

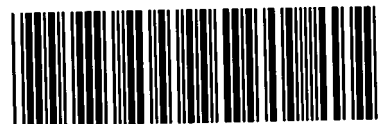
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PINNACLE HOUSING LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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PINNACLE HOUSING LIMITED

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PINNACLE HOUSING LIMITED

STRATEGIC REPORT FOR THE YEAR ENDED 31 MARCH 2023

Introduction

The Company is based on firm foundations with long term index linked contracts worth in excess of £400m over periods of up to 20 years and a healthy pipeline of new contracts and opportunities.

With Pinnacle Group Limited ("Group") having seen significant growth during the previous year, the year ended 31 March 2023 was one primarily of consolidation, with a focus on commencing the delivery of the contract with Defence Infrastructure Organisation (DIO) to manage the 49,000 home service family accommodation portfolio. Against this background and, in particular, the Russian invasion of Ukraine with its consequential impact on world financial and supply markets, the continuing operations of the Company achieved an outturn for the year ahead of the original budget set.

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

We continue to expand the provision of housing and property management services to the growing private Build to Rent sector. Pinnacle intends to become the manager of choice for these investors given our unique ability to operate all residential tenures across the UK.

The Company continued to deliver existing services in line with all financial and operational targets, including contract KPIs. Our offer to the market is the provision of commercially minded, socially principled management solutions and our focus remains on providing services that are rooted in the communities we serve. We are committed to effective 'place-keeping' and always put resident satisfaction at the heart of what we do.

With a justifiably ever-increasing focus on ESG by all elements of society especially on the environment, we recognise that the way in which we operate as a business as well as the services we provide need to form part of the overall solution. In this context, we continue to seek ways in which we can enhance our service offering to complement our core housing services, recognising that we can increase efficiency and driving down the cost of service provision through implementation of initiatives like IOT and Cobotics. We see this as an important strategic objective as well as our responsibility to our customers, the communities we serve and to our employees. During the year we continued on our journey to electrify the fleet.

The passion, dedication and commitment of all our people is outstanding. The Company continues to invest in its people as it is they who differentiate us so often from our competition. I am indebted to all those within Pinnacle Housing who make such an important contribution to our success.

PINNACLE HOUSING LIMITED

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

Strategic Outlook

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

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

Overall, the Company is in a sound condition with no debt and with a strong order book from high quality clients who need the services we offer. The political and economic outlook for the UK may not make for happy reading, but we are well prepared and have the benefit of an incredible workforce who have demonstrated they can sustain us when factors outside our control take effect.

Summary of results and Key Performance Indicators (KPIs)

The Company uses the following KPIs to assist in the understanding of the performance of the business:

- Company revenue was £89,180k against £73,425k in the prior year.
- Profit before tax is £6,892k (2022: £4,470k).

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

Balance sheet and cash

The net assets of the Company at 31 March 2023 were £39,516k compared to £33,707k at 31 March 2022 and at 31 March 2023 the Company had an overdrawn bank balance of £1,312k compared to a positive cash balance of £1,971k at 31 March 2022.

PINNACLE HOUSING LIMITED

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

Stakeholders Agenda

Section 172(1) statement - Companies Act 2006

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

The Role of the Board

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

A formal schedule of reserved matters is set out and reviewed regularly to ensure it remains fit for purpose. This will include decisions on the ongoing strategic direction of the group, approval of the business plan and budget, the acquisition or disposal of assets, entry into major new contracts and changes in key policies.

The Board also monitors the effectiveness of the Group's internal controls, governance, and risk management processes.

The Board delegates the day-to-day running of the business to the Group Chief Executive, who is supported by members of the Executive Committee (ExCom). The Company is the largest operating subsidiary of the Group, and its Directors are all members of ExCom, which ensures that they are involved in all key decisions relating to the Company. The Board also delegates certain responsibilities to the Audit Committee and Remuneration Committee. These committees are made up of Non-Executive Directors and provide the Board with independent oversight.

Board Governance

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

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

The Principles also support directors in meeting the requirements of Section 172 with guidance on the following areas:

- Purpose and leadership;
- Board Composition;
- Directors' responsibilities;
- Opportunity and risk;
- Remuneration; and
- Stakeholders.

Our Corporate Governance Statement, which is set out in the Group's statutory financial statements, sets out how the Group has applied these principles.

