

**Company Registration No. 06595141**

**CMG Investment Holdings Limited**

**Report and Financial Statements**

**28 February 2013**

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# **CMG Investment Holdings Limited**

## **Report and financial statements 2013**

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# **CMG Investment Holdings Limited**

## **Report and financial statements 2013**

### **Officers and professional advisers**

#### **Directors**

R J Lewis  
W H W Wells  
C Patel  
D Spruzen  
P Kinsey

#### **Secretary**

G J Fitton

#### **Registered Office**

The Care House  
Randalls Way  
Leatherhead  
Surrey  
KT22 7TW

#### **Bankers**

NatWest  
PO Box 3415  
Bishopsgate  
London  
EC2P 2AP

#### **Auditor**

Deloitte LLP  
Reading

# **CMG Investment Holdings Limited**

## **Directors' report**

The directors present their report and the audited financial statements for the year ended 28 February 2013

### **Principal activities**

The Group provides residential care, domiciliary care and supported living services for people with learning disabilities and complex needs including mental health needs. On 15 December 2012, the Group purchased the share capital of Community Home Care (Sussex) Limited, a provider of domiciliary care services, for a cash consideration of £385,000

### **Review of business**

The consolidated profit and loss account is set out on page 8

The directors do not recommend the payment of a dividend (2012 £nil). The loss for the financial period has been deducted from reserves

### **Management team**

The Group continues to develop its management team, including the culture and ability to respond to sector developments, ensuring that at all times the Group's policies, procedures and ethos maintain a vision for its service users away from institutional settings and into community-based services and accommodation affording more choice and independence

The Group continues to communicate with transparency to staff, service users and purchasers

### **Future prospects**

There are growth opportunities in the sector for the Group, which continues to have a strong reputation. The Group remains well placed to deliver organic growth, supplemented by appropriate acquisitions

### **Principal risks and uncertainties**

The directors have assessed the level of risk within the business and believe it to be similar to comparable UK based care and support organisations, where sound working capital management and good purchaser relations are essential to the future well being of the Company. The directors believe that the current controls and processes within the business are appropriate and adequate to achieve this position

The main risks arising from the Group's financial instruments are interest rate risk, liquidity risk and credit risk. The Board reviews and agrees the policies for managing each of these risks and they are summarised below

#### **i) Interest rate risk**

The Group finances its operations through a mixture of retained profits, bank borrowings, term loans and long term loans. The Group borrows at both fixed and floating rates of interest. Interest rate projections are reviewed on a regular basis to determine whether future hedging may be required

#### **ii) Liquidity risk**

The Group's policy throughout the period has been that committed facilities are maintained at levels to ensure all planned requirements are met

# **CMG Investment Holdings Limited**

## **Directors' report**

### **Principal risks and uncertainties (continued)**

#### **iii) Credit risk**

The Group's principal assets are cash, trade receivables and tangible fixed assets. The Group invests significantly to retain and improve the quality of its service offering. Trade receivables are reviewed on a regular basis to ensure they are collectable. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows.

#### **Going concern**

The directors have carefully considered the going concern basis underlying the preparation of the Group financial statements, particularly in light of the Group's net loss in the year, and the net liability position of the Group.

Recent trading activity across the Group has been in line with expectations. Referral levels have been maintained during the year and the quality of the services continued to improve which in turn lead to improved occupancy levels. This occupancy growth is expected to continue in the following year. The Group is cash generative and funds have been continued to be reinvested to increase capacity levels and drive growth.

Management have prepared detailed forecasts for the Group for the period to June 2015. Net debt levels, servicing costs and covenant requirements are closely monitored and managed according to strict management processes. Management have considered the expected availability of working capital and achievement of covenants required.

Further information is included in the notes to these financial statements.

The directors believe that the Group and the Company are well placed to manage its risks successfully despite the current economic conditions which create uncertainty.

Based on their forecast review and other factors described above, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis has been adopted in preparing the annual report and financial statements.

