

PINNACLE LEISURE GROUP LIMITED
Annual Report & Financial Statements
For the year ended 31 December 2012

Registered Number 03242383

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COMPANIES HOUSE

Registered Office: 40-44 Coombe Road
New Malden
Surrey
KT3 4QF

PINNACLE LEISURE GROUP LIMITED

Company number : 03242383

Principal and Registered Address

40 - 44 Coombe Road

New Malden

Surrey KT3 4QF

DIRECTORS' REPORT

The directors present their annual report and audited financial statements of the company for the year ended 31 December 2012.

Principal activities and review of the business

The principal activity of the company during the year was that of a holding company. The company did not trade in the year. The principle trading subsidiary, Nuffield Health Day Nurseries Limited is engaged in the operation of day care nursery facilities operated within the Fitness & Wellbeing Centres of another group company, Nuffield Health.

Financial results and dividends

The loss on ordinary activities after taxation amounted to £195,000 (2011: £47,346,000 profit). The retained loss was transferred to reserves. The directors do not propose a dividend for the year (2011: £nil).

Financial risks

The company does not have any financial instruments other than short term debtors and creditors.

Future prospects

The company will continue to be a holding company. The directors have no plans for the company to trade in the future.

Prior year adjustment

Redeemable preference shares were previously incorrectly classified as liabilities rather than equity. A prior year adjustment is made to the financial statements to correctly classify the preference shares. There is also an adjustment to the profit and loss reserve as the premium on redemption was recorded as interest payable. A detailed description of the error is to be found in Note 9.

Directors

The directors who served throughout the year were as follows:

KP Doyle

GJ Hyatt

No director had any interest in the share capital of the company or any other group company.

PINNACLE LEISURE GROUP LIMITED

Directors' responsibilities for the financial statements

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 the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). 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 and 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 accounting 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; 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 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the directors is aware:

- there is no relevant audit information of which the company's auditor are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

PINNACLE LEISURE GROUP LIMITED

Ultimate holding company

The ultimate holding company is Nuffield Health.

Small company provisions

This directors' report has been prepared in accordance with the provisions applicable to companies entitled to the small companies' exemption.

Auditor

Grant Thornton UK LLP offers themselves for reappointment as auditor in accordance with Section 487 (2) of the Companies Act 2006.

Approved by the board of directors on 29 August 2013 and signed on its behalf by:



GJ Hyatt
Director

**PINNACLE LEISURE GROUP LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PINNACLE
LEISURE GROUP LIMITED**

We have audited the financial statements of Pinnacle Leisure Group Limited for the year ended 31 December 2012 which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' 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 2, 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 (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 December 2012 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**PINNACLE LEISURE GROUP LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PINNACLE
LEISURE GROUP LIMITED (Continued)**

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in 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.

Grant Thornton UK LLP

Jonathan Maile
Senior Statutory Auditor
For and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Gatwick, United Kingdom
29 August 2013

PINNACLE LEISURE GROUP LIMITED
Profit and Loss Account
For the year ended 31 December 2012

	Notes	2012 £'000	2011 £'000
Dividend income receivable		-	54,312
Operating profit		<u>-</u>	<u>54,312</u>
Loss on disposal of investments		-	(6,733)
Profit on ordinary activities before taxation		<u>-</u>	<u>47,579</u>
Tax charge on profit on ordinary activities	2	(195)	(233)
(Loss)/profit for the financial year	7	<u>(195)</u>	<u>47,346</u>

All of the results relate to continuing operations in the United Kingdom.

The accounting policies and notes on pages 9 to 15 form part of these financial statements.

PINNACLE LEISURE GROUP LIMITED
Statement of Total Recognised Gains and Losses
For the year ended 31 December 2012

		2012	2011
	Notes	£'000	Restated £'000
(Loss)/profit for the financial year		(195)	47,346
Total recognised gains and losses relating to the year		<u>(195)</u>	<u>47,346</u>
Prior year adjustment for reclassification of redemable preference shares	9	9,175	
Total recognised gains and losses		<u>8,980</u>	

The accounting policies and notes on pages 9 to 15 form part of these financial statements.

