

PINNACLE HOUSING LIMITED

**DIRECTORS' REPORT AND FINANCIAL
STATEMENTS**

For the year ended 31 March 2009

Company number 2246643

PINNACLE HOUSING LIMITED

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For the year ended 31 March 2009

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PINNACLE HOUSING LIMITED

DIRECTORS' REPORT

For the year ended 31 March 2009

FINANCIAL STATEMENTS

The directors present their report and the financial statements for the year ended 31 March 2009, which have been prepared under the historical convention and the accounting policies set out therein.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

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

Key performance indicators

During this financial year, turnover has increased by 12%, but operating profit has decreased by 29%.

The renewal of current contracts and the winning of new contracts – during the year two of Pinnacle Housing's contracts finished and were not renewed.

Ensuring customer and tenancy satisfaction is high – monthly meetings are held with customers and tenant representatives which, together with surveys and focus groups, provide continuous feedback on performance. Pinnacle Housing also organise an annual conference where tenant representatives have the opportunity to provide further feedback. In this way Pinnacle Housing is able to assess customer and tenant satisfaction and this together with the evidence from surveys and more general feedback confirms high levels of satisfaction.

Risks and uncertainties

Pinnacle Housing Limited's primary customers are in the Public Sector arena. A substantial part of Pinnacle's business is focused on social housing and PFI contracts. There is therefore a risk that changes in national and/or local government policy on how services are provided to the Public Sector could have a material affect on future performance.

However recent policy announcements from National Government suggest that the provision of social housing and affordable housing is a priority both for the short and long term. Pinnacle Housing and its parent Pinnacle Regeneration Group believe that it is a trusted partner in the eyes of Government, local government and RSL's. It is therefore well placed to help support the desired increase in and regeneration of social and affordable housing as well as other services that the Public Sector may outsource.

Pinnacle Housing has had to face increasing competition. This has come from both private sector businesses and public sector entities with a consequential pressure on margins. Pinnacle Housing seeks to gain its competitive advantage through client service and timely delivery to the highest specifications. To ensure that these standards are maintained Pinnacle Housing actively consults with its communities and clients, Pinnacle views them as partners and works with them as well as for them, always putting the customers' interests first.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £734,766 (2008: £1,642,305). The directors do not recommend the payment of a dividend (2008: nil).

PINNACLE HOUSING LIMITED

DIRECTORS' REPORT

For the year ended 31 March 2009

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 that in itself is more powerful than any marketing brochure or fancy website. 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.

FINANCIAL INSTRUMENTS

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

DIRECTORS

The directors during the year were as follows:

JA Swinney	(Resigned 31 December 2008)
S Glazebrook	
NH Euesden	
JL Saunders	
R O'Sullivan	
N Wright	
P Watson	(Resigned 30 May 2008)
AM Lee	
I Keys	(Resigned 31 March 2009)
A Frith	(Appointed 18 March 2009)
A Cook	(Appointed 18 March 2009)

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.

PINNACLE HOUSING LIMITED

DIRECTORS' REPORT
For the year ended 31 March 2009

DISCLOSURE OF INFORMATION PROVIDED TO AUDITORS

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 auditors are 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 auditors are aware of that information.

This report was approved by the Board on 21 October 2009.



Alex Frith
Director

PINNACLE HOUSING LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
For the year ended 31 March 2009

The directors are responsible for preparing the annual 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 financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required to give a true and fair view of the state of affairs of the Company and of the profit and loss 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 proper accounting records that 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 1985. 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.

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 the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF PINNACLE HOUSING LIMITED

For the year ended 31 March 2009

We have audited the financial statements of Pinnacle Housing Limited for the year ended 31 March 2009 which comprise the profit and loss account, the statement of recognised gains and losses, the balance sheet, and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
PINNACLE HOUSING LIMITED**

For the year ended 31 March 2009

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.

