

PINNACLE MAINTENANCE SERVICES LIMITED

**DIRECTORS' REPORT AND FINANCIAL
STATEMENTS**

For the year ended 31 March 2011

Company number 4765810

PINNACLE MAINTENANCE SERVICES LIMITED

For the year ended 31 March 2011

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PINNACLE MAINTENANCE SERVICES LIMITED
DIRECTORS' REPORT

For the year ended 31 March 2011

FINANCIAL STATEMENTS

The directors present their report and financial statements for the year ended 31 March 2011, which have been prepared under the historical cost convention and the accounting policies set out therein.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the business is to provide call handling services and contact centre services mainly to public sector clients. The business operates under the brand name of Pinnacle Connect.

Compared to continuing operations in 2010, turnover in the business grew 28% year on year and operating profit grew by 7%.

Pinnacle Connect operates in a niche market, therefore the primary risk to the business is competition from large call centre businesses. Pinnacle Connect mitigates this risk by ensuring that it constantly meets the needs of its customers and looks to increase its performance through technological development. Pinnacle Connect expanded its sector base into employment & welfare services by delivering call handling services for another Group Company called Pinnacle People that delivers employment & welfare services for the Department of Work & Pensions.

RESULTS AND DIVIDENDS

The Company made an operating profit before exceptional items of £306,000 (2010: £286,000). The profit for the year after exceptional items and taxation amounted to £284,000 (2010: £269,000). The directors do not recommend the payment of a dividend (2010: £nil).

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.

**PINNACLE MAINTENANCE SERVICES LIMITED
DIRECTORS' REPORT**

For the year ended 31 March 2011

DIRECTORS

The directors who served during the year were as follows:

NH Euesden
PMA Lloyd
GA Blott
A Frith
J Gibson (appointed 4 May 2010)

CORPORATE RESPONSIBILITY AND GOVERNANCE

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

Employees

The Company's policy is one of equal opportunity in the selection, training, career development and promotion of employees regardless of age, gender, ethnic origin, religion and whether disabled or otherwise, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

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

Health and Safety

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

Our People

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

**PINNACLE MAINTENANCE SERVICES LIMITED
DIRECTORS' REPORT**

For the year ended 31 March 2011

DISCLOSURE OF INFORMATION PROVIDED TO AUDITOR

Each of the directors has confirmed that:

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

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

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

This report was approved by the Board on

8th July

2011.



**Alex Frith
Director**

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PINNACLE MAINTENANCE SERVICES LIMITED

For the year ended 31 March 2011

We have audited the financial statements of Pinnacle Maintenance Services Limited for the period ended 31 March 2011 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

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

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2011 and of its profit for the period 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.

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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
PINNACLE MAINTENANCE SERVICES LIMITED**

For the year ended 31 March 2011

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.

PKF(UK)LLP

Andrew Huddleston (Senior statutory auditor)
for and on behalf of PKF (UK) LLP, Statutory auditor

London, UK

8/7/ 2011

PINNACLE MAINTENANCE SERVICES LIMITED

PROFIT AND LOSS ACCOUNT For the year 31 March 2011

	Notes	2011 £'000's	2010 £'000's
TURNOVER		1,394	1,089
Raw materials and consumables		(1)	-
Other external charges		(11)	(36)
Staff costs	13	(334)	(241)
Depreciation of tangible fixed assets	5	(9)	(9)
Other operating charges		(733)	(517)
Operating profit	2	306	286
Interest receivable and similar income	3	99	111
Interest payable and similar charges	3	(2)	(24)
Profit on ordinary activities before taxation		403	373
Tax on profit on ordinary activities	4	(119)	(104)
Profit for the financial year	10	284	269

There are no recognised gains or losses for the financial year other than as stated in the profit and loss account and therefore no separate statement of total recognised gains and losses has been presented.

All the above amounts are attributable to continuing operations.

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

PINNACLE MAINTENANCE SERVICES LIMITED
(Company number 4765810)
BALANCE SHEET
as at 31 March 2011

	Notes	2011		2010	
		£'000's	£'000's	£'000's	£'000's
FIXED ASSETS					
Tangible fixed assets	5		27		10
CURRENT ASSETS					
Debtors	6	3,438		3,213	
Cash at bank		997		8	
		4,435		3,221	
CREDITORS: amounts falling due within one year	7	(2,218)		(1,271)	
Net current assets			2,217		1,950
Net assets			2,244		1,960
CAPITAL AND RESERVES					
Called up share capital	9		10		10
Profit and loss account	10		2,234		1,950
Total equity shareholders' funds	11		2,244		1,960

These financial statements were approved and authorised for issue by the board and were signed on its behalf on *8th July* 2011.



Alex Frith
Director

PINNACLE MAINTENANCE SERVICES LIMITED

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared on a going concern basis under the historical cost convention and in accordance with applicable Accounting Standards.

