

## **Court Cavendish Limited**

Directors' report and consolidated financial  
statements

Year ended 29 February 2016

Company registration number: 04290684



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## Strategic report

The directors present their Strategic report on the affairs of the Group for the year ended 29 February 2016.

### Principal activities

The principal activities of the Group comprise:

- The supply of Management and Consulting services specialising in turnarounds of Social Care and Health Care organisations that support vulnerable people and are highly regulated;
- Provision of residential care, domiciliary care and supported living services for people with learning disabilities and complex needs including mental health needs; and
- Luxury safari experiences to families, groups of friends and couples in the Madikwe Game Reserve in South Africa.

### Business review

The results for the year are set out in the consolidated profit and loss account on page 9 and the position of the group as at the year end is set out in the consolidated balance sheet on page 11.

The directors do not recommend the payment of a dividend (*Prior year: £nil*). The profit for the financial period has been added to reserves.

Turnover has increased by 28.4% to £62.5m following a full year of trade from the acquisition of CMG Holdco Limited in the prior period and additional trade from entities acquired in the current year.

As the Group is focussed on the health and care sector, the performance of the Group can be impacted by external factors. The principal factors are changes in the UK government's policy towards outsourcing of health and care, changes in the regulatory regime and competitive threats from other independent providers.

Management uses a range of financial and non-financial indicators to manage the business. These are derived from all areas of the business and include sales growth by home, occupancy and achieved gross profit margin.

The impacts of the transition to FRS102 are detailed within note 31 to the financial statements.

During the year, the Group acquired the trade and assets of Glyn Residential, Heathdene and Raymond Crescent. It also acquired the share capital of Farisean Limited and Alderwood LLA Limited. Details of these acquisitions are set out in note 25.

In April 2015, the Company subscribed for 275,000 Ordinary Shares of £0.10 each in Jazz FM Limited for a consideration of £27,500.

On 10 December 2015, CMG Holdco Limited entered into a new banking facility agreement with AIB Group (UK) p.l.c., The Royal Bank of Scotland plc and Santander UK plc. The total commitments under the facility agreement amounted to £92 million of which £68 million has been drawn down. The funds were used to repay the existing bank debt of CMG Holdco Limited Group and to pay for the associated fees of the re-financing. Interest rates are set at a rate per annum of 2.5% to 3.5% over LIBOR depending on the Adjusted Leverage. The facility agreement is for a period of five years. Drawings under the facility agreement are subject to a quarterly repayment profile. The bank loans are secured by floating charges over the assets of CMG Holdco Limited and its subsidiary companies.

## **Strategic report** *(continued)*

### **Business review** *(continued)*

On 10 December 2015, CMG Holdco Limited issued £1.5 million 12% Fixed Rate Notes due 2021 to the Company.

In February 2016, the Company acquired three shares of £0.01 each in Regeneration (UK) Limited for a consideration of £0.03 representing 1% of the issued share capital. In addition, the Company subscribed for shares in West Sunderland Farm Company Limited (a real estate company involved in re-zoning the usage of the land from agricultural to multi-purpose residential and commercial development): 500,000 Preference Shares of £1 each for a consideration of £500,000 (7.41% of the issued Preference Shares) and for 250 Ordinary Shares of £0.01 each for a consideration of £2.50 (2.5% of the issued Ordinary Shares). Regeneration (UK) Limited owns 66.25% of the issued Ordinary Shares of West Sunderland Farm Company Limited.

On 7 October 2016, CMG Holdco Limited repaid £1.5 million 12% Fixed Rate Notes due 2021 plus interest accrued of £149,000 to the Company.

### **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 healthcare sector for the Group, which continues to have a strong reputation. The Group remains well placed to deliver organic growth, supplemented by appropriate acquisitions.

Subsequent to the year end, the Group acquired the trade and assets of Hartley Centre for a consideration of £400,000. The Group also acquired the share capital of Embrace Enfield Limited for a consideration of £370,000 and the share capital of Helene Care Limited for a consideration of £2.6million.

In September 2016, the Group sold Florence House for sale proceeds of £1 million.

In October 2016, the Group sold its freehold interests in 24 supported living properties for sale proceeds of £29 million. The proceeds were used to repay £20m of the bank loans.

In November 2016, the Group sold its Domiciliary Care portfolio to Berkeley Care for sale proceeds of £3.6 million.

### **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 robust working capital management and good purchaser relations are essential to the future well-being of the Group. The directors believe that the current controls and processes within the business are appropriate and adequate to achieve this position.