#### **Disabled employees**

The Group gives full consideration to applications for employment from disabled persons where a handicapped or disabled person can adequately fulfil the requirements of the job. Where existing employees become disabled, it is the Group's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion to disabled employees wherever appropriate.

#### **Employee involvement**

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group and the Company. During the year, the policy of providing employees with information about the Group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the Group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

#### **Supplier payment policy**

The Group's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the Group at 28 February 2013 were equivalent to 15 days (2012: 19) days' purchases, based on the average daily amount invoiced by suppliers during the year.

#### **Directors**

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

# **CMG Investment Holdings Limited**

## **Directors' report**

### **Auditors**

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

- so far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the directors have taken all the steps that they 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 auditor is 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 auditor 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



G J Fitton  
Company Secretary

02 May 2013

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## **CMG Investment Holdings Limited**

### **Directors' responsibilities statement**

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 auditor's report to the members of CMG Investment Holdings Limited**

We have audited the financial statements of CMG Investment Holdings Limited for the year ended 28 February 2013 which comprise the consolidated profit and loss account, the consolidated statement of total recognised gains and losses, the consolidated and Company balance sheets, the consolidated cash flow statement, the reconciliation of operating profit to net cash inflow from operating activities and the related notes 1 to 26. 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 auditor's 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 and express an opinion on 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 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 Group's and the parent 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the Group's and the parent Company's affairs as at 28 February 2013 and of the Group's loss 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.

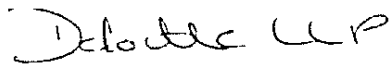


## **Independent auditor's report to the members of CMG Investment Holdings (continued)**

### **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 by the parent Company, 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



Jason Davies (Senior Statutory Auditor)  
for and on behalf of Deloitte LLP  
Chartered Accountants and Statutory Auditor  
Reading, United Kingdom

2 May 2013

## CMG Investment Holdings Limited

### Consolidated profit and loss account For the year ended 28 February 2013

	Notes	2013 £'000	2012 £'000
<b>Turnover</b>	2	49,736	48,496
Cost of sales		(28,350)	(27,629)
<b>Gross profit</b>		21,386	20,867
Administrative expenses	3	(19,208)	(18,435)
<b>Operating profit</b>	3	2,178	2,432
Interest receivable and similar income		9	4
Interest payable and similar charges	7	(6,905)	(6,920)
<b>Loss on ordinary activities before and after taxation and loss for the period transferred from reserves</b>	19	(4,718)	(4,484)

All amounts derive from continuing operations

## **CMG Investment Holdings Limited**

### **Consolidated statement of total recognised gains and losses For the year ended 28 February 2013**

	<b>Notes</b>	<b>2013 £'000</b>	<b>2012 £'000</b>
Loss for the financial year	19	(4,718)	(4,484)
Unrealised deficit on revaluation of tangible fixed assets	19	(11,063)	-
<b>Total recognised gains and losses relating to the year</b>		<b>(15,781)</b>	<b>(4,484)</b>

