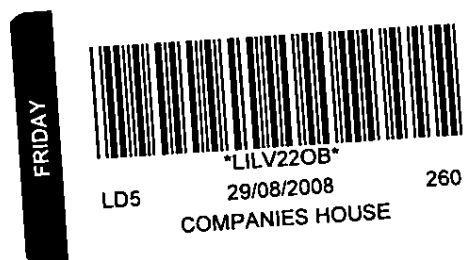


Company Registration No. 3519503

CMG Homes Limited

Report and Financial Statements

29 February 2008



CMG Homes Limited

Report and financial statements 2008

Contents	Page
Officers and professional advisers	1
Directors' report	2
Statement of directors responsibilities	4
Independent auditors' report	5
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9

CMG Homes Limited

Report and financial statements 2008

Officers and professional advisers

Directors

W M Buckingham	(resigned 14 February 2008)
R Perry	(resigned 20 June 2008)
K F Ford	(resigned 31 January 2008)
P Kinsey	(appointed 20 June 2008)

Secretary

D R Blackman	(resigned 30 June 2007)
G J Fitton	(appointed 1 July 2007)

Registered Office

The Pointe
89 Hartfield Road
Wimbledon
London
SW19 3TJ

Bankers

Barclays Bank Plc
Luton Corporate Banking Centre
1 Capability Green
Luton

Auditors

Deloitte & Touche LLP
Chartered Accountants
Reading

CMG Homes Limited

Director's report For the year ended 29 February 2008

The director presents his annual report and the audited financial statements for the year ended 29 February 2008. The director's report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

Principal activity and events after the balance sheet date

The principal activity of the company changed during the previous financial year from that of a provider of agency services on behalf of its parent company to a provider of residential care for people with learning disabilities and other special and complex needs.

At the year end, Care Management Group (Homes) Limited operated from 29 homes with 258 beds.

On 18 August 2006, the entire share capital of Care Management Group (UK) Limited, the previous ultimate holding company of the group, was acquired by Care Management Group (Acquisition) Limited. Care Management Group (Acquisition) Limited's ultimate parent company at that time, Care Management Group (Holding Company) Limited then became the ultimate parent undertaking of the company.

On 20 June 2008, the entire issued ordinary share capital of Care Management Group (Acquisition) Limited, was acquired by CMG Investment Holdings Limited. CMG Investment Holdings Limited then became the ultimate parent undertaking of the company. The entire issued ordinary share capital of CMG Investment Holdings Limited is held by funds advised by Court Cavendish Limited.

Results and dividends

The results for the year and the financial position of the company are as shown in the attached financial statements.

The director does not recommend the payment of a dividend (2007: £nil). The company's profit for the financial year taken to reserves is £8,729 (2007: £39,539).

Future prospects

The director expects the company to continue trading at a similar level in the forthcoming year.

Directors

The directors who held office during the year and since the year end are set out on page 1.

CMG Homes Limited

Director's report (continued) For the year ended 29 February 2008

Auditors

Each of the persons who is a director at the date of approval of this report confirms that

- (1) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- (2) the director has taken all the steps that they ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of S234ZA of the Companies Act 1985

Deloitte & Touche LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Director and signed on behalf of the Board


G Fitton

Company Secretary

29 August 2008

CMG Homes Limited

Statement of directors' responsibilities

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 the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or 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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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.

Independent auditors' report to the members of CMG Homes Limited

We have audited the financial statements of CMG Homes Limited for the year ended 29 February 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. These 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 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 are 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 within it.

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.

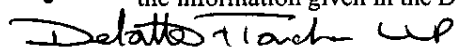
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 CMG Homes Limited (continued)

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 29 February 2008 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



DELOITTE & TOUCHE LLP

Chartered Accountants and Registered Auditors

Reading, United Kingdom

29 August 2008

Independent auditors' report to the members of CMG Homes Limited

We have audited the financial statements of CMG Homes Limited for the year ended 29 February 2008 which comprise the profit and loss account, the balance sheet and the related notes 1 to 14. These 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 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 are 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 within it.