London, UK

Date: 22/10/09

PKF (UK) LLP

PKF (UK) LLP
Registered auditors

PINNACLE HOUSING LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2009

	Notes	2009 £	2008 £
Turnover		34,093,697	30,562,056
Raw materials and consumables		(1,697,831)	(1,231,100)
Other external charges		(3,348,329)	(2,952,459)
Staff costs	18	(20,794,906)	(19,050,751)
Depreciation of tangible fixed assets	7	(394,193)	(292,081)
Operating charges		(6,509,008)	(5,131,984)
Operating profit before exceptional items	2	1,349,430	1,903,682
Exceptional items	3	(549,660)	-
Operating profit after exceptional items		799,770	1,903,682
Interest receivable and similar income	4	573,826	324,296
Interest payable and similar charges	5	(325,115)	(23,618)
Profit on ordinary activities before taxation		1,048,481	2,204,360
Tax on profit on ordinary activities	6	(313,715)	(562,055)
Profit for the financial year		734,766	1,642,305

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.

All operations are continuing.

PINNACLE HOUSING LIMITED

STATEMENT OF RECOGNISED GAINS AND LOSSES

For the year ended 31 March 2009

	2009	2008
	£	£
Profit for the year	734,766	1,642,305
Actuarial (loss)/gain on pension assets and liabilities	(818,000)	504,000
Tax on actuarial (loss)/gain on pension assets and liabilities	229,038	(151,200)
Total recognised gains for the year	145,804	1,995,105

PINNACLE HOUSING LIMITED

BALANCE SHEET

As at 31 March 2009

		2009		2008	
	Notes	£	£	£	£
FIXED ASSETS					
Tangible fixed assets	7		824,253		933,636
CURRENT ASSETS					
Work in progress		119,722		114,212	
Debtors	8	14,094,492		7,137,760	
Cash at bank		7,478,069		6,596,783	
		21,692,283		13,848,755	
CREDITORS: amounts falling due within one year	9	(15,967,423)		(8,715,742)	
Net current assets			5,724,860		5,133,013
Total assets less current liabilities			6,549,113		6,066,649
CREDITORS: amounts falling due after more than one year			-		-
Net pension (liability)/asset	20		(225,360)		111,300
Net assets			6,323,753		6,177,949
CAPITAL AND RESERVES					
Called up share capital	12		50,000		50,000
Profit and loss account	13		6,273,753		6,127,949
Total equity shareholder's funds	14		6,323,753		6,177,949

These financial statements were approved and authorised for issue by the board and were signed on its behalf on 21 October 2009.



Alex Frith
Director

PINNACLE HOUSING LIMITED

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Going Concern

Pinnacle Housing Limited is part of the Pinnacle Regeneration Group and is exposed to the cross guarantee relating to the Group's bank facility. The Directors of Pinnacle Housing are content that the Group has sufficient resources for the guarantee not to be called on for a period of at least 12 months and have therefore adopted the going concern basis of preparation for these financial statements. No adjustments have been made to these financial statements in the event of the Group and Company not being a going concern.

Cash flow 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 Group Limited, the company's immediate parent company.

Turnover

Turnover represents fees and commissions receivable for housing management services and consultancy 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 or valuation, less depreciation. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less estimated residual value of each asset on a straight-line basis over its expected useful life, as follows:

Fixtures and equipment	- over 3 to 5 years
Leasehold property	- over 5 years or over the life of the lease
Motor vehicles	- over 3 to 5 years

Stocks – work in progress

Work in progress arising is stated at the lower of cost and net realisable value. Cost comprises staff salary costs and expenses reimbursable by clients together with an appropriate proportion of overheads based on normal activity levels. Net realisable value represents estimated selling price after allowing for further costs expected to be incurred to completion.

Finance and operating 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.

PINNACLE HOUSING LIMITED

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES (continued)

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.

Pension scheme arrangements

Employees participate in two defined contribution pension schemes. The Company's pension contributions under these schemes are charged against income in the year in which the obligation to make contributions arises.

The Company also operates a defined benefit scheme, which is contracted out of the state scheme. The fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. The Company recognises the net assets or liabilities of the scheme in the balance sheet, net of any related tax liability or asset. The changes in scheme assets and liabilities, based on actuarial advice, are recognised as follows:-

- The current service costs, based on the most recent actuarial valuation, are deducted in arriving at operating profit.
- The interest cost, based on the present value of scheme liabilities and the discount rate at the beginning of the year and amended for changes in scheme liabilities during the year, is included as interest.
- The expected return on scheme assets, based on the fair value of scheme assets and expected rates of return at the beginning of the year and amended for changes in scheme assets during the year, is included as interest.
- Actuarial gains and losses, representing differences between the expected return and actual return on scheme assets, differences between the actuarial assumptions underlying the scheme liabilities and actual experience during the year, and changes in actuarial assumptions, are recognised in the statement of total recognised gains and losses.
- Past service costs are spread evenly over the period in which the increases in benefit vest and are deducted in arriving at operating profit. If an increase in benefits vests immediately, the cost is recognised immediately.
- Gains or losses arising from settlements or curtailments not covered by actuarial assumptions are included in operating profit.