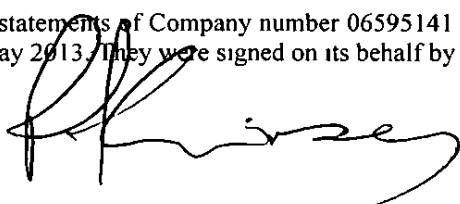
# CMG Investment Holdings Limited

## Consolidated and Company balance sheet 28 February 2013

		2013		2012	
	Notes	Group £'000	Company £'000	Group £'000	Company £'000
<b>Fixed assets</b>					
Intangible assets	9	45,614	-	48,162	-
Tangible assets	10	38,489	-	47,754	-
Investments	11	-	182	-	182
		<u>84,103</u>	<u>182</u>	<u>95,916</u>	<u>182</u>
<b>Current assets</b>					
Debtors amounts due within one year	13	3,671	-	4,083	-
Debtors amounts due in more than one year	13	-	197	-	197
Cash at bank and in hand		<u>3,453</u>	<u>-</u>	<u>2,210</u>	<u>-</u>
		7,124	197	6,293	197
<b>Creditors: amounts falling due within one year</b>	15	<u>(15,955)</u>	<u>-</u>	<u>(14,568)</u>	<u>(206)</u>
<b>Net current (liabilities)/assets</b>		<u>(8,831)</u>	<u>197</u>	<u>(8,275)</u>	<u>(9)</u>
<b>Total assets less current liabilities</b>		<u>75,272</u>	<u>379</u>	<u>87,641</u>	<u>173</u>
<b>Creditors: amounts falling due after more than one year</b>	16	(110,762)	(445)	(107,335)	(236)
<b>Provisions for liabilities and charges</b>	17	<u>(1,200)</u>	<u>-</u>	<u>(1,215)</u>	<u>-</u>
<b>Net liabilities</b>		<u>(36,690)</u>	<u>(66)</u>	<u>(20,909)</u>	<u>(63)</u>
<b>Capital and reserves</b>					
Called up share capital	18	1	1	1	1
Revaluation reserve	19	(14,975)	-	(3,912)	-
Profit and loss account	19	<u>(21,716)</u>	<u>(67)</u>	<u>(16,998)</u>	<u>(64)</u>
<b>Total shareholders' deficit</b>		<u>(36,690)</u>	<u>(66)</u>	<u>(20,909)</u>	<u>(63)</u>

The financial statements of Company number 06595141 were approved by the Board of Directors and authorised for issue on 02 May 2013. They were signed on its behalf by

P Kinsey  
Director



## CMG Investment Holdings Limited

### Consolidated cash flow statement For the year ended 28 February 2013

	Notes	2013 £'000	2012 £'000
<b>Net cash inflow from operating activities (page 12)</b>		<u>8,959</u>	<u>6,881</u>
<b>Returns on investments and servicing of finance</b>			
Interest paid		(1,684)	(1,663)
Interest received		<u>9</u>	<u>5</u>
<b>Net cash outflow from returns on investments and servicing of finance</b>		<u>(1,675)</u>	<u>(1,658)</u>
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(3,356)	(3,843)
Disposal of tangible fixed assets		<u>508</u>	<u>376</u>
<b>Net cash outflow from capital expenditure</b>		<u>(2,848)</u>	<u>(3,467)</u>
<b>Acquisition and disposals</b>			
Acquisition expenses	24	(33)	(9)
Payments to acquire subsidiaries		(385)	(790)
Net cash acquired with subsidiaries		<u>25</u>	<u>46</u>
<b>Net cash outflow from acquisition and disposals</b>		<u>(393)</u>	<u>(753)</u>
<b>Net cash inflow before financing</b>		<u>4,043</u>	<u>1,003</u>
<b>Financing</b>			
Repayment of borrowings		(2,800)	(1,210)
<b>Net cash outflow from financing</b>		<u>(2,800)</u>	<u>(1,210)</u>
<b>Increase/(decrease) in net cash</b>		<u>1,243</u>	<u>(207)</u>

## **CMG Investment Holdings Limited**

### **Reconciliation of operating profit to net cash inflow from operating activities For the year ended 28 February 2013**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>Operating profit</b>	2,178	2,432
Depreciation	1,616	1,531
Amortisation of goodwill	2,949	2,949
Decrease/(increase) in debtors	480	(802)
Increase in creditors	1,736	771
	<hr/>	<hr/>
<b>Net cash inflow from operating activities</b>	<b>8,959</b>	<b>6,881</b>
	<hr/>	<hr/>

# **CMG Investment Holdings Limited**

## **Notes to the financial statements**

### **For the year ended 28 February 2013**

#### **1. Accounting policies**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below. These have been applied consistently throughout the current and prior year.

##### **Accounting convention**

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

##### **Going concern**

The directors have carefully considered the going concern basis underlying the preparation of the Group financial statements, particularly in light of the Group's net loss in the year and the net liability position of the Group.