PINNACLE LEISURE GROUP LIMITED
Balance Sheet
As at 31 December 2012

Company number : 03242383

	Notes	2012 £'000	2011 Restated £'000
Fixed assets			
Investments in subsidiary undertakings	3	-	-
Current assets			
Debtors	4	60,176	60,176
Creditors: Amounts falling due within one year	5	(453)	(258)
Net current assets		<u>59,723</u>	<u>59,918</u>
Total assets less current liabilities		<u>59,723</u>	<u>59,918</u>
Capital and reserves			
Called up share capital	6	9,667	9,667
Share premium account	7	3,163	3,163
Profit and loss account	7	46,893	47,088
Total shareholders' funds	8	<u>59,723</u>	<u>59,918</u>

These financial statements were approved by the board of directors on 29 August 2013 and signed on its behalf by:



GJ Hyatt
 Director

The accounting policies and notes on pages 9 to 15 form part of these financial statements.

PINNACLE LEISURE GROUP LIMITED
Accounting Policies
For the year ended 31 December 2012

The principal accounting policies are summarised below. They have been applied consistently throughout the current and preceding year except as described in policy d.

a) Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable law and accounting standards in the United Kingdom.

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently.

The company is a wholly owned subsidiary of Precis (1748) Limited and its results and net liabilities are included in the consolidated financial statements of Nuffield Health, its ultimate parent undertaking. Consequently, the company has taken advantage of the exemption from preparing group accounts. The company is also exempt from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996) and exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with wholly owned entities of the Nuffield Health group.

These financial statements present information about Pinnacle Leisure Group Limited as an individual entity and not about its group.

The directors have considered the basis of preparation of the financial statements on a going concern basis. After due enquiry, they are satisfied that the company has sufficient resources available to it for the foreseeable future. Accordingly, these financial statements have been prepared on a going concern basis.

b) Investments

Investments in subsidiary undertakings are shown at cost less provision for impairment.

c) Current taxation

Current tax, including UK corporation tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

PINNACLE LEISURE GROUP LIMITED

d) Financial liabilities and equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deduction of all of its liabilities.

A fundamental error was found in the treatment of redeemable preference shares that were previous classified as liabilities when they should have been treated as equity as explained in note 9.

PINNACLE LEISURE GROUP LIMITED
Notes to the Financial Statements
For the year ended 31 December 2012

1 Operating profit

The directors received no emoluments for qualifying services provided to the company during the current year or preceding financial year. The company had no employees in the current or preceding year. The auditors' remuneration is borne by Nuffield Health, the ultimate parent company. The fee for this service was £1,000 (2011 : £1,000).

2 Tax on profit on ordinary activities

(i) Tax on profit on ordinary activities

	2012 £'000	2011 £'000
Current tax:		
Group relief	195	233
Tax for the current year	<u>(195)</u>	<u>(233)</u>

(ii) Factors affecting tax for the current year

	2012 £'000	2011 £'000
Profit on ordinary activities before taxation	<u>-</u>	<u>47,579</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 24.5% (2011 - 26.5%)	-	(12,608)
Effects of:		
Non taxable income	-	14,393
Non taxable expenses	-	(1,785)
Imputed interest	(220)	(233)
Group relief not paid for	25	-
Tax for the current year	<u>(195)</u>	<u>(233)</u>

PINNACLE LEISURE GROUP LIMITED

3 Investment in subsidiary undertakings

	£'000
Cost	
At 1 January 2012 and 31 December 2012	<u>-</u>
Provision for impairment	
As at 1 January 2012 and 31 December 2012	<u>-</u>
Net Book Value	
As at 1 January 2012 and 31 December 2012	<u>-</u>

The company's 100% owned direct subsidiary undertakings at 31 December 2012 which are registered in England and Wales are:

Subsidiary	Country of incorporation	Principal Activity
Nuffield Health Day Nurseries Limited	England and Wales	Operator of day nursery facilities

On 11 January 2011 the Company disposed of its interest in The Pinnacle Clubs Limited for a consideration of £1, generating a loss on disposal of £6,733,000. As part of the intragroup reorganisation prior to this sale, the company received a dividend of £54,312,000 from The Pinnacle Clubs Limited.

