

**PINNACLE HOUSING LIMITED**

**DIRECTORS' REPORT AND FINANCIAL  
STATEMENTS**

**For the year ended 31 March 2010**

**Company number 2246643**

# **PINNACLE HOUSING LIMITED**

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**For the year ended 31 March 2010**

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# **PINNACLE HOUSING LIMITED**

## **DIRECTOR'S REPORT** **For the year ended 31 March 2010**

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### **FINANCIAL STATEMENTS**

The directors present their report and the financial statements for the year ended 31 March 2010, 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.

### **RESULTS AND DIVIDENDS**

The profit for the year after taxation amounted to £1,581,545 (2009: £734,766). The directors do not recommend the payment of a dividend (2009: 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.

### **DIRECTORS**

The directors during the year were as follows:

S Glazebrook  
NH Euesden  
JL Saunders  
R O'Sullivan  
NP Wright  
AM Lee  
A Frith  
A Cook

### **CORPORATE RESPONSIBILITY AND GOVERNANCE**

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

#### **Charity and community activities**

The Group actively supports and contributes to a number of community projects and initiatives nationwide. By working closely and in partnership with residents, community groups, local charities and businesses we are able to maximize the potential of people and places.

Our grounds maintenance and landscaping expertise has allowed us to volunteer our services to many communal and specialist garden makeover projects in 2009. We have secured external funding and provided free labour, materials and organisational support for projects throughout the country including Walsall, Hounslow, Brockley, Birmingham and Westminster.

# PINNACLE HOUSING LIMITED

## DIRECTORS' REPORT

For the year ended 31 March 2010

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The Group continues to sponsor the *Community Cricket Project* in Lambeth in partnership with the Surrey Cricket Club at the Oval. This project allows young people from Lambeth estates to participate in cricket and gain regular access to training for free. We continue to support the charity Skyway in Hackney, providing them with office space and support on their arts and sports based youth projects throughout the borough.

The Group has supported the government's Future Jobs Fund Initiative, helping long-term unemployed young people back into work and employed over 150 young people giving them six month's work experience in areas as varied as horticulture, IT and housing management.

### **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 Housing 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.

### **Quality, standards and customer services**

The Company strives to deliver its services with the highest quality in standards and safety. Its operational governance is demonstrated by the following standards and awards: ISO9001, ISO14001, OHAS18001, CHAS, Member of British Safety Council and a Customer Service Excellence award.

### **Environment**

The environment is increasingly important in the areas we operate and we believe we can act as a catalyst to change how residents view and treat their surroundings. In 2009 we recruited a dedicated resource to identify and communicate environmental issues. Improvements have been made in reducing the energy consumption at our sites, implementing extensive recycling processes and through the introduction of driver training we have reduced fuel consumption. Also through regular meetings with our staff and residents we identify the causes of issues and address the underlying problem in order to ensure long term and sustainable improvements.

# **PINNACLE HOUSING LIMITED**

## **DIRECTORS' REPORT**

**For the year ended 31 March 2010**

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### **KEY PERFORMANCE INDICATORS**

During this financial year, there has been no material increase in turnover however operating profit has increased by 134%. The increase in operating profit is a result of the re-organisation carried out in 2009 to which the 2009 exceptional item relates.

The renewal of current contracts and the winning of new contracts – during the year Pinnacle Housing were successful in winning 7 new contracts worth a combined £9.9m turnover per annum. However 3 contracts came to an end and were not renewed. The combined turnover value of the lost contracts was £1.3m per annum.

To ensure customer and resident satisfaction is high monthly meetings are held with customers and resident representatives who, together with surveys and focus groups, provide continuous feedback on performance. Pinnacle Housing also organise an annual conference where resident 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**

To manage the potential risk of losing business, the Company continues to work in partnership with its customers to provide a high level of service and develop strong relationships.