Recent trading activity has been in line with expectations. Referral levels have been maintained during the year and the quality of the services continued to improve which in turn lead to improved occupancy levels. This occupancy growth is expected to continue in the following year. The business is cash generative and funds have been continued to be reinvested to increase capacity levels and drive growth.

Management have prepared detailed forecasts for the period to June 2015. Net debt levels, servicing costs and covenant requirements are closely monitored and managed according to strict management processes. Management have considered the expected availability of working capital and achievement of covenants required.

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.

Management note that the loan facility used to finance the Group is due for renewal on 20 June 2015.

Based on their forecast review and other factors described above, the directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Accordingly, the going concern basis has been adopted in preparing the annual report and financial statements.

##### **Consolidation**

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 28 February 2013. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

##### **Related parties**

In accordance with Financial Reporting Standard ("FRS") 8, *Related Party Transactions*, transactions with other Group undertakings within have not been disclosed in these financial statements.

##### **Loss attributable to the Company**

The loss attributable to the Company is shown in note 19 to the financial statements. The Company has taken advantage of the exemption given in section 408 of the Companies Act 2006 not to present its profit and loss account.

# CMG Investment Holdings Limited

## Notes to the financial statements For the year ended 28 February 2013

### 1. Accounting policies (continued)

#### 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.

#### Goodwill

Goodwill arising on the acquisition of trade and assets or subsidiary undertakings, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which the directors estimate to be 20 years. Provision is made for any impairment.

#### Investments

Investments are stated at cost less provision for any impairment in value.

#### Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment.

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold property	2% per annum on cost/valuation on a straight line basis
Fixtures and fittings	15% per annum on cost/valuation on a reducing balance basis
Property improvements	5% per annum on cost/valuation on a straight line basis

Valuations are carried out in accordance with FRS 15, *Tangible Fixed Assets*.

#### Debt

Debt is initially stated at the amount of the net proceeds after the deduction of issue costs. The carrying amount is increased by the finance cost in respect of the accounting period and reduced by payments made in the period.

#### Loan issue costs

Loan issue costs, to the extent that they meet the criteria of FRS 4, *Capital Instruments*, are offset against the loan to which they relate, and are amortised in order to give a constant rate of return.

#### Provisions for liabilities and charges

Provisions for liabilities and charges are recognised in accordance with FRS 12, *Provisions, Contingent Liabilities and Contingent Assets*. The provision in the financial statements provides against onerous property leases.

#### Operating leases

Operating lease rentals are charged to the profit and loss account in equal annual amounts over the lease term.



# CMG Investment Holdings Limited

## Notes to the financial statements For the year ended 28 February 2013

### 1. Accounting policies (continued)

#### 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 rates that are expected to apply in the periods in which timing differences are expected to reverse.

#### Pension scheme arrangements

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in independently administered funds. The amounts charged against profits represent the contributions payable to the schemes in respect of each year.

### 2. Turnover

Turnover of £49,736,000 (2012 £48,496,000) is attributable to the principal activity of the Group, being the provision of residential care, supported living services and domiciliary care services for people with learning disabilities and complex needs including mental health needs.

All turnover arises in the United Kingdom.

### 3. Operating profit

Operating profit is stated after charging

	2013 £'000	2012 £'000
Depreciation on tangible fixed assets owned	1,616	1,531
Amortisation of goodwill	2,949	2,949
Operating lease costs		
- Other	3,691	3,620
- Plant and machinery	787	791
Auditors' remuneration		
- statutory audit	75	73
- non audit fees	28	27
Corporate finance costs	90	91

The audit fee relating to the Company was £26,363 (2012 £25,630)

Exceptional costs of £90,000 (2012 £91,000) were incurred during the year in relation to a corporate finance project.