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 which 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 CMG Homes Limited (continued)

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 29 February 2008 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

DELOITTE & TOUCHE LLP

Chartered Accountants and Registered Auditors

Reading, United Kingdom

29 August 2008

CMG Homes Limited

Profit and loss account For the year ended 29 February 2008

	Note	2008 £	2007 £
Turnover	1	12,769,702	8,430,706
Cost of sales		(7,066,227)	(4,665,206)
		<u>5,703,475</u>	<u>3,765,500</u>
Gross profit			
Administrative expenses		(5,683,746)	(3,757,485)
Operating profit	2	19,729	8,015
Interest receivable and other similar income	3	-	17,630
		<u>19,729</u>	<u>25,645</u>
Profit on ordinary activities before taxation			
Tax (charge)/credit on profit on ordinary activities	4	(11,000)	13,894
		<u>(11,000)</u>	<u>13,894</u>
Profit on ordinary activities after taxation and retained profit for the financial year transferred to reserves	10	<u>8,729</u>	<u>39,539</u>

The company has no recognised gains and losses in the current or preceding year other than the results for the year as included above. Accordingly no statement of total recognised gains and losses has been presented.

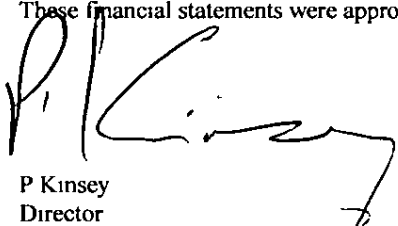
All of the activities of the company are classed as continuing.

CMG Homes Limited

Balance sheet 29 February 2008

	Note	2008 £	2007 £
Current assets			
Cash at bank and in hand		56,649	311,096
Debtors amounts falling due in less than one year	5	735,529	597,206
Debtors amounts falling due in more than one year	5	308,787	108,454
		<u>1,100,965</u>	<u>1,016,756</u>
Creditors amounts falling due within one year	7	(901,810)	(723,059)
Net current assets		<u>199,155</u>	<u>293,697</u>
Creditors amounts falling due in more than one year	7	(134,089)	(237,360)
Net assets		<u>65,066</u>	<u>56,337</u>
Capital and reserves			
Called up share capital	9	1,000	1,000
Profit and loss account	10	64,066	55,337
Total shareholder's funds	11	<u>65,066</u>	<u>56,337</u>

These financial statements were approved by the Board of Directors and were signed on its behalf by



P Kinsey
Director
29 August 2008

CMG Homes Limited

Notes to the financial statements Period ended 29 February 2008

1 Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom. The particular accounting policies adopted are described below. The accounting policies have been consistently applied in the current and preceding year.

Cash flow statement

The company is a wholly-owned subsidiary of Care Management Group (Acquisition) Limited and is included in the consolidated financial statements of that company, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996).

Turnover and costs

On 1st August 2006 CMG Homes Limited entered into an agreement with Care Management Group Limited whereby CMG Homes Limited commenced trading as an entity in its own right. From this date, CMG Homes Limited was wholly responsible for accounting for all income and expenditure incurred within the portfolio of homes that it leased.

Prior to this date, CMG Homes Limited had acted as an invoicing agent for Care Management Group Limited, utilising resources provided by Care Management Group Limited. CMG Homes Limited also leases a number of properties. Prior to 1st August 2006 it made these available to Care Management Group Limited by way of a License to Occupy, in order for Care Management Group Limited to trade from those properties.

From 1st August 2006, turnover represents sales and services to third party customers in the care sector, stated net of any applicable value added tax. Turnover is recognised when the services are provided. Prior to this date, the turnover shown in the profit and loss account represented amounts invoiced during the year to its parent company for agency services provided.

All turnover arises in the United Kingdom.

Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Taxation

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

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse.

CMG Homes Limited

Notes to the financial statements Period ended 29 February 2008

2. Operating profit

	2008 £	2007 £
Operating profit is stated after charging:		
Operating lease costs - other	<u>2,412,271</u>	<u>2,354,611</u>

Auditors' remuneration of £10,000 (2007 £10,450) is borne by the company's parent company, Care Management Group Limited, and was not recharged in the current or prior year

Other than the directors, the company had no employees. The directors received remuneration paid by Care Management Group Limited in respect of their services to group companies. The portion that relates to the company is £nil (2007 £nil).