The Company has long term contracts worth over £250m over periods of up to 30 years, principally in the social housing sector. This visibility of future revenue streams is a core strength of the business. However, in light of the recent General Election and considering the state of the public finances there is a risk that Government spending on social housing and other publicly funded projects will reduce, which could have an impact on the Company's ability to grow. To mitigate this risk the Company continues to ensure that it delivers excellent service and value for money for its customers so that it is a preferred supplier for outsourced public services in the future.

### **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.

### **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.

# PINNACLE HOUSING LIMITED

## DIRECTORS' REPORT For the year ended 31 March 2010

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### 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 15<sup>th</sup> November 2010.



**Alex Frith**  
Director

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

For the year ended 31 March 2010

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We have audited the financial statements of Pinnacle Housing Limited for the year ended 31 March 2010 which comprise the profit and loss account, the statement of total recognised gains and losses, 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 auditors**

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 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**

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.

## **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 2010 and of its profit 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.

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

**For the year ended 31 March 2010**

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**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 auditors

London, UK

**16/11/** 2010

# PINNACLE HOUSING LIMITED

## PROFIT AND LOSS ACCOUNT For the year ended 31 March 2010

	Notes	2010 £	2009 £
<b>Turnover</b>		34,838,085	34,093,697
Raw materials and consumables		(1,663,641)	(1,697,831)
Other external charges		(3,423,651)	(3,348,329)
Staff costs	18	(20,147,750)	(20,794,906)
Depreciation of tangible fixed assets	7	(382,362)	(394,193)
Operating charges		(7,348,918)	(6,509,008)
<b>Operating profit before exceptional items</b>	2	1,871,763	1,349,430
Exceptional items	3	-	(549,660)
<b>Operating profit after exceptional items</b>		1,871,763	799,770
Interest receivable and similar income	4	508,844	573,826
Interest payable and similar charges	5	(114,664)	(325,115)
<b>Profit on ordinary activities before taxation</b>		2,265,943	1,048,481
Tax on profit on ordinary activities	6	(684,398)	(313,715)
<b>Profit for the financial year</b>		1,581,545	734,766

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 2010**

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	<b>2010</b>	2009
	£	£
<b>Profit for the year</b>	1,581,545	734,766
Actuarial loss on pension assets and liabilities	(383,000)	(818,000)
Tax on actuarial loss on pension assets and liabilities	107,240	229,038
<b>Total recognised gains for the year</b>	<b>1,305,785</b>	<b>145,804</b>

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**PINNACLE HOUSING LIMITED**  
**(Company number 2246643)**  
**BALANCE SHEET**

**As at 31 March 2010**

	Notes	£	2010 £	2009 £
<b>FIXED ASSETS</b>				
Tangible fixed assets	7		669,706	824,253
<b>CURRENT ASSETS</b>				
Work in progress		97,156	119,722	
Debtors	8	11,745,484	14,094,492	
Cash at bank		2,617,032	7,478,069	
		14,459,672	21,692,283	
<b>CREDITORS: amounts falling due within one year</b>	9	(6,986,875)	(15,967,423)	
<b>Net current assets</b>			7,472,797	5,724,860
<b>Total assets less current liabilities</b>			8,142,503	6,549,113
<b>CREDITORS: amounts falling due after more than one year</b>	10		(80,965)	-
Net pension liability	20		(432,000)	(225,360)
<b>Net assets</b>			7,629,538	6,323,753
<b>CAPITAL AND RESERVES</b>				
Called up share capital	12		50,000	50,000
Profit and loss account	13		7,579,538	6,273,753
<b>Total equity shareholder's funds</b>	14		7,629,538	6,323,753

These financial statements were approved and authorised for issue by the board and were signed on its behalf on 15<sup>th</sup> November 2010.



**Alex Frith**  
**Director**

# PINNACLE HOUSING LIMITED

## NOTES TO THE ACCOUNTS

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### 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 of which further details are disclosed in the Pinnacle Regeneration Group Limited accounts. 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

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### 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:	2010 £	2009 £
Operating lease rentals - land and buildings	249,799	179,690
- other	1,017,536	883,188
Depreciation - owned assets	308,949	371,110
- assets held under finance leases	73,412	23,083
Auditors' remuneration - for audit services	15,750	15,250

### 3 EXCEPTIONAL ITEMS

The exceptional item during the year of £nil (2009: £549,660) relates to employment severance costs resulting from restructuring within this business and gave rise to a tax credit of £nil (2009: £153,905).