# CMG Investment Holdings Limited

## Notes to the financial statements For the year ended 28 February 2013

### 4 Directors' emoluments

#### Group

The directors' aggregate emoluments in respect of qualifying services were as follows

	2013 £'000	2012 £'000
Emoluments	558	432
Compensation for loss of office	-	85
Value of Company pension contributions to money purchase schemes	48	32
	<u>606</u>	<u>549</u>

Retirement benefits are accruing to 3 (2012 3) directors under money purchase pension schemes

	2013 £'000	2012 £'000
<b>Highest paid director</b>		
Emoluments	<u>156</u>	<u>120</u>

### 5. Employee information

#### Group

The average monthly number of persons (including executive directors) employed by the Group during the period was

	2013 Number	2012 Number
Regional management and administrative staff	88	88
Care and support workers	1,642	1,578
	<u>1,730</u>	<u>1,666</u>

The aggregate payroll costs of the above were

	2013 £'000	2012 £'000
Wages and salaries	26,843	26,083
Social security costs	2,047	2,076
Pension costs	51	51
	<u>28,941</u>	<u>28,210</u>

The Company did not have any employees during the year

# CMG Investment Holdings Limited

## Notes to the financial statements For the year ended 28 February 2013

### 6. Pension commitments

The Group operates a defined contribution pension scheme. The assets of this scheme are held separately from those of the Group in independently administered funds. The Group's pension cost for the period was £50,964 (2012: £50,644). There were no outstanding or prepaid contributions at 28 February 2013 (2012: £nil).

### 7. Interest payable and similar charges

	2013 £'000	2012 £'000
On term loan	6,909	6,565
Amortisation of loan issue costs	(4)	355
	<u>6,905</u>	<u>6,920</u>

### 8. Taxation

There was no tax charge for the period (2012: £nil).

	2013 £'000	2012 £'000
<b>Factors affecting current tax charge for the period</b>		
Loss on ordinary activities before taxation	(4,718)	(4,484)
At standard rate of 24.2% (2012: 26.1%)	<u>(1,140)</u>	<u>(1,170)</u>
Effects of		
Expenses not deductible for tax purposes	1,093	1,054
Differences between depreciation and capital allowances	(165)	2
Short term timing differences	236	114
Utilisation of tax losses	(15)	-
Group relief not paid for	<u>(9)</u>	<u>-</u>
<b>Current tax charge for the period</b>	<u>-</u>	<u>-</u>

### 9. Intangible fixed assets

	Purchased goodwill £'000 £
<b>Group</b>	
<b>Cost</b>	
At 1 March 2012	58,900
Additions (see note 24)	401
At 28 February 2013	<u>59,301</u>
<b>Amortisation</b>	
At 1 March 2012	10,738
Charge for the year	2,949
At 28 February 2013	<u>13,687</u>
<b>Net book value</b>	
At 28 February 2013	<u>45,614</u>
At 29 February 2012	<u>48,162</u>

# CMG Investment Holdings Limited

## Notes to the financial statements For the year ended 28 February 2013

### 10. Tangible fixed assets

	Freehold property £'000	Property improve- ments £'000	Fixtures and fittings £'000	Total £'000
<b>Cost/valuation</b>				
At 1 March 2012	40,393	5,862	4,004	50,259
Additions	920	2,031	971	3,922
Disposals	(508)	-	-	(508)
Revaluation	(12,681)	-	-	(12,681)
At 28 February 2013	28,124	7,893	4,975	40,992
<b>Accumulated depreciation</b>				
At 1 March 2012	798	419	1,288	2,505
Charge for the year	820	323	473	1,616
Revaluation	(1,618)	-	-	(1,618)
At 28 February 2013	-	742	1,761	2,503
<b>Net book value</b>				
At 28 February 2013	28,125	7,151	3,214	38,489
At 29 February 2012	39,595	5,443	2,716	47,754

The Company does not hold any tangible fixed assets

On 6 March 2013, Christie and Co (part of Christie Group Plc) used the Royal Institution of Chartered Surveyors ('RICS') Appraisal and Valuation Manual (the 'Red Book') to value the property portfolio (on an existing use basis assuming that the premises are vacant, are capable of trade and ignoring the value attributable to the business being conducted therefrom) of the Group (excluding fixtures and fittings) as £35.3m

Historical costs are not available as the assets of the Group were acquired in June 2008. The fair value of the tangible fixed assets of the Group on acquisition was £40m.