PINNACLE HOUSING LIMITED

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

Board Activity during the year

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

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

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

- That FY23 was a year of consolidation whilst we integrated the businesses we acquired in FY22 into the Group.
- To renew focus on growth of the Homes division in response to increases interest from Institutional Investors in the sector and our operating platform. Since the year end, the new "Place by Pinnacle" brand has been launched.
- To appoint a more central government focused public relations consultancy – Headland – following the degree of reputational damage that Pinnacle Service Families suffered as a consequence of RAMS contractors service failures on the MOD FDIS contracts.
- To make a cost of living payment in Autumn 2022 to our lower paid staff.

The business continues to develop and pursue growth opportunities consistent with our vision and purpose.

It is the Board's priority to ensure that Directors have acted in the way that they consider, in good faith, would most likely to promote the success of the company and its members as a whole. This includes the matters set out in paragraphs a-f of Section 172 of the Companies Act 2006, as follows:

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

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

b. The interests of the company's employees

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

PINNACLE HOUSING LIMITED

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

- The health & safety of staff remains a top priority, and the Directors review the performance in this area at each meeting.
 - See our Corporate Governance Statement set out in the Group's Strategic Report for further details.
- c. The need to foster business relationships with suppliers, customers, and others
- The Board regularly reviews how the Group maintains positive relationships with all key stakeholders.
 - During the year, we maintained our ISO44001 accreditation, and continue to embed collaborative working arrangements with stakeholders into our contract mobilisation and contract management processes.
 - Please also refer to our ESG Impact Report which showcases our progress across the four key pillars of our ESG Framework (<https://www.pinnaclegroup.co.uk/esg/>).
 - A number of customer engagement surveys were carried out during the course of the year across our portfolio of Housing contracts - the results of these surveys are reported back through the Shareholder Control Group forum. Furthermore, we are a corporate member of the Institute of Customer Service and continue to work with the institute and other members to enhance the customer experience.
 - We have rigorous processes in place to ensure that our suppliers are paid promptly, in accordance with contract terms. Quarterly reviews with key suppliers provide the mechanism for jointly seeking opportunities to develop our contractual arrangements for the benefit of both parties.
- d. The impact of our operations on the community and the environment
- The Directors are committed to providing a secure, safe and healthy environment for all our stakeholders.
 - During the year, we have maintained our ISO14001 accreditation, are ESOS compliant, and made good progress towards our challenging strategic target to achieve Net Zero on direct emissions by 2025 (Scope 1 and 2) and full emissions by 2035 (Scope 3), continuing with a number of exciting initiatives including Project Switch and Project Electrify.
 - We also embarked on a partnership with Planet First Energy, who are helping us manage the transition to "green" energy across our estate. Our environmental targets are reviewed on an annual basis.
 - We have continued to take an active role in the communities we serve. Our staff are fully empowered to work with local stakeholders and provide added value so we can have the biggest impact possible in the areas we work. Our involvement in a wide range of social value projects and community activities are published internally on our ESG Power Bi Dashboard.
 - The Group continued with its strategy for engaging with local supply chain partners on major contracts.
 - Please also see more detail on our Community Impact and Protecting our Planet as set out in our ESG Framework and 2022 Impact Report (<https://www.pinnaclegroup.co.uk/esg/>).

PINNACLE HOUSING LIMITED

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

- e. Desirability of the company to maintain a reputation for high standards of business conduct.
- The reputation of the Company is of upmost importance to our Directors, and this is not just limited to financial and operational performance. To that end, the Board has approved the Group's policies on Modern Slavery, and Anti-Bribery and Corruption.
 - We monitor compliments and complaints from our customers, our key suppliers are signed up to a Code of Conduct, and all staff must adhere to our Core HR Policies and our staff handbook, which incorporates a section on "Living the Values".
 - The Board has also considered the findings of our Gender Pay Gap report, including areas of focus going forward.
- f. The need to act fairly between members of the company.
- The shareholders and Board are committed to setting targets for and developing all the main areas of the group. This is reinforced through their approval of the annual budget.
 - Decisions from the Board are filtered down through ExCom, whose membership includes all the statutory directors for the two largest operating businesses, Pinnacle Housing Ltd and Pinnacle FM Ltd.

Risk Management

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

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

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

The Risk Management Group convenes every six months (as a minimum) to consider existing risks, but also to identify any new and emerging risks. For more detail on our principal risks and uncertainties, and how these risks are managed and mitigated, please refer to the relevant sections of the Strategic Report within the Group's statutory financial statements.