### 4 INTEREST RECEIVABLE AND SIMILAR INCOME

	2010 £	2009 £
Inter group interest receivable	322,819	39,202
Interest receivable from bank deposits	186,025	533,761
Other interest receivable and similar income	-	863
	508,844	573,826

### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2010 £	2009 £
Inter group interest payable	-	306,288
Other interest payable	3,803	-
Bank charges	15,612	12,968
Finance leases	20,249	859
Net finance cost on pension scheme assets and liabilities	75,000	5,000
	114,664	325,115

**PINNACLE HOUSING LIMITED**

**NOTES TO THE ACCOUNTS**

**6 TAX ON PROFIT ON ORDINARY ACTIVITIES**

**Analysis of charge in the year**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
<b>Current Tax</b>		
United Kingdom corporation tax at 28% (2009: 28%) on profits for the year	-	-
Group relief payment	690,383	327,965
<b>Total current tax</b>	<b>690,383</b>	<b>327,965</b>
<b>Deferred Tax</b>		
Origination and reversal of timing differences	(32,865)	(112,530)
Adjustment in respect of FRS 17 disclosures	26,880	98,280
<b>Total deferred tax</b>	<b>(5,985)</b>	<b>(14,250)</b>
<b>Tax charge on profit on ordinary activities</b>	<b>684,398</b>	<b>313,715</b>

**(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:

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	2,265,943	1,048,481
Profit on ordinary activities before tax multiplied by standard rate of UK corporation tax of 28% (2009: 28%)	634,464	293,575
Non deductible expenses	13,800	13,041
Depreciation charge in excess of / (less than) capital allowances & other timing differences	68,999	110,374
Tax adjustments in respect of FRS 17 disclosures	(26,880)	(98,280)
Short term timing differences	-	9,255
Profits group relieved	(690,383)	(327,965)
<b>Current tax charge for year</b>	<b>-</b>	<b>-</b>

**PINNACLE HOUSING LIMITED**

**NOTES TO THE ACCOUNTS**

**7 TANGIBLE FIXED ASSETS**

	<b>Leasehold Land &amp; Buildings</b>	<b>Fixtures and Equipment</b>	<b>Motor Vehicle</b>	<b>Total</b>
	£	£	£	£
<b>Cost</b>				
At 1 April 2009	82,147	1,788,985	210,715	2,081,847
Additions	-	233,248	-	233,248
Disposals	-	-	(6,009)	(6,609)
Group transfers/reclassifications	-	(14,008)	-	(14,008)
<b>At 31 March 2010</b>	<b>82,147</b>	<b>2,008,225</b>	<b>204,106</b>	<b>2,294,478</b>
<b>Depreciation</b>				
At 1 April 2009	54,330	1,087,001	116,263	1,257,594
Charge for the year	11,778	321,565	49,019	382,362
Disposals	-	-	(5,691)	(5,691)
Group transfers/reclassifications	-	(9,493)	-	(9,493)
<b>At 31 March 2010</b>	<b>66,108</b>	<b>1,399,073</b>	<b>159,591</b>	<b>1,624,772</b>
<b>Net Book Value</b>				
<b>At 31 March 2010</b>	<b>16,039</b>	<b>609,152</b>	<b>44,515</b>	<b>669,706</b>
At 31 March 2009	27,817	701,984	94,452	824,253

Included within the net book value of fixtures and equipment is £153,412 (2009: £30,451) in respect of assets held under finance leases. Depreciation for the year on these assets was £73,412 (2009: 23,083). In addition, assets held under finance leases were disposed of with cost £21,931 (2009: £nil) and depreciation £21,931 (2009: £nil). Leased asset additions in the period were £196,373 (2009:£nil).

