

**Company Registration No. 03519503**

**CMG Homes Limited**

**Report and Financial Statements**

**28 February 2010**

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# **CMG Homes Limited**

## **Report and financial statements 2010**

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# **CMG Homes Limited**

## **Report and financial statements 2010**

### **Officers and professional advisers**

#### **Directors**

P Kinsey  
D Harland

#### **Secretary**

G J Fitton

#### **Registered Office**

The Pointe  
89 Hartfield Road  
Wimbledon  
London  
SW19 3TJ

#### **Bankers**

NatWest  
PO Box 3415  
Bishopsgate  
London  
EC2P 2AP

#### **Auditors**

Deloitte LLP  
Reading

# **CMG Homes Limited**

## **Directors' report For the year ended 28 February 2010**

The directors present their annual report and the audited financial statements for the year ended 28 February 2010. The Company has taken advantage of the small Company exemption accorded by S415(A) of the Companies Act 2006 not to prepare an enhanced business review.

### **Principal activity**

The principal activity of the Company during the year was to act as agent on behalf of Care Management Group Limited in the leasing of care home properties for use by the Group.

### **Results and dividends**

The trading results for the year and the Company's financial position at the end of the year are shown in the attached financial statements. The Company did not pay a dividend during the year (2009 £nil).

### **Future prospects**

The directors expect the Company to continue trading at a similar level in the forthcoming year. The Company meets its day to day working capital requirements through available cash funds, which remain in a strong position. The current economic conditions have not impacted business results year on year, however, we acknowledge that the current economic environment creates uncertainty over the level of future trading performance. The Company is expected to be able to operate within its available working capital and after making enquiries, the directors have a reasonable expectation that the Company is able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

### **Directors**

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

### **Auditors**

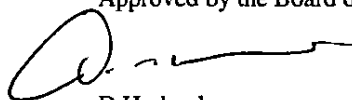
Each of the persons who is a director at the date of approval of this report confirms that:

- (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 S418 of the Companies Act 2006.

Deloitte 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 Directors and signed on behalf of the Board



D Harland  
Director

27 May 2010

## **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). 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 accounting estimates that are reasonable and prudent,
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditors' report to the members of CMG Homes Limited**

We have audited the financial statements of CMG Homes Limited for the year ended 28 February 2010 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 15. 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 (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **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 28 February 2010 and of its result 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.

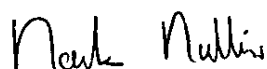
### **Opinion on other matter prescribed by the Companies Act 2006**

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.

### **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.



Mark Mullins (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditors  
Reading, United Kingdom  
27 May 2010

## CMG Homes Limited

### Profit and loss account For the year ended 28 February 2010

	Note	2010 £	2009 £
Turnover	2	12,396,650	12,172,418
Cost of sales		(7,293,762)	(6,735,718)
Gross profit		5,102,888	5,436,700
Administrative expenses		(5,102,888)	(5,340,950)
Exceptional costs – onerous lease provision		-	(1,753,438)
Total administrative expenses	3	-	(7,094,388)
Operating loss		-	(1,657,688)
Interest receivable and similar income		-	13,397
Loss on ordinary activities before taxation	3	-	(1,644,291)
Tax credit on loss on ordinary activities	5	-	134
Loss on ordinary activities after taxation and retained loss for the financial year transferred from reserves	11	-	(1,644,157)

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 28 February 2010

	Note	2010 £	2009 £
<b>Current assets</b>			
Debtors amounts falling due in less than one year	6	-	832,333
Debtors amounts falling due in more than one year	6	-	275,616
Cash at bank and in hand		256,514	119,145
		<u>256,514</u>	<u>1,227,094</u>
Creditors amounts falling due within one year	7	-	(774,893)
<b>Net current assets</b>		<u>256,514</u>	<u>452,201</u>
Creditors amounts falling due in more than one year	7	(372,819)	(353,384)
Provisions for liabilities and charges	8	(1,462,786)	(1,677,908)
<b>Net liabilities</b>		<u>(1,579,091)</u>	<u>(1,579,091)</u>
<b>Capital and reserves</b>			
Called up share capital	10	1,000	1,000
Profit and loss account	11	(1,580,091)	(1,580,091)
<b>Total shareholder's deficit</b>	12	<u>(1,579,091)</u>	<u>(1,579,091)</u>

These financial statements of Company number 03519503 were approved by the Board of Directors and were signed on its behalf by



**D Harland**  
Director

27 May 2010



# CMG Homes Limited

## Notes to the financial statements Period ended 28 February 2010

### 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.

#### Basis of preparation

The Company meets its day to day working capital requirements through available cash funds, which remain in a strong position. The current economic conditions have not impacted business results year on year, however, we acknowledge that the current economic environment creates uncertainty over the level of future trading performance.

The Company is expected to be able to operate within its available working capital and after making enquiries, the directors have a reasonable expectation that the Company is able to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual report and accounts.

#### Cash and cash flow statement

The company is a wholly-owned subsidiary of CMG Investment Holdings 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).