This report was approved by the board on 19 October 2023 and signed on its behalf.



P M A Lloyd
Group Chief Executive

PINNACLE HOUSING LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2023

The directors present their report and the audited financial statements of Pinnacle Housing Limited (the "Company") for the year ended 31 March 2023.

Principal activities

The principal activity of the Company is housing management and estates services.

Results and dividends

The profit for the year, after taxation, amounted to £6,082k (2022: £4,198k).

No dividend was paid during the year to the Company's parent company Pinnacle PSG Limited (2022: nil). There were no further proposed dividends at the year end.

Going concern

The Company has made a profit of £6,082k (2022: £4,198k) during the year and has net assets of £39,516k (2022: £33,707k) at the year end.

As part of their review the directors have considered the implications of the current economic conditions on the going concern assumption. This has also included sensitivity analyses which take into account severe but plausible downsides. As events evolve the directors will take all necessary measures to minimise where possible the negative economic impacts on the business. Pinnacle Group Limited has indicated its willingness to financially support Pinnacle Housing Limited for a period of at least 12 months from the date these financial statements were approved and authorised for issue.

On this basis the directors believe that the Company will have adequate resources to continue in operational existence for the foreseeable future and meet its obligations as they fall due. As such the financial statements are prepared on a going concern basis.

Donations

Charitable donations of £6k (2022: £12k) were made during the year. No political donations were made in the year (2022: £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 50 days (2022: 19 days).

PINNACLE HOUSING LIMITED

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

Financial instruments

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

Directors

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

P M A Lloyd
C M Hodson
N P Wright
N Fergus
C Kober
J L Saunders
A M Lee

Corporate responsibility and governance

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

Covid-19

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

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

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

Health and Safety

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

PINNACLE HOUSING LIMITED

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

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

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

Everyone understands their responsibilities and how working together can improve the overall health and safety culture of our company. We continue to promote the sharing of best practice and information across the Group to help continuously improve standards as well as ensuring our knowledge and expertise matches our growth.

To support the above, our health and safety management system is CHAS and ISO45001 accredited.

Environment, Social, Governance (ESG)

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

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

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

• Protect our Planet

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

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

PINNACLE HOUSING LIMITED

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

• Our People

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

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

Disabled employees

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

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

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

• Community interest

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

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

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

• Responsible business

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

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

PINNACLE HOUSING LIMITED

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

Disclosure of information to auditors

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

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

Independent auditors

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

This report was approved by the board on 19 October 2023 and signed on its behalf.



C M Hodson
Chief Financial Officer

PINNACLE HOUSING LIMITED

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

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

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

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

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

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

Directors' confirmations

In the case of each director in office at the date the directors' report is approved:

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

Independent auditors' report to the members of Pinnacle Housing Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Statement of financial position as at 31 March 2023; the Statement of profit or loss and other comprehensive income and the Statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

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

Reporting on other information

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

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

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

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to but were not limited to the Landlord & Tenants Act 1985, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006, Taxation legislation, and payroll laws and regulations. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting of inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management and the legal counsel, including consideration of known or suspected instances of non-compliance;
- Challenging the key assumptions made by management in their accounting estimates;
- Identifying and testing journal entries meeting certain risk criteria, in particular any journal entries posted with unusual account combinations, journal entries containing unusual words and certain post-close journals;
- Reviewing board minutes and details of legal expenses incurred in the year; and
- Reviewing the financial statement disclosures and agreeing to underlying supporting documentation.

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

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

Use of this report

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

Other required reporting

Companies Act 2006 exception reporting

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

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

We have no exceptions to report arising from this responsibility.



Diane Walmsley (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
23 October 2023

PINNACLE HOUSING LIMITED

**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023**

	Note	2023 £000	2022 £000
Revenue	4	89,180	73,425
Raw materials and consumables		(15,573)	(14,154)
Staff costs	7	(46,341)	(37,502)
Depreciation and amortisation	5	(4,405)	(4,429)
Administration and operating expenses		(17,571)	(13,220)
Operating profit	5	5,290	4,120
Interest receivable and similar income	9	2,671	1,428
Interest payable and similar expenses	10	(1,069)	(1,078)
Profit before tax		6,892	4,470
Tax on profit	11	(810)	(272)
Profit for the financial year		6,082	4,198
Other comprehensive (expense)/income:			
Items that will not be reclassified to profit or loss:			
Actuarial (loss)/gain on defined benefit pension scheme, (net of deferred tax)	19	(273)	899
Total comprehensive income for the year		5,809	5,097

The notes on pages 19 to 44 form part of these financial statements.