The Company provides no other post retirement benefits to its employees.

PINNACLE HOUSING LIMITED

NOTES TO THE ACCOUNTS

2 OPERATING PROFIT

is stated after charging:	2009	2008
	£	£
Operating lease rentals - land and buildings	179,690	238,592
- other	883,188	807,410
Depreciation - owned assets	371,110	240,504
- assets held under finance leases	23,083	51,577
Auditors' remuneration - for audit services	15,250	14,750

3 EXCEPTIONAL ITEMS

The exceptional item during the year of £549,660 (2008: £nil) relates to employment severance costs resulting from restructuring within this business and gave rise to a tax credit of £153,905.

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	2009	2008
	£	£
Inter group interest receivable	39,202	-
Interest receivable from bank deposits	533,761	316,296
Other interest receivable and similar income	863	-
Net finance income on pension scheme assets and liabilities	-	8,000
	573,826	324,296

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2009	2008
	£	£
Inter group interest payable	306,288	-
Bank charges	12,968	18,260
Finance leases	859	5,358
Net finance cost on pension scheme assets and liabilities	5,000	-
	325,115	23,618

PINNACLE HOUSING LIMITED

NOTES TO THE ACCOUNTS

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

Analysis of charge in the year

	2009	2008
	£	£
Current Tax		
United Kingdom corporation tax at 28% (2008: 30%) on profits for the year	327,965	650,179
Over provision in respect of prior periods	-	(124,294)
Total current tax	327,965	525,885
Deferred Tax		
Origination and reversal of timing differences	(112,530)	22,170
Adjustment in respect of FRS 17 disclosures	98,280	14,000
Adjustments in respect of previous periods	-	-
Total deferred tax	(14,250)	36,170
Tax charge on profit on ordinary activities	313,715	562,055

(b) Factors affecting tax charge for year

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

	2009	2008
	£	£
Profit on ordinary activities before tax	1,048,481	2,204,360
Profit on ordinary activities before tax multiplied by standard rate of UK corporation tax of 28% (2008: 30%)	293,575	661,308
Non deductible expenses	13,041	21,683
Depreciation charge in excess of / (less than) capital allowances & other timing differences	110,374	(8,300)
Tax adjustments in respect of FRS 17 disclosures	(98,280)	(15,300)
Short term timing differences	9,255	(9,212)
Over provision in respect of prior periods	-	(124,294)
Current tax charge for year	327,965	525,885

PINNACLE HOUSING LIMITED

NOTES TO THE ACCOUNTS

7 TANGIBLE FIXED ASSETS

	Leasehold Land & Buildings £	Fixtures and Equipment £	Motor Vehicle £	Total £
Cost				
At 1 April 2008	77,879	1,528,686	197,783	1,804,348
Additions	4,268	287,741	15,072	307,081
Disposals	-	(5,017)	-	(5,017)
Group transfers/reclassifications	-	(22,425)	(2,140)	(24,565)
At 31 March 2009	82,147	1,788,985	210,715	2,081,847
Depreciation				
At 1 April 2008	42,655	768,847	59,210	870,712
Charge for the year	11,675	324,261	58,257	394,193
Disposals	-	(5,017)	-	(5,017)
Group transfers/reclassifications	-	(1,090)	(1,204)	(2,294)
At 31 March 2009	54,330	1,087,001	116,263	1,257,594
Net Book Value				
At 31 March 2009	27,817	701,984	94,452	824,253
At 31 March 2008	35,224	759,839	138,573	933,636

Included within the net book value of fixtures and equipment is £30,451 (2008: £53,534) in respect of assets held under finance leases. Depreciation for the year on these assets was £23,083 (2008: £51,577)

In addition, assets held under finance leases were disposed of with cost £nil (2008: £8,404) and depreciation £nil (2008: £3,502) and transferred to a Group company with cost £nil (2008: £53,336) and depreciation £nil (2008: £20,062) during the year.