**8 DEBTORS**

	<b>2010</b>	<b>2009</b>
	£	£
Amounts receivable within one year:		
Trade debtors	3,628,435	4,033,979
Amounts owed by related undertakings	7,411,040	9,632,337
Other debtors	13,590	44,056
Prepayments and accrued income	529,064	253,630
Deferred taxation asset (see note 11)	163,355	130,490
	<b>11,745,484</b>	<b>14,094,492</b>

**PINNACLE HOUSING LIMITED**

**NOTES TO THE ACCOUNTS**

**9 CREDITORS: amounts falling due within one year**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Trade creditors	1,218,201	658,929
Obligations under finance leases	55,088	-
Amounts owed to parent undertaking	1,802,664	9,543,527
Amounts owed to fellow group undertakings	710,078	1,803,206
Other taxes and social security	1,418,656	2,216,278
Other creditors	213,935	323,689
Accruals and deferred income	1,568,253	1,421,794
	<b>6,986,875</b>	<b>15,967,423</b>

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

**10 CREDITORS: amounts falling due after one year**

Amounts falling due after more than one year:

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Obligations under finance leases	80,965	-
	<b>80,965</b>	<b>-</b>

**Finance leases**

Future minimum payments under finance leases are as follows:

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Within one year	71,781	-
In more than one year, but no more than 5 years	89,585	-
Total gross payments	161,366	-
Less finance charges included above	(25,313)	-
	<b>136,053</b>	<b>-</b>

**PINNACLE HOUSING LIMITED**

**NOTES TO THE ACCOUNTS**

**11 DEFERRED TAXATION**

Deferred taxation provided in the accounts is as follows:

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Tax effect of timing differences because of:		
Excess of depreciation over capital allowances	163,356	121,235
Short term timing differences	(1)	9,255
<b>Total deferred tax asset</b>	<b>163,355</b>	<b>130,490</b>

The movement in the deferred taxation asset is as follows:

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
At 1 April	130,490	17,960
Charged/(credited) to the profit and loss account	32,865	112,530
<b>At 31 March</b>	<b>163,355</b>	<b>130,490</b>

**12 CALLED UP SHARE CAPITAL**

	<b>2010</b>		<b>2009</b>	
	Number	£	Number	£
<b>Allotted and fully paid</b>				
£0.05 Ordinary shares	1,000,000	50,000	1,000,000	50,000

**13 PROFIT AND LOSS ACCOUNT**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
At 1 April	6,273,753	6,127,949
Profit for the year	1,581,545	734,766
Actuarial loss on pension scheme, net of tax	(275,760)	(588,962)
<b>At 31 March</b>	<b>7,579,538</b>	<b>6,273,753</b>

**14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2010</b>	<b>2009</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities after tax for the year	1,581,545	734,766
Other recognised gains and losses	(275,760)	(588,962)
Net increase in shareholder's funds	1,305,785	145,804
Opening shareholders' funds	6,323,753	6,177,949
<b>Closing shareholders' funds</b>	<b>7,629,538</b>	<b>6,323,753</b>

# PINNACLE HOUSING LIMITED

## NOTES TO THE ACCOUNTS

### 15 FINANCIAL COMMITMENTS

#### Operating leases

At 31 March 2010 the Company had annual commitments under non-cancellable operating leases as follows:

	2010		2009	
	Land and Buildings £	Other £	Land and Buildings £	Other £
Expiry date:				
Within one year	60,925	59,507	15,971	57,250
Between two and five years	158,950	166,350	195,233	264,302
After five years	225,786	14,756	-	-
<b>Total</b>	<b>445,660</b>	<b>240,613</b>	<b>211,204</b>	<b>321,552</b>

### 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 (2009: £409,311), to guarantee performance by Pinnacle Housing Limited of its obligations under management contracts.

In the normal course of business claims arise that are subject to a process of negotiation that in some cases can be protracted over a significant period of time. Provision has been made for all amounts which the directors consider likely to be payable in respect of such claims. In accordance with FRS 12 details of claims are not disclosed as the Directors believe this may prejudice ongoing discussions.

