

Company Registration No. 03519503

CMG Homes Limited

Report and Financial Statements

29 February 2012

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CMG Homes Limited

Report and financial statements 2012

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CMG Homes Limited

Report and financial statements 2012

Officers and professional advisors

Directors

P Kinsey
D Spruzen (appointed 6 October 2011)
D Harland (resigned 1 June 2011)

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 29 February 2012

The directors present their annual report and the audited financial statements for the year ended 29 February 2012. 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 (2011: £nil).

Going concern

CMG Homes Limited is part of the CMG Group, of which CMG Investment Holdings Limited is the ultimate parent company.

The Group successfully extended the existing loan facility agreement during the year.

The Directors have carefully considered the going concern basis underlying the preparation of the financial statements.

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 Directors believe that the Company is 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.

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

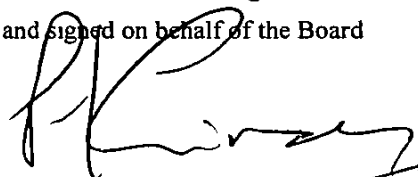
- (1) so far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware, and
- (2) the directors have taken all the steps that they ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish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

P Kinsey
Director 17 April 2012



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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of CMG Homes Limited

We have audited the financial statements of CMG Homes Limited for the year ended 29 February 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 13. 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 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 (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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. 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 company's affairs as at 29 February 2012 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.

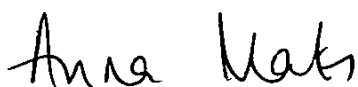
Opinion on other matter prescribed by the Companies Act 2006

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.
- the directors were not entitled to take advantage of the small companies exemption in preparing the directors' report.



Anna Marks (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
Reading, United Kingdom
17 April 2012

CMG Homes Limited

Profit and loss account For the year ended 29 February 2012

	Note	2012 £	2011 £
Turnover	2	11,913,594	12,154,550
Cost of sales		<u>(7,139,817)</u>	<u>(7,292,730)</u>
Gross profit		4,773,777	4,861,820
Administrative expenses	3	<u>(4,773,777)</u>	<u>(4,861,820)</u>
Operating profit, profit on ordinary activities before and after taxation and retained profit for the financial year transferred to reserves	9	<u>-</u>	<u>-</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.

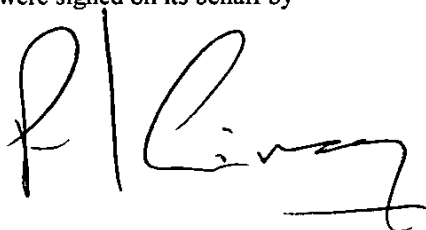
CMG Homes Limited

Balance sheet 29 February 2012

	Note	2012 £	2011 £
Current assets			
Cash at bank and in hand		250,405	235,445
Net current assets		250,405	235,445
Creditors: Amounts falling due in more than one year	5	(614,261)	(531,370)
Provisions for liabilities and charges	6	(1,215,235)	(1,283,166)
Net liabilities		<u>(1,579,091)</u>	<u>(1,579,091)</u>
Capital and reserves			
Called up share capital	8	1,000	1,000
Profit and loss account	9	<u>(1,580,091)</u>	<u>(1,580,091)</u>
Total shareholder's deficit	10	<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 authorised for issue on 17 April 2012. They were signed on its behalf by

P Kinsey
Director



CMG Homes Limited

Notes to the financial statements Period ended 29 February 2012

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.

Going concern

CMG Homes Limited is part of the CMG Group, of which CMG Investment Holdings Limited is the ultimate parent company.

The Group successfully extended the existing loan facility agreement during the year.

The Directors have carefully considered the going concern basis underlying the preparation of the financial statements.

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 Directors believe that the Company is 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.

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.

CMG Homes Limited

Notes to the financial statements (continued)

Period ended 29 February 2012

1. Accounting policies (continued)

Taxation (continued)

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.

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. Profit on ordinary activities before taxation

	2012 £	2011 £
This is stated after charging:		
Operating lease costs – other	2,458,329	2,393,498

Auditors' remuneration of £7,650 (2011 £7,650) 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 (2011 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 (2011 £nil).

4. Taxation

There was no tax charge during the period (2011 £nil).

Factors affecting current tax for the period:

	2012 £	2011 £
Loss on ordinary activities before taxation	-	-
At standard rate of 26.1% (2011 – 28%)	-	-
Effects of		
Group relief	17,730	50,294
Movement in short term timing differences	(17,730)	(50,294)
Current tax charge for the year	-	-

At 29 February 2012, the Company has not recognised a deferred tax asset of £303,809 (2011 £346,455) 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.

CMG Homes Limited

Notes to the financial statements (continued) Period ended 29 February 2012

5. Creditors

	2012 £	2011 £
Amounts falling due in more than one year		
Amounts owed to group undertakings	614,261	531,370

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

6. Provisions for Liabilities and Charges

	2012 £	2011 £
Provision for onerous leases	1,215,235	1,283,166
Movement on provisions during the year was as follows		
Balance at the beginning of the year	1,283,166	1,462,786
Utilised during the year	(67,931)	(179,620)
Balance at the end of the year	1,215,235	1,283,166

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

7. Commitments under operating leases

At 29 February 2012 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings	
	2012 £	2011 £
On operating leases which expire After more than five years	2,737,449	2,670,681

8. Called up share capital

	2012 £	2011 £
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
Called up, allotted and fully paid		
1,000 ordinary shares of £1 each	1,000	1,000

CMG Homes Limited

Notes to the financial statements (continued) Period ended 29 February 2012

9. Profit and loss account

	2012 £	2011 £
At the beginning and end of the year	<u>(1,580,091)</u>	<u>(1,580,091)</u>

10 Reconciliation of movements in shareholder's funds

	2012 £	2011 £
At the beginning and end of the year	<u>(1,579,091)</u>	<u>(1,579,091)</u>

11. Related party transactions

The Company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8 'Related party disclosures', from disclosing related party transactions with entities that are part of the CMG Investment Holdings Limited Group

12. 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 29 February 2012 amounted to £110,252,993 (2011 £106,597,644)

13. 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 29 February 2012.