8 DEBTORS

	2009 £	2008 £
Amounts receivable within one year:		
Trade debtors	4,033,979	3,606,114
Amounts owed by fellow group undertakings	9,632,337	3,096,156
Other debtors	44,056	43,115
Prepayments and accrued income	253,630	374,415
Deferred taxation asset (see note 11)	130,490	17,960
	14,094,492	7,137,760

PINNACLE HOUSING LIMITED

NOTES TO THE ACCOUNTS

9 CREDITORS: amounts falling due within one year

	2009	2008
	£	£
Trade creditors	658,929	515,684
Obligations under finance leases	-	35,507
Amounts owed to parent undertaking	9,543,527	4,157,761
Amounts owed to fellow group undertakings	1,803,206	22,971
Corporation tax	-	1,303,016
Other taxes and social security	2,216,278	1,749,431
Other creditors	323,689	1,505
Accruals and deferred income	1,421,794	929,867
	15,967,423	8,715,742

The bank facility is secured by guarantees and debentures from the Company, its parent company and all its fellow subsidiaries.

10 FINANCE LEASES

Future minimum payments under finance leases are as follows:

	2009	2008
	£	£
Within one year	-	36,366
Total gross payments	-	36,366
Less finance charges included above	-	(859)
	-	35,507

11 DEFERRED TAXATION

Deferred taxation provided in the accounts is as follows:

	2009	2008
	£	£
Tax effect of timing differences because of:		
Excess of depreciation over capital allowances	121,235	10,680
Short term timing differences	9,255	7,280
Total deferred tax asset	130,490	17,960

The movement in the deferred taxation asset is as follows:

	2009	2008
	£	£
At 1 April	17,960	40,130
Charged to the profit and loss account	112,530	(22,170)
At 31 March	130,490	17,960

PINNACLE HOUSING LIMITED

NOTES TO THE ACCOUNTS

12 CALLED UP SHARE CAPITAL

	2009		2008	
	Number	£	Number	£
(1) Authorised				
£0.05 Ordinary shares	20,000,000	1,000,000	20,000,000	1,000,000
(2) Allotted and fully paid				
£0.05 Ordinary shares	1,000,000	50,000	1,000,000	50,000

13 PROFIT AND LOSS ACCOUNT

	2009	2008
	£	£
At 1 April	6,127,949	4,132,844
Profit for the year	734,766	1,642,305
Actuarial (loss)/gain on pension scheme, net of tax	(588,962)	352,800
At 31 March	6,273,753	6,127,949

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2009	2008
	£	£
Profit on ordinary activities after tax for the year	734,766	1,642,305
Other recognised gains and losses	(588,962)	352,800
Net increase in shareholder's funds	145,804	1,995,105
Opening shareholders' funds	6,177,949	4,182,844
Closing shareholders' funds	6,323,753	6,177,949

15 FINANCIAL COMMITMENTS

Operating leases

At 31 March 2009 the Company had annual commitments under non-cancellable operating leases as follows:

	2009		2008	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Expiry date:				
Within one year	15,971	57,250	22,821	-
Between two and five years	195,233	264,302	122,657	442,441
After five years	-	-	93,114	-
Total	211,204	321,552	238,592	442,441

PINNACLE HOUSING LIMITED

NOTES TO THE ACCOUNTS

16 CONTINGENT LIABILITIES

In the general course of business, Bank of Scotland have provided bonds on behalf of Pinnacle Housing Limited in favour of a number of local authorities totalling £409,311 (2008: £409,311), to guarantee performance by Pinnacle Housing Limited of its obligations under management contracts.

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 £5,426,563.

17 DIRECTORS EMOLUMENTS

	2009	2008
	£	£
Aggregate emoluments and benefits	984,422	934,845
Company pension contributions to money purchase scheme	95,354	113,624
	1,079,776	1,048,469
Highest paid director		
Aggregate emoluments and benefits	175,504	168,887
Company pension contributions to money purchase scheme	-	10,100
	175,504	178,987

Retirement benefits under a money purchase pension scheme are accruing in respect of 7 directors (2008: 9 directors). J A Swinney was a director of Pinnacle psg Limited, the company's immediate parent undertaking during the year to 31 March 2009. His services were deemed to relate mostly to work carried out for Pinnacle psg Limited and the related costs are therefore included in the administrative expenses of Pinnacle psg Limited.