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 £4,538,372 (2009: (£5,426,563)).

### 17 DIRECTORS EMOLUMENTS

	2010 £	2009 £
Aggregate emoluments and benefits	379,540	899,646
Company pension contributions to money purchase scheme	52,646	87,354
	<b>432,186</b>	<b>987,000</b>
Highest paid director		
Aggregate emoluments and benefits	181,875	175,504
Company pension contributions to money purchase scheme	10,400	-
	<b>192,275</b>	<b>175,504</b>

Included in the above figures are exceptional costs of £nil (2009: £101,247) relating to employment severance costs resulting from restructuring within this business.

Retirement benefits under a money purchase pension scheme are accruing in respect of 3 directors (2009: 7 directors).

# PINNACLE HOUSING LIMITED

## NOTES TO THE ACCOUNTS

### 17 DIRECTORS EMOLUMENTS (continued)

N Euesden and A Frith are directors of Pinnacle PSG Limited, the company's parent company. 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 N Wright, AM Lee and A Cook 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.

### 18 EMPLOYEES

#### (1) Number of employees

The average weekly number of persons (including directors) employed by the company during the year was 1,432 (2009: 1,403).

#### (2) Employment costs

	2010	2009
	£	£
Wages and salaries	18,287,009	18,768,701
Social security costs	1,386,592	1,514,996
Other pension costs (note 20) defined benefit	242,000	250,000
defined contribution	232,149	261,209
	<hr/> 20,147,750	<hr/> 20,794,906
Exceptional re-organisation costs	-	549,660
	<hr/> 20,147,750	<hr/> 21,344,566

### 19 PENSIONS

The Group participates in three pension schemes.

There are two defined contribution schemes. One is a Group Personal Pension for which employee contributions are a minimum of 2.5% of salary, and employer contributions are 7% of salary for non-executives and 10% of salary for executives. The other is an executive pension plan, which has only two members, into which the company contributes 12% of salary for one member and 10% of salary for the other.

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 period have been made in accordance with the actuarial valuation on 31 March 2006 at which date the fund was in deficit.

The 31 March 2009 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 3.1%, salary increases at 4.1%, a discount rate in the period before retirement of 6.2% per annum for active members and 5.2% per annum for deferred members, and a discount rate in the period after retirement of 4.7% per annum. The market value of the scheme's assets at 31 March 2009 was £3,200,000.

# PINNACLE HOUSING LIMITED

## NOTES TO THE ACCOUNTS

### 20 EMPLOYEE BENEFIT OBLIGATIONS

This reporting statement covers the retirement benefits provided from the Citrus Pension Scheme (formerly known as 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 2009. The results of the valuations have been updated to reflect current conditions at 31 March 2010 in accordance with FRS 17.

#### Amounts included within the financial statements

The amounts recognised in the balance sheet are as follows:

	<b>2010</b>	2009
	<b>£'000</b>	£'000
Present value of plan liabilities	5,104	3,409
Fair value of scheme assets	(4,504)	(3,096)
Deficit	600	313
Related deferred tax asset	(168)	(88)
<b>Net deficit</b>	<b>432</b>	<b>225</b>

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

	<b>2010</b>	2009
	<b>£'000</b>	£'000
Current service cost	242	250
Interest cost	248	221
Expected return on pension scheme assets	(173)	(216)
<b>Total Cost</b>	<b>317</b>	<b>255</b>

**PINNACLE HOUSING LIMITED**

**NOTES TO THE ACCOUNTS**

**20 EMPLOYEE BENEFIT OBLIGATIONS (continued)**

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

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
Actuarial losses	(383)	(818)

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

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening defined benefit liability</b>	3,409	3,076
Service cost	242	250
Employee contributions	120	138
Interest cost	248	221
Actuarial losses/(gains)	1,286	(148)
Benefits paid	(201)	(128)
<b>Closing defined benefit liability</b>	5,104	3,409

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

	<b>2010</b>	<b>2009</b>
	<b>£'000</b>	<b>£'000</b>
<b>Opening fair value of scheme assets</b>	3,096	3,235
Expected return	173	216
Actuarial gains/(losses)	903	(966)
Contributions by employers	414	601
Contributions by members	119	138
Benefits paid	(201)	(128)
<b>Closing fair value of scheme assets</b>	4,504	3,096

The group contributions during the accounting period amounted to £414,000 (2009: £601,000) 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 2011. The directors' best estimate of the contributions to be paid in 2010/11 is £597,000.