Cashflow statement

The Company is exempt from the requirement to prepare a cashflow statement under Financial Reporting Standard No.1 on the grounds that the cashflows of the Company are consolidated into the cashflow statement presented by Pinnacle PSG Limited, the company's immediate parent company.

Turnover

Turnover represents fees receivable for the provision of call handling services and is recognised over the period for which the services are delivered.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of each asset on a straight-line basis over its estimated useful life as follows:

Fixtures and equipment - 3 to 5 years
Leasehold land and buildings – life of lease

Deferred taxation

Provision is made for deferred taxation on all material timing differences. Deferred tax assets are recognised where their recovery is considered more likely than not. Deferred tax assets and liabilities have not been discounted.

Deferred tax assets are recognised to the extent that the directors consider it more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted.

Pension costs

The Pinnacle Regeneration Group operates a defined contribution pension scheme for eligible employees. The costs incurred are charged against income in the year in which the contributions are made.

PINNACLE MAINTENANCE SERVICES LIMITED

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES (continued)

Leases

Leasing agreements which transfer to the Company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital elements of the leasing commitments are shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the useful lives of the equivalent owned assets. Rentals paid under operating leases are charged against income on a straight line basis over the lease term.

2 OPERATING PROFIT

is stated after charging:	2011 £'000's	2010 £'000's
Operating Leases – other	41	20
- hire of plant and machinery	17	18
Depreciation - owned assets	9	5
- leased assets	-	5
Auditor's remuneration – for audit services	7	7

The auditor's remuneration has been accrued by Pinnacle PSG Limited and recharged to the Company through its intercompany account.

3 INTEREST RECEIVABLE AND PAYABLE

Interest receivable and similar income

	2011 £'000's	2010 £'000's
Inter group interest receivable	99	87
Interest receivable from bank deposits	-	24
	99	111

Interest payable and similar charges

	2011 £'000's	2010 £'000's
Inter group interest payable	-	24
Bank charges	2	-
	2	24

PINNACLE MAINTENANCE SERVICES LIMITED

NOTES TO THE ACCOUNTS

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in the period

	2011	2010
	£'000's	£'000's
Current Tax		
United Kingdom corporation tax at 28% (2009: 28%) on profit for the year	-	-
Group relief payment	(112)	(104)
Under provision in respect of prior years	(5)	-
Total current tax	(117)	(104)
Deferred tax		
Origination and reversal of timing differences	(2)	-
Total deferred tax	(2)	-
Tax charge on profit on ordinary activities	(119)	(104)

(b) Factors affecting tax charge for period

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

	2011	2010
	£'000's	£'000's
Profit on ordinary activities before tax	403	373
Profit on ordinary activities before tax multiplied by standard rate of UK Corporation tax of 28% (2010: 28%)	(113)	(104)
Depreciation charge in excess of capital allowances & other timing differences	1	-
Losses group relieved	112	104
Current tax charge for year	-	-

PINNACLE MAINTENANCE SERVICES LIMITED

NOTES TO THE ACCOUNTS

5 TANGIBLE FIXED ASSETS

	Leasehold land and Buildings £'000's	Fixtures and Equipment £'000's	Total £'000's
Cost			
At 1 April 2010	9	84	93
Additions	-	26	26
At 31 March 2011	9	110	119
Depreciation			
At 1 April 2010	7	76	83
Charge for the year	2	7	9
At 31 March 2011	9	83	92
Net book value			
At 31 March 2011	-	27	27
At 31 March 2010	3	7	10

Included within fixed assets are assets held under finance leases. These assets have a net book value of £nil (2010: £nil) and depreciation charged for the year in relation to these assets amounted to £nil (2010: £5,000). The finance leases are held in the name of Pinnacle Housing Limited and the liability for them is included within amounts owed to parent undertaking.

6 DEBTORS: amounts falling due within one year

	2011 £'000's	2010 £'000's
Trade debtors	158	122
Amounts owed by group undertakings	3,264	3,066
Prepayments and accrued income	9	16
Deferred tax asset (note 8)	7	9
	3,438	3,213

PINNACLE MAINTENANCE SERVICES LIMITED

NOTES TO THE ACCOUNTS

7 CREDITORS: amounts falling due within one year

	2011	2010
	£'000's	£'000's
Trade creditors	25	52
Amounts owed to group undertakings	2,098	1,138
Other taxes and social security	37	22
Other creditors	22	20
Accruals and deferred income	36	39
	2,218	1,271

8 DEFERRED TAX ASSETS

Deferred taxation provided in the accounts is as follows:

	2011	2010
	£'000's	£'000's
Tax effect of timing differences because of:		
Excess of capital allowances over depreciation	7	9
Total deferred tax asset	7	9

The movement in the deferred taxation asset is as follows:

