

**CMG HOMES LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR**  
**28 FEBRUARY 2001**

**Company Registration Number 3519503**

**SLAVEN JEFFCOTE & CO**  
Chartered Certified Accountants & Registered Auditors  
1 Lumley Street  
Mayfair  
London  
W1K 6TT



**CMG HOMES LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 28 FEBRUARY 2001**

<b>CONTENTS</b>	<b>PAGE</b>
Officers and professional advisers	1
The directors' report	2
Independent auditors' report to the shareholders	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7
<b>The following page does not form part of the financial statements</b>	
Detailed profit and loss account	10

**CMG HOMES LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

<b>The director</b>	W M Buckingham
<b>Company secretary</b>	JD Secretariat Limited
<b>Registered office</b>	The Old Coppermill Coppermill Lane London SW17 0BN
<b>Auditors</b>	Slaven Jeffcote & Co Chartered Certified Accountants & Registered Auditors 1 Lumley Street Mayfair London W1K 6TT
<b>Bankers</b>	Allied Irish Bank (GB) 61/62 The Mall Ealing London W5 3TA

**CMG HOMES LIMITED**  
**THE DIRECTORS' REPORT**  
**YEAR ENDED 28 FEBRUARY 2001**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 28 February 2001.

**PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company during the year was that of providing residential care for people with special needs.

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

The company continued to grow dramatically via both acquisitions and organic developments. It is the lead provider for many Counties and London Boroughs looking to place people with highly complex needs. It continues to enjoy an excellent reputation for the quality of its internal training, its paperwork and most importantly its individual care delivery. The company's senior management is underpinned by a small team of highly energetic, motivated and intelligent individuals. The company is in first class shape to continue the rapid expansion experienced to date without loss or compromise to the high quality service currently provided, following a short period of consolidation.

**THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY**

The directors who served the company during the year were as follows:

W M Buckingham  
J Westwood

The company is a wholly owned subsidiary and the interests of group directors are disclosed in the financial statements of the parent company.

J Westwood retired as a director on 31 December 2000.

R Galway was appointed as a director on 1 March 2001.

**DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors 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.

**AUDITORS**

A resolution to re-appoint Slaven Jeffcote & Co as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

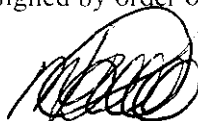
**CMG HOMES LIMITED**  
**THE DIRECTORS' REPORT** *(continued)*  
**YEAR ENDED 28 FEBRUARY 2001**

**SMALL COMPANY PROVISIONS**

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:  
The Old Coppermill  
Coppermill Lane  
London  
SW17 0BN

Signed by order of the directors



JD SECRETARIAT LIMITED  
Company Secretary

Approved by the directors on 20/12/01

**CMG HOMES LIMITED**  
**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS**  
**YEAR ENDED 28 FEBRUARY 2001**

We have audited the financial statements on pages 5 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

**RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS**

As described on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

It is our responsibility to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the directors' report is not consistent with the financial statements, if 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 transactions with the company 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 United Kingdom Auditing Standards 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 judgements 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.

**OPINION**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 28 February 2001 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

1 Lumley Street  
Mayfair  
London  
W1K 6TT

20/12/01

SLAVEN JEFFCOTE & CO  
Chartered Certified Accountants  
& Registered Auditors

*Slaven Jeffcote*

**CMG HOMES LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 28 FEBRUARY 2001**

	Note	2001 £	2000 £
<b>TURNOVER</b>		<b>10,041,350</b>	6,168,068
Administrative expenses		<u>10,049,331</u>	<u>6,173,978</u>
<b>OPERATING LOSS</b>	2	<b>(7,981)</b>	<b>(5,910)</b>
Interest receivable		<u>7,981</u>	<u>5,910</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		-	-
Tax on profit on ordinary activities		-	-
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		<u>-</u>	<u>-</u>

The company has no recognised gains or losses other than the results for the year as set out above.

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

**CMG HOMES LIMITED****BALANCE SHEET****28 FEBRUARY 2001**

	Note	2001 £	£	2000 £	£
<b>CURRENT ASSETS</b>					
Debtors	3	325,631		890,293	
Cash at bank		212,838		85,618	
		538,469		975,911	
<b>CREDITORS: Amounts falling due within one year</b>	4	(537,469)		(974,911)	
<b>NET CURRENT ASSETS</b>			<u>1,000</u>		<u>1,000</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>1,000</u>		<u>1,000</u>
<b>CAPITAL AND RESERVES</b>					
Called-up equity share capital	7		<u>1,000</u>		<u>1,000</u>
<b>SHAREHOLDERS' FUNDS</b>	8		<u>1,000</u>		<u>1,000</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 20/12/01 and are signed on their behalf by:



W M BUCKINGHAM



**CMG HOMES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 28 FEBRUARY 2001**

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention.

**Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is small.

**Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year.

**Operating lease agreements**

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.

**2. OPERATING LOSS**

Operating loss is stated after charging:

	2001 £	2000 £
Directors' emoluments	-	-
Operating lease costs:		
Land and buildings	<u>1,855,767</u>	<u>1,064,025</u>

**3. DEBTORS**

	2001 £	2000 £
Trade debtors	319,684	890,293
Other debtors	<u>5,947</u>	<u>-</u>
	<u>325,631</u>	<u>890,293</u>

**4. CREDITORS: Amounts falling due within one year**

	2001 £	2000 £
Payments received on account	235,865	-
Amounts owed to group undertakings	63,330	536,854
Other creditors	9,072	7,099
Accruals and deferred income	<u>229,202</u>	<u>430,958</u>
	<u>537,469</u>	<u>974,911</u>

**CMG HOMES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 28 FEBRUARY 2001**

**5. COMMITMENTS UNDER OPERATING LEASES**

At 28 February 2001 the company had annual commitments under non-cancellable operating leases as set out below.

	<b>Land &amp; Buildings</b>	
	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Operating leases which expire:		
After more than 5 years	<u><b>1,942,644</b></u>	<u><b>-</b></u>

**6. RELATED PARTY TRANSACTIONS**

The sales revenue of £10,041,350 (2000 : £6,168,068) was transferred to the parent company. Care Management Group Limited together with expenditure of £1,851,277 (2000 : £5,106,567).

At 28th February 2001, CMG Homes Limited owed Care Management Group Limited £63,330 (2000 : £536,854)

**7. SHARE CAPITAL**

**Authorised share capital:**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
1,000,000 Ordinary shares of £1.00 each	<u><b>1,000,000</b></u>	<u><b>1,000,000</b></u>

**Allotted, called up and fully paid:**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Ordinary share capital	<u><b>1,000</b></u>	<u><b>1,000</b></u>

**8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Opening shareholders' equity funds	<u><b>1,000</b></u>	<u><b>1,000</b></u>
Closing shareholders' equity funds	<u><b>1,000</b></u>	<u><b>1,000</b></u>

**9. ULTIMATE PARENT COMPANY**

The ultimate controlling parent company is Care Management Group Limited, a company registered in England.