PINNACLE HOUSING LIMITED
REGISTERED NUMBER: 02246643

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	2023 £000	2023 £000	2022 £000	2022 £000
Non current assets					
Intangible assets	12		75		20
Property, plant and equipment	13		2,445		2,839
Investment property	14		10,259		13,122
Deferred tax asset	18		491		278
Employee benefit assets	19		1,300		1,456
Total non current assets			14,570		17,715
Current assets					
Trade and other receivables	15	54,659		43,268	
Cash and cash equivalents		-		1,971	
Total current assets		54,659		45,239	
Current liabilities					
Trade and other payables	16	(14,503)		(12,410)	
Short term lease liabilities	17	(3,624)		(3,528)	
Bank overdraft	16	(1,312)		-	
Net current assets			35,220		29,301
Non current liabilities					
Long term lease liabilities	17		(9,907)		(13,035)
Deferred tax liability	18		(367)		(274)
Net assets			39,516		33,707
Capital and reserves					
Called up share capital	20		50		50
Retained earnings			39,466		33,657
Total equity			39,516		33,707

The financial statements on pages 16 to 18 were approved by the board on 19 October 2023 and were signed on its behalf by:

C M Hodson
Chief Financial Officer



The notes on pages 19 to 44 form part of these financial statements.

PINNACLE HOUSING LIMITED

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

	Called up share capital	Retained earnings	Total equity
	£000	£000	£000
At 1 April 2021	50	28,560	28,610
Profit for the year	-	4,198	4,198
Other comprehensive income	-	899	899
Total comprehensive income for the year	-	5,097	5,097
At 31 March 2022	50	33,657	33,707
Profit for the year	-	6,082	6,082
Other comprehensive expense	-	(273)	(273)
Total comprehensive income for the year	-	5,809	5,809
At 31 March 2023	50	39,466	39,516

PINNACLE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

1. General information

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

2. Accounting policies

2.1 Basis of preparation of financial statements

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

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

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

The financial statements are presented in 'Pounds Sterling' (£), which is also the Company's functional currency.

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

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

- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors

PINNACLE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

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

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

2.3 Impact of new standards, amendments and interpretations

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

2.4 Going concern

The Company has retained earnings at 31 March 2023 of £39,466k (2022: £33,657k) and has 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.

As part of their review the directors have considered the implications of the current economic conditions on the going concern assumption. This has also included sensitivity analyses which take into account severe but plausible downsides. As events evolve the directors will take all necessary measures to minimise where possible the negative economic impacts on the business. Pinnacle Group Limited has indicated its willingness to financially support Pinnacle Housing Limited for a period of at least 12 months from the date these financial statements were approved and authorised for issue.

On this basis the directors believe that the company will have adequate resources to continue in operational existence for the foreseeable future and meet its obligations as they fall due. As such the financial statements are prepared on a going concern basis.

2.5 Long-term contracts

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

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

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

PINNACLE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

figure and the invoiced amounts in the month is treated as deferred income or accrued income as appropriate.

2.6 Revenue recognition

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

2.7 Leases

The company as a lessee

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

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

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

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

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

The lease liability is subsequently measured by increasing the carrying amount to reflect interest

PINNACLE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.7 Leases (continued)

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

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

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

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

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

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

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

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

2.8 Interest receivable and similar income

This comprises of interest receivable on funds invested using the effective interest method.

2.9 Interest payable and similar expenses

This is comprised of interest payable on lease liabilities and loans and borrowings recognised in profit or loss using the effective interest method.

2.10 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

PINNACLE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.11 Employee benefits

Short-term obligations

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

Post-employment obligations

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

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.

2.12 Current and deferred taxation

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

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

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

- the initial recognition of goodwill;

PINNACLE HOUSING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

2. Accounting policies (continued)

2.12 Current and deferred taxation (continued)

- 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.