Exceptional costs of £549,660 included in the profit and loss account relating to employment severance costs resulting from restructuring within the business include £289,659 in respect of payments to directors. This balance is included within the £1,079,776 disclosed above and none of the balance related to the highest paid director

18 EMPLOYEES

(1) Number of employees

The average weekly number of persons (including directors) employed by the company during the year was 1,403 (2008: 1,265).

(2) Employment costs

	2009	2008
	£	£
Wages and salaries	18,768,701	16,970,999
Social security costs	1,514,996	1,382,024
Other pension costs (note 20) defined benefit	250,000	437,000
defined contribution	261,209	260,728
	20,794,906	19,050,751
Exceptional re-organisation costs	549,660	-
	21,344,566	19,050,751

PINNACLE HOUSING LIMITED

NOTES TO THE ACCOUNTS

19 PENSIONS

The Company participates in three pension schemes. The pension charge amounted to £511,209 (2008: £697,728).

One of the three schemes is a defined benefit scheme. 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 2006 at which date the fund was in deficit.

The 31 March 2006 valuation was prepared by an independent qualified actuary using the methods and assumptions prescribed for the purposes of the Minimum Funding Requirement, which was introduced by the Pension Act 1995. The principal financial assumptions were price inflation at 3.2%, salary increases at 4.2% and investment returns at 4.5% – 7% per annum. The market value of the scheme's assets at 31 March 2006 was £3,098,742.

20 FRS17 DISCLOSURES FOR THE ACCOUNTING YEAR ENDED 31 MARCH 2009

Employee Benefit Obligations

This reporting statement covers the retirement benefits provided from the LAWDC's Pension Scheme, which is a defined pension scheme.

The last full independent actuarial valuation of the Plan was undertaken as at 31 March 2006. The results of the valuations have been updated to reflect current conditions at 31 March 2009 in accordance with FRS 17.

(a) Amounts included within the financial statements

The amounts recognised in the balance sheet are as follows:

	2009	2008
	£'000	£'000
Present value of plan liabilities	3,409	3,076
Fair value of scheme assets	(3,096)	(3,235)
Deficit/(surplus)	313	(159)
Related deferred tax asset	(88)	48
Net deficit/(surplus)	225	(111)

The amounts recognised in the profit and loss account are as follows:

	2009	2008
	£'000	£'000
Current service cost	250	437
Interest cost	221	199
Expected return on pension scheme assets	(216)	(207)
Total Cost	255	429

PINNACLE HOUSING LIMITED

NOTES TO THE ACCOUNTS

20 FRS17 DISCLOSURES FOR THE ACCOUNTING YEAR ENDED 31 MARCH 2009 (continued)

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

	2009	2008
	£'000	£'000
Actuarial (losses)/gains	(818)	504

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

	2009	2008
	£'000	£'000
Opening defined benefit liability	3,076	3,494
Service cost	250	437
Employee contributions	138	153
Interest cost	221	199
Actuarial gains	(148)	(999)
Benefits paid	(128)	(208)
Closing defined benefit liability	3,409	3,076

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

	2009	2008
	£'000	£'000
Opening fair value of scheme assets	3,235	3,099
Expected return	216	207
Actuarial losses	(966)	(528)
Contributions by employers	601	512
Contributions by members	138	153
Benefits paid	(128)	(208)
Closing fair value of scheme assets	3,096	3,235

The group contributions during the accounting period amounted to £601,000 (2008: £512,000) and the agreed Company contribution rate for the coming year is 18% pa of pensionable salaries until 2017. This is subject to review at the formal actuarial valuation at 31 March 2010. The directors' best estimate of the contributions to be paid in 2009/10 is £449,000.

