	£000	£000	£000	£000	£000
Less than one year	136	(13)	123	136	(13)	123
Between one and five years	119	(11)	108	255	(25)	230
Total	255	(24)	231	391	(38)	353

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11 DEFERRED TAXATION

Deferred taxation provided in the accounts is as follows:

	2017	2016
	£000	£000
Tax effect of timing differences because of:		
Excess of depreciation over capital allowances	16	48
Total deferred tax asset	16	48

The movement in the deferred taxation asset is as follows:

	2017	2016
	£000	£000
At 1 April	48	92
Credited to the profit and loss account	(32)	(44)
At 31 March	16	48

12 OPERATING LEASES

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

	2017	2016
	£000	£000
Less than one year	781	761
Between one and five years	975	880
Total	1,756	1,641

13 DIRECTORS REMUNERATION

	2017	2016
	£000	£000
Aggregate emoluments and benefits	179	328
Company pension contributions to money purchase scheme	16	30
Total	195	358
 Highest paid director		
Aggregate emoluments and benefits	109	159
Company pension contributions to money purchase scheme	8	13
Total	117	172

Retirement benefits under a money purchase pension scheme are accruing in respect of 2 directors (2016: 3 directors).

The services of N Euesden, N Wright, AM Lee, J Saunders and A Cook were deemed to relate mostly to work carried out for other companies within the Pinnacle Group and their related costs are included within administration expenses of those companies.

PINNACLE HOUSING LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

14 EMPLOYEES

(1) Number of employees

The average weekly number of operational employees (including remunerated directors) employed by the Company during the year was 1,763 (2016: 1,749).

(2) Employment costs

	2017	2016
	£000	£000
Wages and salaries	29,835	28,283
Social security costs	2,203	2,018
Other pension costs (Note 15)		
- defined benefit	234	282
- defined contribution	1,028	948
Total	33,300	31,469

15 EMPLOYEE BENEFITS

Pension plans

The Group participates in two pension 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 assets of the scheme are held separately in independently administered funds. Payments to this scheme during the period have been made in accordance with the actuarial valuation on 31st March 2015 at which date the fund was in surplus. Amounts totalling £16,000 (2016: £15,000) were payable to the scheme at the year end.

The 31st March 2015 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 in the period before 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 2015 was £7,299,000.

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 2015. The results of the valuations have been updated to reflect current conditions at 31st March 2017 in accordance with IAS 19.

The next actuarial valuation will take place on 31st March 2018.

PINNACLE HOUSING LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

15 EMPLOYEE BENEFITS (CONTINUED)

Pension obligations

(a) Amounts included within the financial statements

The amounts recognised in the balance sheet are as follows:

	2017	2016
	£000	£000
Present value of plan liabilities	(9,083)	(7,177)
Fair value of scheme assets	8,619	7,472
Net (liability)/asset	(464)	295

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

	2017	2016
	£000	£000
Current service cost	187	200
Administration costs	47	40
Net interest income	(15)	(13)
Net Cost	219	227

Changes in the amounts recognised in the statement of total recognised gains and losses are as follows:

	2017	2016
	£000	£000
Actuarial loss	(872)	(43)

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

	2017	2016
	£000	£000
Opening defined benefit liability	7,177	7,118
Service cost	187	200
Administration cost	47	40
Contributions by members	38	43
Interest cost	250	239
Changes in financial assumptions	1,571	(256)
Benefits paid	(187)	(207)
Closing defined benefit liability	9,083	7,177

PINNACLE HOUSING LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

15 EMPLOYEE BENEFITS (CONTINUED)

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

	2017	2016
	£000	£000
Opening fair value of scheme assets	7,472	7,299
Interest income	265	252
Contributions by employers	332	384
Contributions by members	38	43
Return on assets excluding amounts included in net interest	699	(299)
Benefits paid	(187)	(207)
Closing fair value of scheme assets	8,619	7,472

The Group contributions during the accounting period amounted to £332,000 (2016: £384,000) and the agreed Group contribution rate for the coming year is 18% pa of pensionable salaries. Estimated employer expense for the next accounting period are £273,000.