2.13 Intangible assets

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

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

The estimated useful lives range as follows:

Software development costs - 3 years

2.14 Property, plant and equipment

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

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

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

PINNACLE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.14 Property, plant and equipment (continued)

The estimated useful lives range as follows:

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

2.15 Trade and other receivables

Trade and other receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business, if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

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

The expected loss rates are based on the payment profiles of sales over a period of 12 month before 31 March 2023 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified that given the fact that the majority of its customers are local government entities and large housing associations, losses and risk are extremely low.

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

2.16 Cash and cash equivalents

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

PINNACLE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

2. Accounting policies (continued)

2.17 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.

2.18 Impairment of non financial assets

Non financial assets that are not ready to use are not subject to amortisation and are tested annually for impairment.

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

2.19 Rounding of amounts

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

3. Critical accounting estimates and judgements

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 Company:

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

Please refer to note 19 for details of the assumptions used.

Expected or estimated credit losses

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

PINNACLE HOUSING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

4. Revenue

An analysis of the revenue by class of business is as follows:

	2023	2022
	£000	£000
Housing management	49,369	34,479
Estate services	39,811	38,946
	89,180	73,425

All revenue arose within the United Kingdom.

5. Operating profit

The operating profit is stated after charging:

	2023	2022
	£000	£000
Depreciation of owned assets	397	273
Depreciation of right of use assets	3,991	4,139
Amortisation of intangible assets	17	17
Profit on disposal of property, plant and equipment	-	96

6. Auditors' remuneration

	2023	2022
	£000	£000
Fees payable to the Company's auditors for the audit of the Company's annual financial statements	20	20

During the year there were no non audit services provided by the statutory auditors.

PINNACLE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

7. Staff costs

Staff costs were as follows:

	2023 £000	2022 £000
Wages and salaries	41,046	33,504
Social security costs	3,443	2,543
Other pension costs - defined benefit	146	179
Other pension costs - defined contribution	1,706	1,276
Total staff costs	46,341	37,502

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

	2023 No.	2022 No.
Operational employees	1,737	1,719

8. Directors' remuneration

The aggregate emoluments and benefits paid to the directors amounted to £290k (2022: £230k). The aggregate value of the company's contribution to money purchase scheme amounted to £27k (2022: £64k).

The highest paid director received remuneration of £188k (2022: £137k).

The value of the company's contributions to money purchase pension scheme in respect of the highest paid director amounted to £18k (2022: £53k).

The above details of directors' remuneration do not include the remunerations of N P Wright, A M Lee, J L Saunders, C M Hodson and P M A Lloyd, which are paid by Pinnacle Group Limited and recharged to the Company as part of a management charge. This management charge, which in 2023 amounted to £4,026k (2022: £3,627k), also includes a recharge of administration costs borne by Pinnacle Group Limited on behalf of the Company and it is not possible to identify separately the amount of the remuneration for the above mentioned directors.

PINNACLE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

9. Interest receivable and similar income

	2023 £000	2022 £000
Interest receivable from group companies	2,624	1,421
Net interest income on pension scheme assets and liabilities	47	7
	<u>2,671</u>	<u>1,428</u>

10. Interest payable and similar expenses

	2023 £000	2022 £000
Interest payable to group undertakings	211	113
Interest on lease liabilities	780	865
Other interest payable	78	100
	<u>1,069</u>	<u>1,078</u>

11. Tax on profit

	2023 £000	2022 £000
Current tax		
Current tax on profits for the year	819	445
Adjustments in respect of prior years	20	(252)
Total current tax	<u>839</u>	<u>193</u>
Deferred tax		
Origination and reversal of timing differences	(30)	(62)
Adjustments in respect of prior years	1	141
Total deferred tax	<u>(29)</u>	<u>79</u>
Total tax charge	<u>810</u>	<u>272</u>

PINNACLE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

11. Tax on profit (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2022: lower than) the standard rate of corporation tax in the UK of 19% (2022: 19%). The differences are explained below:

	2023 £000	2022 £000
Profit before tax	6,892	4,470
Profit multiplied by standard rate of corporation tax in the UK of 19% (2022: 19%)	1,309	849
Effects of:		
Disallowed expenses	47	30
Adjustments in respect of prior years	21	(111)
Effect of future rate change on deferred tax	33	-
Rate change impact to opening deferred tax balance (25%)	(1)	-
Group relief	(599)	(496)
Total tax charge	810	272