The Directors performed a review of the fixtures and fittings of the Group and concluded that the carrying value of £3.2m at 28 February 2013 is a fair reflection of the depreciated replacement cost of the fixtures and fittings of the Group.

# CMG Investment Holdings Limited

## Notes to the financial statements For the year ended 28 February 2013

### 11. Investments

Company	Investments in subsidiary undertakings £'000		
Cost and net book value At 29 February 2012 and 28 February 2013			182
The following investments were held at the end of the period			
Name of undertaking	Description of shares held	Principal activity	Shareholding
Care Management Group (Acquisition) Limited *	Ordinary shares of £1 each	Holding Company	100%
Care Management Group (UK) Limited	Ordinary shares of £1 each	Dormant Company	100%
Care Management Group (Holdings) Limited	Ordinary shares of £1 each	Dormant Company	100%
Care Management Group Limited	Ordinary shares of £1 each	Running care homes	100%
Care Management Group (Southern) Limited	Ordinary shares of £1 each	Dormant Company	100%
CMG Homes Limited	Ordinary shares of £1 each	Agency services for parent Company	100%
Care Management Group (Cymru) Limited	Ordinary shares of £1 each	Running care homes	100%
CMG (Domiciliary Care Investments) Limited	Ordinary shares of £1 each	Intermediate holding Company	100%
Blocklin House Limited	Ordinary shares of £1 each	Dormant Company	100%
Care Management Group Trustees Limited	Ordinary shares of £1 each	Dormant Company	100%
Victoria House (UK) Limited	Ordinary shares of £1 each	Dormant Company	100%
Wherewelive Limited	Ordinary shares of £1 each	Dormant Company	100%
Wherewelive Care Group Limited	Ordinary shares of £1 each	Dormant Company	100%
Solent Residential Homes Limited	Ordinary shares of £1 each	Dormant Company	100%
Pathways (Trebanos) Limited	Ordinary shares of £1 each	Dormant Company	100%
Belgravia Nursing & Care Bureau Limited	Ordinary shares of £1 each	Dormant Company	100%
Community Home Care (Sussex) Limited	Ordinary shares of £1 each	Domiciliary Care Services	100%

\* Investment held by CMG Investment Holdings Limited

CMG Investment Holdings Limited holds the entire issued share capital and voting rights of Care Management Group (Acquisition) Limited. The shares were acquired on 20 June 2008.

Care Management Group (Acquisition) Limited holds the entire issued share capital and voting rights of Care Management Group (UK) Limited.

## CMG Investment Holdings Limited

### Notes to the financial statements For the year ended 28 February 2013

#### 12. Investments (continued)

Care Management Group (UK) Limited holds the entire issued share capital and voting rights of Care Management Group (Holdings) Limited and Care Management Group Trustees Limited

Care Management Group (Holdings) Limited holds the entire issued share capital of Care Management Group Limited, which in turn holds the entire issued share capital of Care Management Group (Southern) Limited, CMG Homes Limited, Care Management Group (Cymru) Limited, CMG (Domiciliary Care Investments) Limited and Victoria House (UK) Limited, Wherewelive Limited, Wherewelive Care Group Limited, Solent Residential Homes Limited, Pathways (Trebanos) Limited and Belgravia Nursing & Care Bureau Ltd

CMG (Domiciliary Care Investments) Limited holds the entire issued share capital of Blocklin House Limited and Community Home Care (Sussex) Limited

All subsidiary undertakings are incorporated in England and Wales and are included in the Group consolidation

#### 13. Debtors

	2013		2012	
	Group £'000	Company £'000	Group £'000	Company £'000
<b>Amounts due within one year:</b>				
Trade debtors	1,921	-	2,217	-
Other debtors	577	-	586	-
Prepayments and accrued income	1,173	-	1,280	-
	<u>3,671</u>	<u>-</u>	<u>4,083</u>	<u>-</u>
<b>Amounts due after more than one year:</b>				
Amounts owed by subsidiary undertakings	-	197	-	197

Amounts owed by subsidiary undertakings are unsecured and interest free

#### 14. Deferred taxation

At 28 February 2013, the Group has not recognised a deferred tax asset of £5,899,739 (2012 £5,868,450) in respect of carried forward tax losses of subsidiaries, short term timing differences and capital allowances in excess of depreciation. The deferred tax asset has not been recognised on the grounds that its recovery is not certain in the foreseeable future.