The fair value of the scheme assets as a percentage of the total scheme assets and target allocations are set out below:

	2009	2008
Equities and property	64.98%	74.99%
Bonds	27.00%	20.00%
Other	8.02%	5.01%

PINNACLE HOUSING LIMITED

NOTES TO THE ACCOUNTS

20 FRS17 DISCLOSURES FOR THE ACCOUNTING YEAR ENDED 31 MARCH 2009 (continued)

(b) Disclosure of principal assumption

	2009	2008
Discount rate at 31 March	7.10%	6.90%
Expected return on scheme assets at 31 March	5.31%	6.10%
Future salary increases	4.50%	4.60%
Increases to pensions in payment accrued to date	3.50%	3.60%
Rate of increase of deferred pensions/inflation	3.50%	3.60%

Mortality

The average life expectancy assumed now for an individual at the age of 63 and projected to apply in 2009 for an individual then at the age of 63 is as follows:

Retiring	2009	2008
Today: Non-manual worker		
Males	22.3	22.2
Females	25.2	25.1
Retiring in	2009	2008
20 years: Non-manual worker		
Males	23.4	23.3
Females	26.2	26.2
Retiring	2009	2008
Today: Manual worker		
Males	21.3	21.3
Females	24.2	24.2
Retiring in	2009	2008
20 years: Manual worker		
Males	22.4	22.4
Females	25.2	25.2

The expected return on assets is derived from the assumptions of the long term expected returns on each asset class, these are shown below:

	2009	2008
Equities	6.20%	6.50%
Corporate bonds	6.20%	6.40%
Bonds	3.70%	4.00%
Cash	0.00%	4.75%

PINNACLE HOUSING LIMITED

NOTES TO THE ACCOUNTS

20 FRS17 DISCLOSURES FOR THE ACCOUNTING YEAR ENDED 31 MARCH 2009 (continued)

(c) Historical pension scheme information

	2009	2008	2007	2006	2005
	£'000	£'000	£'000	£'000	£'000
Defined benefit liability	3,409	3,076	3,494	3,616	2,393
Scheme assets	(3,096)	(3,235)	(3,099)	(2,668)	(1,824)
Deficit/(surplus)	313	(159)	395	948	568
Experience adjustment on scheme liabilities- gains/(loss)	148	999	788	(757)	(41)
Experience adjustment on scheme assets- (loss)/gain	(966)	(528)	38	469	74

PINNACLE HOUSING LIMITED

NOTES TO THE ACCOUNTS

21 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 90% controlled by Pinnacle psg Limited.

At the year end Pinnacle Housing Limited was due £6,246,556 (2008: £2,085,251) from Pinnacle Regeneration Group Limited in respect of working capital support provided to the Company and in respect of payroll services provided to the company and to Rockpools People and Performance Limited, a PRG group subsidiary.

At the year end Pinnacle Housing Limited was due £364,339 (2008: £nil) from Pinnacle People Limited, a PRG group subsidiary, in respect of payroll services provided to the company during the year. Pinnacle Housing Limited was charged £109,350 (2008: £nil) by Pinnacle People Limited in respect of the supply of temporary staff.

Pinnacle Housing Limited owed £22,971 (2008: £22,971) to Social Housing Regeneration Partnerships Limited, a PRG group subsidiary.

Pinnacle Housing Limited was owed £17,334 (2008: £10,320) by UKPIM Holdco Limited, a PRG group subsidiary.

Pinnacle Housing Limited owed £608,861 (2008: £nil) to Pinnacle PSG Holdings Limited, a PRG group subsidiary.

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

Regenter Management Services Limited, of which GA Blott and PMA Lloyd are directors, in respect of services provided by the Company on PFI projects, £590,189 (2008: £916,928) of which £185,451 (2008: £222,764) is included in trade debtors at 31 March 2009.

London City East Partnership Limited, of which PMA Lloyd is a director in respect of services provided by the Company on PFI projects, £1,269,807 (2008: £1,232,378) of which £240,826 (2008: £207,308) is included in trade debtors at 31 March 2009.

Regenter B3 Limited, of which PMA Lloyd is a director in respect of services provided by the Company on PFI projects, £1,737,246 (2008: £951,198) of which £158,118 (2008: £254,886) is included in trade debtors at 31 March 2009.

22 IMMEDIATE PARENT UNDERTAKING

The immediate parent undertaking is Pinnacle psg Limited who own 100% of the ordinary share capital of the Company. The ultimate parent undertaking is Pinnacle Regeneration Group Limited.

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 Caxton House, 4th Floor, 2 Farringdon Road, London, EC1M 3HN