Factors that may affect future tax charges

In the Spring Budget 2020, the UK Government announced that from 1 April 2020 the corporation tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). The Government made a number of budget announcements on 3 March 2021. These include confirming that the rate of corporation tax will increase to 25% from 1 April 2023. This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

PINNACLE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

12. Intangible assets

	Development & software costs £000
Cost	
At 1 April 2022	59
Additions - external	72
	<hr/>
At 31 March 2023	131
	<hr/>
Accumulated amortisation	
At 1 April 2022	39
Charge for the year on owned assets	17
	<hr/>
At 31 March 2023	56
	<hr/>
Net book value	
At 31 March 2023	75
	<hr/> <hr/>
At 31 March 2022	20
	<hr/> <hr/>

PINNACLE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

13. Property, plant and equipment

	Leasehold land and buildings £000	Plant and machinery £000	Right of use assets £000	Total £000
Cost or valuation				
At 1 April 2022	375	864	3,888	5,127
Additions	12	488	639	1,139
Disposals	-	-	(917)	(917)
At 31 March 2023	387	1,352	3,610	5,349
Accumulated depreciation				
At 1 April 2022	110	570	1,608	2,288
Charge for the year on owned assets	123	274	-	397
Charge for the year on right-of-use assets	-	-	1,127	1,127
Transfers intra group	-	1	-	1
Disposals	-	-	(909)	(909)
At 31 March 2023	233	845	1,826	2,904
Net book value				
At 31 March 2023	154	507	1,784	2,445
At 31 March 2022	265	294	2,280	2,839

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

	2023 £000	2022 £000
Owned assets	661	559
Right of use assets	1,784	2,280
	2,445	2,839

PINNACLE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

13. Property, plant and equipment (continued)

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

Net book value

	2023 £000	2022 £000
Properties	973	1,285
Motor vehicles	811	995
	<u>1,784</u>	<u>2,280</u>

Depreciation charge for the year ended

	2023 £000	2022 £000
Properties	(382)	(350)
Motor vehicles	(745)	(929)
	<u>(1,127)</u>	<u>(1,277)</u>

Additions to right-of-use assets

	2023 £000	2022 £000
Properties & Motor vehicles	<u>639</u>	<u>2,033</u>

PINNACLE HOUSING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

14. Investment property

	Right of use asset £000
Cost	
1 April 2022	19,636
Additions	-
Remeasurement	-
At 31 March 2023	<u>19,636</u>
Accumulated depreciation	
1 April 2022	6,513
Charge for the year	2,864
Remeasurement	-
At 31 March 2023	<u>9,377</u>
Net book value	
At 31 March 2023	<u>10,259</u>
At 31 March 2022	<u>13,122</u>

The investment property above relates to a transaction the Company entered into with a London council whereby, on 25 October 2019 the Company leased a new building from the Council, consisting of 197 flats, for a period of just short of 7 years. The Company is contracted to pay a series of monthly payments to the Council in accordance with the said lease and the Company can rent the flats to those who qualify at discounted market rents. Under IAS 40 and IFRS 16 this transaction classifies the Company's interest in the building as an "Investment Property" which is depreciated accordingly.

The rental income generated from the investment property was £3,738k (2022: £3,525k). The direct operating expenses associated with the rental income was £3,736k (2022: £3,196k).

PINNACLE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

15. Trade and other receivables

	2023 £000	2022 £000
Trade receivables	4,341	5,574
Amounts owed by group undertakings*	44,651	33,811
Other receivables	76	78
Prepayments and accrued income	5,591	3,805
Total trade and other receivables	54,659	43,268

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

The credit loss allowance at 31 March 2023 was £nil (2022: £nil) on its trade receivable and £2,170k (2022: £1,629k) on amounts owed by group undertakings.

16. Trade and other payables

	2023 £000	2022 £000
Bank overdraft*	1,312	-
Trade payables	2,122	742
Amounts owed to group undertakings**	3,138	3,234
Corporation tax	239	318
Other taxation and social security	3,422	2,120
Other payables	690	471
Accruals and deferred income	4,892	5,525
Total trade and other payables	15,815	12,410

*The bank overdraft at 31st March 23 of £1,312k arose as a result of year end Group Treasury management sweeps in line with the Group's facility with Barclays Bank. The Company's bank account was in credit to the value of £2.3m on 6th April 2023.