The Company has no unrecognised deferred taxation liabilities.

# CMG Investment Holdings Limited

## Notes to the financial statements For the year ended 28 February 2013

### 15. Creditors: amounts falling due within one year

	2013		2012	
	Group £'000	Company £'000	Group £'000	Company £'000
Bank loans (see note 16)	1,600	-	2,800	206
Trade creditors	335	-	565	-
Other taxation and social security	581	-	565	-
Other creditors	1,966	-	1,768	-
Accruals and deferred income	11,473	-	8,870	-
	<u>15,955</u>	<u>-</u>	<u>14,568</u>	<u>206</u>

### 16. Creditors: amounts falling due after more than one year

	2013		2012	
	Group £'000	Company £'000	Group £'000	Company £'000
Bank loans	110,762	-	107,335	-
Amounts owed to Group undertakings	-	445	-	236
	<u>110,762</u>	<u>445</u>	<u>107,335</u>	<u>236</u>

Amounts owed to Group undertakings are unsecured and interest free

Interest charged on the bank loans is at rates between 1.50% and 9.53% over base rate per annum. The bank loans comprise loans secured by floating charges over the assets of the Group. Bank loans are shown net of £121,571 (2012: £117,088) of unamortised debt issue costs.

Amounts due to Group undertakings falling due after more than one year are repayable after five years. Bank loans falling due after more than one year are repayable between two and five years.

Management note that the loan facility used to finance the Group is due for renewal on 20 June 2015.

### 17. Provisions for liabilities and charges

	Group	
	2013 £'000	2012 £'000
Property provision	<u>1,200</u>	<u>1,215</u>
Movement on provisions during the period was as follows		
Balance at the beginning of the year	1,215	1,283
Utilised during the year	<u>(15)</u>	<u>(68)</u>
Balance at the end of the year	<u>1,200</u>	<u>1,215</u>

The provision for liabilities and charges is being amortised over the remaining lease term of 12 years.

The property provision relates to the cost of onerous leases and bringing the properties back to the required state of repair.

# CMG Investment Holdings Limited

## Notes to the financial statements For the year ended 28 February 2013

### 18. Share capital

	2013 £	2012 £
<b>Authorised</b>		
100,000 ordinary shares and ordinary 'A' shares of £0.01 each	1,000	1,000
<b>Called up, allotted and fully paid</b>		
6,100 (2012: 6,100) ordinary shares of £0.01 (2012: £0.01) each	61	61
53,000 (2012: 53,000) ordinary 'A' shares of £0.01 (2012: £0.01) each	530	530
	591	591

Ordinary shares and 'A' ordinary shares rank *pari passu* at all times

### 19. Reconciliation of movement in shareholders' deficit

Group	Share capital £'000	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
At 29 February 2012	1	(3,912)	(16,998)	(20,909)
Loss for the period	-	-	(4,718)	(4,718)
Unrealised deficit on revaluation of tangible fixed assets	-	(11,063)	-	(11,063)
At 28 February 2013	1	(14,975)	(21,716)	(36,690)

Company	Share capital £'000	Profit and loss account £'000	Total £'000
At 29 February 2012	1	(64)	(63)
Loss for the period	-	(3)	(3)
At 28 February 2013	1	(67)	(66)

An entry was made to the revaluation reserve during the year following the revaluation of the property portfolio of the Group in line with FRS15, *Tangible Fixed Assets*