The cumulative amount of actuarial gains and losses taken to the statement of total recognised gains and losses at 31 March 2010 was £2,018,000 (2009:£1,635,000).

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

	<b>2010</b>	<b>2009</b>
Equities and property	56%	65%
Bonds	36%	27%
Other	8%	8%

**PINNACLE HOUSING LIMITED**

**NOTES TO THE ACCOUNTS**

**20 EMPLOYEE BENEFIT OBLIGATIONS (continued)**

**(a) Disclosure of principal assumption**

	<b>2010</b>	2009
Discount rate at 31 March	5.5%	7.1%
Expected return on scheme assets at 31 March	5.8%	5.3%
Future salary increases	3.5%	4.5%
Increases to pensions in payment accrued to date	3.5%	3.5%
Rate of increase of deferred pensions/inflation	3.5%	3.5%

**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	<b>2010</b>	2009
Today: Non-manual worker		
Males	21.1	22.3
Females	25.9	25.2
Retiring in	<b>2010</b>	2009
20 years: Non-manual worker		
Males	23.6	23.4
Females	27.6	26.2
Retiring	<b>2010</b>	2009
Today: Manual worker		
Males	21.1	21.3
Females	25.9	24.2
Retiring in	<b>2010</b>	2009
20 years: Manual worker		
Males	23.6	22.4
Females	27.6	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:

	<b>2010</b>	2009
Equities	7.0%	6.2%
Corporate bonds	5.5%	6.2%
Bonds	5.0%	3.7%
Cash	0.5%	0.0%

# PINNACLE HOUSING LIMITED

## NOTES TO THE ACCOUNTS

### 20 EMPLOYEE BENEFIT OBLIGATIONS (continued)

#### (b) Historical pension scheme information

	2010	2009	2008	2007	2006
	£'000	£'000	£'000	£'000	£'000
Defined benefit liability	5,104	3,409	3,076	3,494	3,616
Scheme assets	(4,504)	(3,096)	(3,235)	(3,099)	(2,668)
Deficit/(surplus)	600	313	(159)	395	948
Experience adjustment on scheme liabilities-(losses)/gains	(1,286)	148	999	788	(757)
Experience adjustment on scheme assets-gain/(loss)	903	(966)	(528)	38	469

### 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 100% controlled by Pinnacle PSG Limited.

At the year end Pinnacle Housing Limited was due £7,411,040 (2009: £6,246,556) from Pinnacle Regeneration Group Limited in respect of working capital support provided by the Company. During the period the company charged Pinnacle Regeneration Group Limited £18,299 (2009: £nil) in respect of property maintenance services. During the period Pinnacle Regeneration Group Limited charged the company £891,352 (2009: £nil) in respect of group services.

At the year end Pinnacle Housing Limited was due £nil (2009: £364,339) 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 £173,163 (2009: £109,350) by Pinnacle People Limited in respect of the supply of temporary staff.

At the year end Pinnacle Housing Limited was due £nil (2009: £nil) from Pinnacle People Recruitment Limited, a PRG group subsidiary, in respect of temporary staff provided to the company during the year. Pinnacle Housing Limited was charged £379,103 (2009: £nil) by Pinnacle People Recruitment Limited in respect of the supply of temporary staff.

Pinnacle Housing Limited was owed £nil (2009: £17,334) by UKPIM Holdco Limited, a PRG group subsidiary.

Pinnacle Housing Limited owed £nil (2009: £608,861) to Pinnacle PSG Holdings Limited, a PRG group subsidiary.