3. Interest receivable and other similar income

	2008 £	2007 £
Bank interest receivable	<u>-</u>	<u>17,630</u>

4. Taxation

(a) Analysis of tax charge/(credit) in the period:

	2008 £	2007 £
Current tax:		
Adjustment in respect of prior year	-	(2,894)
Deferred tax:		
Origination and reversal of timing differences	<u>11,000</u>	<u>(11,000)</u>
Tax on profit on ordinary activities	<u>11,000</u>	<u>(13,894)</u>

CMG Homes Limited

Notes to the financial statements Period ended 29 February 2008

4. Taxation (Continued)

(b) Factors affecting current tax for the period:

	2008 £	2007 £
Profit on ordinary activities before taxation	19,729	25,645
At standard rate of 30% (2007 30%)	5,918	7,694
Effects of		
Short term timing differences	-	11,306
Group relief	(5,918)	(19,000)
Adjustment in respect of prior years	-	(2,894)
Current tax for the period	-	(2,894)

Following substantive enactment of the Finance Bill in June 2007 we note that legislation is being introduced that would reduce the corporation tax rate to 28% with effect from 1 April 2008. The deferred tax assets and liabilities, currently stated at 30% of the temporary differences will be stated at 28% of those amounts in the financial statements for the 2009 period.

5. Debtors

	2008 £	2007 £
Amounts falling due within one year		
Trade debtors	644,328	586,206
Other debtors	11,181	-
Deferred taxation (see note 6)	-	11,000
Prepayments and accrued income	80,020	-
	<u>735,529</u>	<u>597,206</u>
Amounts falling due in more than one year		
Amounts owed by group undertakings	<u>308,787</u>	<u>108,454</u>

6. Deferred taxation

	2007 £
The movement in the deferred tax asset during the year was as follows	
At 1 March 2007	11,000
Charged to the profit and loss account	(11,000)
At 29 February 2008	<u>-</u>

CMG Homes Limited

Notes to the financial statements Period ended 29 February 2008

6 Deferred taxation (Continued)

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2008 £	2007 £
Short term timing differences	-	11,000

7. Creditors

	2008 £	2007 £
Amounts falling due within one year		
Corporation tax	134	-
Other creditors	230,968	180,860
Accruals and deferred income	670,708	542,199
	<u>901,810</u>	<u>723,059</u>
Amounts falling due in more than one year		
Amounts owed to group undertakings	<u>134,089</u>	<u>237,360</u>

8. Commitments under operating leases

At 29 February 2008 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2008 £	2007 £
On operating leases which expire After more than five years	<u>2,485,031</u>	<u>2,419,432</u>

9 Called up share capital

	2008 £	2007 £
Authorised.		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

CMG Homes Limited

Notes to the financial statements Period ended 29 February 2008

10. Profit and loss account

	2008 £	2007 £
Opening profit and loss account	55,337	15,798
Profit for the year	8,729	39,539
Closing profit and loss account	<u>64,066</u>	<u>55,337</u>

11. Reconciliation of movements in shareholder's funds

	2008 £	2007 £
Profit for the financial year	8,729	39,539
Opening shareholder's funds	56,337	16,798
Closing shareholder's funds	<u>65,066</u>	<u>56,337</u>

12. Related party transactions

The company has taken advantage of the exemption permitted by Financial Reporting Standard 8, available to 90% or more subsidiary undertakings where the consolidated financial statements of that group are publicly available, not to disclose transactions with other group companies within these financial statements

13. Financial commitments

The company is party to cross guarantees for the bank debts due by all companies within the Care Management Group (Acquisition) Limited group. Total amounts due as at 29 February 2008 amounted to £93,345,930 (2007 £91,662,128)

14. Ultimate parent company and controlling party and events after the balance sheet date

On 18 August 2006, the entire share capital of Care Management Group (UK) Limited, the previous ultimate holding company of the group, was acquired by Care Management Group (Acquisition) Limited. Care Management Group (Acquisition) Limited's ultimate parent company at that time, Care Management Group (Holding Company) Limited then became the ultimate parent undertaking of the company.

On 20 June 2008, the entire issued ordinary share capital of Care Management Group (Acquisition) Limited, was acquired by CMG Investment Holdings Limited. CMG Investment Holdings Limited then became the ultimate parent undertaking of the company. The entire issued ordinary share capital of CMG Investment Holdings Limited is held by funds advised by Court Cavendish Limited.

In the opinion of the Directors' there is no single controlling party of the group.

Care Management Group (Acquisition) Limited is the only group company to consolidate these financial statements for the year ended 29 February 2008.