# CMG Investment Holdings Limited

## Notes to the financial statements

### For the year ended 28 February 2013

#### 20. Reconciliation of net cash flow to movement in net debt

	2013 £'000	2012 £'000
Increase/(decrease) in cash in the period	1,243	(207)
Cash flow from movement in debt	2,800	1,000
Change in net debt resulting from cash flows	4,043	793
Capitalised interest	(5,031)	(4,655)
Amortisation of debt issue costs	4	(355)
Movement in net debt	(984)	(4,217)
Net debt acquired from the acquisition of subsidiary undertakings	-	(210)
Repayment of net debt acquired from the acquisition of subsidiary undertakings	-	210
Net debt at the beginning of the period	(107,925)	(103,708)
Net debt at the end of the period	(108,909)	(107,925)

#### 21. Analysis of changes in net debt

	At beginning of period £'000	Cash flows £'000	Capitalised interest £'000	Amortisation of debt issue costs £'000	At end of period £'000
Cash at bank and in hand	2,210	1,243	-	-	3,453
Bank debt	(110,135)	2,800	(5,031)	4	(112,362)
	(107,925)	4,043	(5,031)	4	(108,909)

#### 22. Lease commitments

At 28 February 2013 the Group had annual commitments under non-cancellable operating leases as follows

	2013		2012	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
On operating leases which expire				
Within one year	-	305	73	192
Within two to five years	-	402	-	555
After more than five years	3,797	-	3,658	-
	3,797	707	3,731	747

# CMG Investment Holdings Limited

## Notes to the financial statements For the year ended 28 February 2013

### 23. 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 2013 amounted to £112,484,051 (2012 £110,252,993)

As at the year end, the Company had pledged financial support to Care Management Group (UK) Limited

### 24. Acquisitions

On 15 December 2012, CMG (Domiciliary Care Investments) Limited completed the acquisition of 100% of the ordinary share capital of Community Home Care (Sussex) Limited, a Company incorporated in the United Kingdom which provides domiciliary nursing and care services. The fair value of the total consideration was £418,380

As required under FRS 7 "Fair values in acquisition accounting", a process to update the provisional fair value of the net assets acquired during the period will be undertaken in the year ended 28 February 2014

The following tables set out the book values of the identifiable assets and liabilities acquired and their provisional fair values

	<b>£'000</b>
Cash consideration	385
Acquisition costs	33
	<hr/>
Total consideration	418
Provisional fair value of net assets acquired (see below)	(17)
	<hr/>
Goodwill (see note 9)	401
	<hr/>

The provisional fair value and book value of net assets acquired are broken down as follows

	<b>Book and fair value £'000</b>
Debtors	47
Cash	25
Creditors	(55)
	<hr/>
	17
	<hr/>
Net cash outflow as a result of the acquisition comprised	<b>£'000</b>
	<hr/>
Consideration	(418)
Cash at bank and in hand acquired	25
	<hr/>
	(393)
	<hr/>

# CMG Investment Holdings Limited

## Notes to the financial statements For the year ended 28 February 2013

Results prior to acquisition were as follows

	Year ended 31 October 2012 £'000
Turnover	582
Operating profit	137
Profit before tax	137
Profit after tax	110

### 25. Related party transactions

The Company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the CMG Investment Holdings Limited Group

Sir William Wells, David Spruzen and Chaitanya Patel are directors of both CMG Investement Limited and HC-One Limited During the year, Care Management Group Limited entered into a sub-lease with HC-One Limited on normal commercial terms and at arms length

During the year ended 28 February 2013, transactions between CMG Investment Holdings Group and HC-One Limited totalled £426,505 (2012 £nil) At February 2013 the balance due from HC-One was £246 (2012 £nil)

David Spruzen and Chaitanya Patel are also directors of Court Cavendish Limited

Transactions between CMG Investment Holdings Limited Group and Court Cavendish Limited during the year ended 28 February 2013 totalled £564,000 (2012 £564,000)

### 26. Ultimate Parent Company and controlling party.

CMG Investment Holdings Limited is the ultimate parent undertaking of the Group 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 2013

The directors' are of the opinion there is no single controlling party of the Group