#### Provisions for liabilities and charges

Provisions for liabilities and charges are recognised in accordance with FRS12, *Provisions, Contingent Liabilities and Contingent Assets*. The provision in the financial statements provides against onerous property leases.

#### Turnover

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.

#### 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 (continued) Period ended 28 February 2010

### 2 Turnover

The turnover and pre-tax profit, all of which arises in the United Kingdom, is attributable to the principal activity of the company, being the provision of residential care and supported living services for people with learning disabilities and complex needs including mental health needs

### 3. Loss on ordinary activities before taxation

	2010 £	2009 £
<b>This is stated after charging:</b>		
Operating lease costs – other	2,542,49	2,683,045
Exceptional cost – onerous lease provision	-	1,753,438
	<u>          </u>	<u>          </u>

Auditors' remuneration of £7,650 (2009 £10,000) 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 (2009 nil) 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 (2009 £nil)

### 4 Interest receivable and other similar income

	2010 £	2009 £
Other interest receivable	-	13,397
	<u>          </u>	<u>          </u>

### 5. Taxation

#### (a) Analysis of tax credit in the period:

	2010 £	2009 £
<b>Current tax:</b>		
Tax on loss on ordinary activities	-	134
	<u>          </u>	<u>          </u>

# CMG Homes Limited

## Notes to the financial statements (continued) Period ended 28 February 2010

### 5. Taxation (Continued)

#### (b) Factors affecting current tax for the period:

	2010 £	2009 £
Loss on ordinary activities before taxation	-	(1,644,291)
At standard rate of 28% (2009 – 28 2%)	-	(463,197)
Effects of		
Group relief	60,234	(9,470)
Movement in short term timing differences	(60,234)	472,667
Adjustment in respect of prior years	-	134
Current tax for the year	-	134

The UK standard rate of corporation tax reduced from 30% to 28% with effect from April 2008

At 28 February 2010, the Company has not recognised a deferred tax asset of £409,580 (2009 £469,814) in respect of short term timing differences in excess of depreciation as it is not certain that the Company will be able to utilise these assets in the foreseeable future

### 6. Debtors

	2010 £	2009 £
<b>Amounts falling due within one year</b>		
Trade debtors	-	831,954
Other debtors	-	379
	-	832,333
<b>Amounts falling due in more than one year</b>		
Amounts owed by group undertakings	-	275,616

Amounts owed by group undertakings are unsecured and interest free They are repayable in more than 5 years

# CMG Homes Limited

## Notes to the financial statements (continued) Period ended 28 February 2010

### 7. Creditors

	2010 £	2009 £
<b>Amounts falling due within one year</b>		
Other creditors	-	268,256
Accruals and deferred income	-	506,637
	<u>-</u>	<u>774,893</u>
<b>Amounts falling due in more than one year</b>		
Amounts owed to group undertakings	<u>372,819</u>	<u>353,384</u>

Amounts owed to group undertakings are unsecured and interest free. They are repayable in more than 5 years.

### 8. Provisions for Liabilities and Charges

	2010 £	2009 £
Provision for onerous leases	<u>1,462,786</u>	<u>1,677,908</u>
Movement on provisions during the year was as follows		
Balance at the beginning of the year	1,677,908	1,753,438
Utilised during the year	(215,122)	(75,530)
Balance at the end of the year	<u>1,462,786</u>	<u>1,677,908</u>

The provision for liabilities and charges is being amortised over the remaining lease term of 13 years.

### 9. Commitments under operating leases

At 28 February 2010 the company had annual commitments under non-cancellable operating leases as follows

	<b>Land and buildings</b>	
	2010 £	2009 £
On operating leases which expire		
After more than five years	<u>2,605,541</u>	<u>2,541,990</u>

# CMG Homes Limited

## Notes to the financial statements (continued) Period ended 28 February 2010

### 10. Called up share capital

	2010 £	2009 £
<b>Authorised:</b>		
1,000 ordinary shares of £1 each	1,000	1,000
<b>Called up, allotted and fully paid</b>		
1,000 ordinary shares of £1 each	1,000	1,000

### 11. Profit and loss account

	2010 £	2009 £
Opening profit and loss account	(1,580,091)	64,066
Loss for the year	-	(1,644,157)
Closing profit and loss account	(1,580,091)	(1,580,091)

### 12. Reconciliation of movements in shareholder's funds

	2010 £	2009 £
Loss for the financial year	-	(1,644,157)
Opening shareholder's (deficit)/funds	(1,579,091)	65,066
Closing shareholder's deficit	(1,579,091)	(1,579,091)

### 13. 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

### 14. Financial commitments

The company is party to cross guarantees for the bank debts due by all companies within the CMG Investment Holdings Limited Group. Total amounts due as at 28 February 2010 amounted to £103,245,163 (2009 £99,422,811)

### 15. Ultimate parent company and controlling party

CMG Investment Holdings Limited is the ultimate parent undertaking of the Company. The majority of the issued ordinary share capital of CMG Investment Holdings Limited is held by funds advised by Court Cavendish Limited.

CMG Investment Holdings Limited is the only group Company to consolidate these financial statements for the year ended 28 February 2010.