4 Debtors

	2012 £'000	2011 £'000
Amounts owed by ultimate parent undertaking	54,855	54,855
Amounts owed by fellow group undertakings	5,321	5,321
	<u>60,176</u>	<u>60,176</u>

5 Creditors : amounts falling due within one year

	2012 £'000	2011 Restated £'000
Amounts owed to fellow group undertakings	<u>453</u>	<u>258</u>

Note 9 explains the restatement on the 2011 comparative numbers.

PINNACLE LEISURE GROUP LIMITED

6 Called up share capital

	2012 £'000	2011 £'000
Authorised:		
Equity shares:		
2,400,000 'A' ordinary shares of 25p each	600	600
2,400,000 'B' ordinary shares of 25p each	600	600
43,200,000 redeemable preference shares of 25p each	10,800	10,800
	<u>12,000</u>	<u>12,000</u>
Allotted, issued and fully paid:		
	2012 £'000	2011 Restated £'000
Share capital classed as equity:		
1,617,697 'A' ordinary shares of 25p each	405	405
2,249,064 'B' ordinary shares of 25p each	562	562
34,800,849 redeemable preference shares of 25p each	8,700	8,700
Total allotted, issued and fully paid	<u>9,667</u>	<u>9,667</u>

Note 9 explains the restatement on the 2011 comparative numbers.

The company's share capital comprises 'A' ordinary shares, 'B' ordinary shares and Redeemable preference shares. All three classes of share capital rank pari passu with each other and have equal voting rights.

7 Reserves

	Share premium account £'000	Profit & loss account £'000
At 1 January 2012 As previously reported	158	37,913
Prior period adjustment (note 11)	3,005	9,175
At 1 January 2012 Restated	<u>3,163</u>	<u>47,088</u>
Loss for the period	-	(195)
At 31 December 2012	<u>3,163</u>	<u>46,893</u>

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8 Reconciliation of movements in shareholders' funds

	2012 £'000	2011 £'000
Shareholders' deficit at 1 January as previously reported	39,038	(8,308)
Prior year adjustment (note 11)	20,880	20,880
Shareholders deficit at 1 January as restated	59,918	12,572
Retained (loss)/profit for the year	(195)	47,346
Shareholders' funds at 31 December	59,723	59,918

9 Prior period adjustment

The prior period adjustment represents a fundamental error which occurred on adoption of FRS25, when the redeemable preference shares were reclassified from equity to financial liabilities.

The directors have subsequently identified that in 2001 an amendment to the Articles of Association of the company changed the rights of the redeemable preference shares so that they were equivalent to that of the ordinary share capital. As a result of that amendment, the shares do not convey any rights to their holder which would result in classification under FRS 25 as a financial liability.

Accordingly the directors have reclassified the shares as equity and restated prior year periods. The prior year adjustment has also resulted in the share premium related to the shares being reclassified from creditors to equity and the reversal of the accrual of the redemption premium which had previously been charged to the profit and loss account. The comparative information has been restated as follows:

	2011 as previously reported £'000	2011 prior period adjustment £'000	2011 restated £'000
Creditors falling due within one year	21,138	(20,880)	258
Share capital	967	8,700	9,667
Share premium account	158	3,005	3,163
Retained profit	37,913	9,175	47,088

The prior year adjustment had no impact on the reported profit for the year ended 31 December 2012.

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10 Ultimate parent undertaking

The company's immediate parent undertaking is Precis (1748) Limited. The company's ultimate parent undertaking is Nuffield Health, a company incorporated in England and Wales and limited by guarantee and a registered charity number 205533. The financial statements for Nuffield Health can be obtained from the Secretary, Nuffield Health, 40 - 44 Coombe Road, New Malden, Surrey KT3 4QF.