The cumulative amount of actuarial losses taken to the statement of total recognised gains and losses at 31st March 2017 was £2,028,000 (2016: £1,264,000).

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

	2017	2016
	Fair value	Fair value
	£000	£000
Equities	5,900	5,230
Corporate bonds	1,829	1,644
Bonds	890	598
Total	8,619	7,472

PINNACLE HOUSING LIMITED
NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

15 EMPLOYEE BENEFITS (CONTINUED)

(b) Disclosure of principal assumptions

	2017	2016
Discount rate at 31 st March	2.65%	3.50%
First year salary increase	1.00%	1.00%
Future salary increases	2.15%	2.50%
Increases to pensions in payment accrued to date (RPI)	3.25%	3.15%
Increases to pensions in payment accrued to date (CPI)	2.30%	2.20%

Mortality

The average life expectancy assumed now for an individual at the age of 63 and projected to apply in 2017 for an individual then at the age of 63 is as follows:

	2017	2016
Retiring		
Today:		
Males	22.7	22.8
Females	25.7	25.8
Retiring in		
20 years:		
Males	26.1	26.3
Females	27.4	27.6

Longevity assumptions

The longevity assumptions as at 31 March 2017 are based on bespoke longevity tables for members provided by Club Vita for the formal valuation of the Section as at 31 March 2016. For future improvements long cohort projections with improvement rates of 1.5% per annum for men and 1.0% per annum for women have been used.

Historical pension scheme information

	2017	2016	2014	2013	2012
	£000	£000	£000	£000	£000
Defined benefit liability	(9,083)	(7,177)	(7,118)	(6,895)	(6,440)
Scheme assets	8,619	7,472	7,299	6,831	6,307
(Deficit)/surplus	(464)	295	181	(64)	(133)
Experience adjustment on scheme liabilities – (loss)/gain	(1,571)	256	(270)	(52)	(10)
Experience adjustment on scheme assets – gain/(loss)	699	(299)	413	(50)	260

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NOTES TO THE ACCOUNTS
For the year ended 31 March 2017

16 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 in the Group.

During the year the following transactions took place with related parties that are not wholly owned within the Group:

During the year, Pinnacle Housing Limited was charged £1,655,000 (2016: £1,920,000) by Pinnacle Recruitment Services Limited, a subsidiary of Pinnacle Group Limited, in respect of the supply of temporary staff.

In February 2012 Pinnacle Housing Limited formed a 50:50 joint venture, Woking Housing Partnership Limited, with Balfour Beatty Regional Construction Limited, to operate a contract with Woking Borough Council to deliver housing and estates management, asset management and maintenance, and investment works. There was no initial investment made by either partner in the joint venture. In the year, the Company charged Woking Housing Partnership Limited £1,769,000 (2016: £1,834,000) for housing and estates management services and £5,850,000 (2016: £4,979,000) for asset management services.

17 PARENT UNDERTAKING AND CONTROLLING PARTY

The immediate parent undertaking is Pinnacle PSG Limited which owns 100% of the ordinary share capital of the Company. The overall group parent undertaking is Pinnacle Group Limited.

These financial statements are consolidated into the financial statements of Pinnacle PSG Limited and Pinnacle Group Limited. The financial statements of these companies are available from 1st Floor, 6 St Andrew Street, London, EC4A 3AE.

18 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 (2016: £Nil).

19 SUBSEQUENT EVENTS

On the 14th June 2017 Pinnacle Group Limited was acquired by funds managed or advised by Starwood Capital Group and Tunstall Asset Management. Pinnacle Group Limited's immediate parent company is TStar Pinnacle Limited, incorporated for the transaction. TStar Pinnacle Limited is owned equally by funds managed or advised by Starwood Capital Group and Tunstall Asset Management with management holding less than 5%. The ordinary B shares in Pinnacle Group Limited previously held by management were bought by the former shareholders and transferred to TStar Pinnacle Limited. Further information can be found in the consolidated financial statements of Pinnacle Group Limited.