	2011	2010
	£'000's	£'000's
At 1 April	9	9
Credited to the profit and loss account	(2)	-
At 31 March	7	9

9 CALLED UP SHARE CAPITAL

	2011		2010	
	Number	£'000's	Number	£'000's
Allotted, issued and fully paid				
£1 ordinary shares	10,000	10	10,000	10

PINNACLE MAINTENANCE SERVICES LIMITED

NOTES TO THE ACCOUNTS

10 RESERVES

Profit and loss accounts	2011	2010
	£'000's	£'000's
At 1 April	1,950	1,681
Profit for the year	284	269
At 31 March	2,234	1,950

11 RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS

	2011	2010
	£'000's	£'000's
Profit on ordinary activities after tax for the year	284	269
Net increase in shareholders' funds	284	269
Opening shareholders' funds	1,960	1,691
Closing shareholders' funds	2,244	1,960

12 FINANCIAL COMMITMENTS

Operating leases

At 31 March 2011 the Company had annual commitments under non-cancellable operating leases as follows:

	2011		2010	
	Land & Buildings	Other	Land & Buildings	Other
	£'000's	£'000's	£'000's	£'000's
Expiry date:				
Between one and five years	40	-	40	11
	40	-	40	11

PINNACLE MAINTENANCE SERVICES LIMITED

NOTES TO THE ACCOUNTS

13 EMPLOYEES

(1) Number of employees

The average weekly number of operational employees (including directors) employed by the Company during the year was 11 (2010: 7).

(2) Employment costs

	2011 £'000's	2010 £'000's
Wages and salaries	293	214
Social security costs	33	22
Other pension costs	8	5
Total employee costs	334	241

14 DIRECTORS EMOLUMENTS

No directors received any remuneration during in the year (2010: £nil).

GA Blott and PMA Lloyd are directors of Pinnacle Regeneration Group Limited, the Company's ultimate parent undertaking. Their services were deemed to relate mostly to work carried out for Pinnacle Regeneration Group Limited and the related costs were therefore included in the administrative expenses of that company. N Euesden and A Frith are directors of Pinnacle PSG Limited. Their services were deemed to relate mostly to work carried out for Pinnacle PSG Limited and the related costs were therefore included in the administrative expenses of Pinnacle PSG Limited. The services of J Gibson were deemed to relate mostly to work carried out for Pinnacle Housing Limited and the related costs were therefore included in the administrative expenses of Pinnacle Housing Limited.

15 RELATED PARTIES

The Company has taken advantage of the exemptions available under Financial Reporting Standard 8, 'Related Party Disclosures', not to disclose any transactions or balances with entities that are 100% controlled by the Pinnacle PSG Limited.

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

At the year end Pinnacle Maintenance Services Limited owed £2,098,000 (2010 £1,033,000 to Pinnacle Regeneration Group Limited in respect of working capital support provided to the Company. During the year Pinnacle Regeneration Group Limited charged the Company £nil (2010: £39,000) in respect of group services.

During the year Pinnacle Maintenance Services Limited charged Pinnacle People Limited, a subsidiary of Pinnacle Regeneration Group Limited, £331,000 (2010: £140,000) for the supply of call centre services. Pinnacle People Limited charged Pinnacle Maintenance Services Limited £54,000 (2010:£5,000) for the services of temporary staff.

PINNACLE MAINTENANCE SERVICES LIMITED

NOTES TO THE ACCOUNTS

15 RELATED PARTIES (continued)

During the year Pinnacle People Recruitment Limited, a subsidiary of Pinnacle Regeneration Group Limited, charged Pinnacle Maintenance Services Limited £205,000 (2010: £52,000) for the services of temporary staff.

At the year end Pinnacle Maintenance Services Limited was due £nil (2010: £7,000) from Equipe Regeneration Limited, a 50% joint venture with John Laing Integrated Services Limited. Equipe Regeneration Limited was sold by Pinnacle PSG Limited, the Company's parent company, on 22nd October 2010.

16 IMMEDIATE PARENT UNDERTAKING

The immediate parent undertaking is Pinnacle PSG Limited. The ultimate parent undertaking is Pinnacle Regeneration Group Limited.

Following a new equity injection into Pinnacle Regeneration Group Limited on 9th June 2011, Greenmark Enterprises Limited, New Hampshire Enterprises Limited and Agarwood Enterprises Limited, all incorporated in the British Virgin Islands, collectively have the right to appoint the majority of directors to the Board of Pinnacle Regeneration Group Limited. Pinnacle Regeneration Group Limited has no single controlling party.

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

17 CONTINGENT LIABILITIES

The Company has issued guarantees in favour of Bank of Scotland to support the indebtedness of Pinnacle Regeneration Group Limited and its subsidiaries. The exposure to this guarantee at the balance sheet date was £5,516,806 (2010: £4,538,000).