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

PINNACLE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

17. Leases

Company as a lessee

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

Lease liabilities are due as follows:

	2023 £000	2022 £000
Short term	3,624	3,528
Long term	9,907	13,035
	<u>13,531</u>	<u>16,563</u>

Contractual undiscounted cash flows are due as follows:

	2023 £000	2022 £000
Less than one year	4,280	4,238
One to five years	10,336	14,097
More than five years	235	257
	<u>14,851</u>	<u>18,592</u>

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

	2023 £000	2022 £000
Interest expense on lease liabilities	780	865
Depreciation charges	<u>3,991</u>	<u>4,139</u>

PINNACLE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

17. Leases (continued)

Lease cost and payments

	2023 £000	2022 £000
Cost		
Opening balance	16,563	18,095
Additions	639	2,033
Interest	780	865
Disposals	2	(61)
Reclassification	-	-
Remeasurement	-	-
	<u>17,984</u>	<u>20,932</u>
Payments		
Interest	780	865
Principal repayment	3,673	3,504
Remeasurement	-	-
	<u>4,453</u>	<u>4,369</u>
Lease liabilities balance		
Cost	17,984	20,932
Repayments during the year	(4,453)	(4,369)
Balance at 31 March	<u><u>13,531</u></u>	<u><u>16,563</u></u>

PINNACLE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

18. Deferred tax

Deferred tax comprises the following:

	Provision for credit loss £000	Property, plant and equipment £000	Pension scheme £000	Total £000
Recognised deferred tax				
At 1 April 2022	270	8	(274)	4
Recognised in profit or loss (prior year adjustments)	-	1	-	1
Recognised in profit or loss (origination and reversal of timing differences)	221	(54)	(139)	28
Recognised in other comprehensive income	-	-	91	91
At 31 March 2023	491	(45)	(322)	124

Unrecognised deferred tax

There are no unrecognised deferred tax assets in the Company.

19. Employee benefit assets

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

PINNACLE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

19. Employee benefit assets (continued)

Pension plan characteristics:

The Company participates in two employee benefit schemes.

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

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

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

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

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

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

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

PINNACLE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

19. Employee benefit assets (continued)

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

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

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

PINNACLE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

19. Employee benefit assets (continued)

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

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

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

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

Mortality

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

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

PINNACLE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

19. Employee benefit assets (continued)

Sensitivity analysis

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

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

Longevity assumptions

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

	2023 £000	2022 £000	2021 £000	2020 £000	2019 £000
Historical pension scheme information					
Defined benefit obligation	(7,228)	(9,382)	(9,844)	(8,995)	(9,154)
Scheme assets	8,528	10,838	10,064	9,727	9,470
Surplus	1,300	1,456	220	732	316
Experience adjustment					
Scheme liabilities - gain/(loss)	2,283	645	(1,505)	353	380
Scheme assets - (loss)/gain	(2,647)	455	(834)	(64)	163

PINNACLE HOUSING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

19. Employee benefit assets (continued)

Risks to which the Plan exposes the Company

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

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

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

20. Called up share capital

	2023 £000	2022 £000
Authorised, allotted, called up and fully paid		
1,000,000 (2022: 1,000,000) Ordinary shares of 5p each	50	50

21. Contingencies

The Company has issued guarantees in favour of Barclays Bank Plc (2022: Barclays Bank Plc) to support the indebtedness of Pinnacle Group Limited and its subsidiaries. The exposure to this guarantee at the balance sheet date was £nil (2022: £nil). There are no other contingencies as at 31 March 2023 (2022:£nil).

22. Related party transactions

The Company charged £nil (2022: £nil) to Pinnacle Power Limited, a subsidiary of Pinnacle Group Limited, in respect of professional services. The Company was charged £747k (2022: £109k) by Pinnacle Power Limited in respect of professional services. There are no balances receivable or payable as at 31 March 2023 (2022: £nil).

PINNACLE HOUSING LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023**

23. Controlling party

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

The ultimate parent undertaking and the largest group to consolidate these financial statements is TStar Pinnacle Limited. The immediate parent entity of TStar Pinnacle Limited is TStar Pinnacle Lux S.à.r.l, which is incorporated in Luxembourg. The ultimate joint controlling parties are Tunstall Pinnacle Holdco S.à.r.l and SOF-11 Pinnacle Lux S.à.r.l, both incorporated in Luxembourg, and have an ownership interest of 50% each.

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

24. Subsequent events

There have been no subsequent events post year end.