## Strategic report (continued)

### Principal risks and uncertainties (continued)

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 as follows:

- **Interest rate risk**

The Group finances its operations through a mixture of retained profit 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.

- **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.

- **Credit risk**

The Group's principal financial assets are cash and trade receivables. 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. Based on the nature of the business, there is no significant concentration of credit risk, with risk spread over many customers.

### Going Concern

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

Recent trading activity across the Group has been in line with expectations. Referral levels have been maintained during the period 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 February 2021. 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 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.

## **Strategic report** *(continued)*

### **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 period, 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 29 February 2016 were equivalent to 22 days' purchases (prior period: 11 days), based on the average daily amount invoiced by suppliers during the period.

Approved by the Board of Directors and signed by order of the Board on 20 December 2016.



**Catherine Valenti**  
Company Secretary

The Care House  
Randalls Way  
Leatherhead  
Surrey  
KT22 7TP

## Directors' report

### Directors

The directors who served the Company during the year and since the year end were as follows:

Dr Chaitanya Patel  
Mr David Spruzen  
Mrs Katharine Patel

### Matters covered in the Strategic Report

Disclosures of strategic importance that would usually be contained in the Directors' Report are presented in the Strategic Report.

### Auditor

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 auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the 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.

Kingston Smith LLP were appointed as auditor during the year. Kingston Smith 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 by order of the Board on 20 December 2016.



**Catherine Valenti**  
Company Secretary

The Care House  
Randalls Way  
Leatherhead  
Surrey  
KT22 7TP

## Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, The Directors' 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) including FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. 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 Group and the company and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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 Group and the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain Group and the company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## **Independent auditors' report to the directors of Court Cavendish Limited**

We have audited the financial statements of Court Cavendish Limited for the year ended 29 February 2016 which comprise the Consolidated profit and loss account, the Consolidated statement of comprehensive income, The Consolidated and Parent Company balance sheets, The Consolidated and Parent Company Statement of Changes in Equity, the Group Cash flow Statement and the related notes 1 to 31. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 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 Statement of Directors' Responsibilities, 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 Practicing 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 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 of the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information which 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 29 February 2016 and of the group's profit 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.

## **Independent auditors' report to the directors of Court Cavendish Limited** (continued)

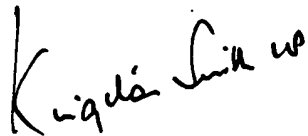
### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and Directors' Report for the financial period 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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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.



**Jonathan Sutcliffe FCA (Senior Statutory Auditor) for and on behalf of Kingston Smith LLP**  
Chartered Accountants and Statutory Auditor  
London, United Kingdom  
20 December 2016

Devonshire House  
60 Goswell Road  
London  
EC1M 7AD

## Consolidated profit and loss account for the year ended 29 February 2016

	Note	Year ended 29 Feb 2016 £000	14 months to 28 Feb 2015 £000
<b>Turnover</b>	2	<b>62,544</b>	48,700
Cost of sales		<b>(34,548)</b>	(22,502)
<b>Gross profit</b>		<b>27,996</b>	26,918
Administrative expenses		<b>(18,497)</b>	(14,306)
<b>Operating profit</b>		<b>9,499</b>	11,892
Income from fixed asset investments	7	<b>191</b>	-
Other interest receivable and similar income	7	<b>48</b>	44
Interest payable and similar charges	8	<b>(5,352)</b>	(3,498)
<b>Profit on ordinary activities before taxation</b>	3	<b>4,386</b>	8,438
Tax on profit on ordinary activities	9	<b>(1,519)</b>	(515)
<b>Profit for the financial period</b>		<b>2,867</b>	7,923

The results for the year and the prior period derive from continuing activities.

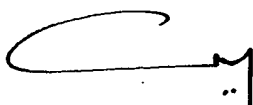
## Consolidated Statement of Comprehensive Income for the year ended 29 February 2016

	Year ended 29 Feb 2016 £000	14 months to 28 Feb 2015 £000
<b>Profit for the financial period</b>	<b>2,867</b>	<b>7,923</b>
Foreign exchange movements	(93)	(13)
(Losses)/gains arising on revaluation of tangible fixed assets	(455)	36,426
Deferred tax credit/(charge) arising on revaluation of tangible fixed assets	743	(7,285)
<b>Total comprehensive income</b>	<b>3,062</b>	<b>37,051</b>
 <b>Profit for the financial period attributable to:</b>		
Non-controlling interest	573	1,165
Equity shareholders of the company	2,294	6,758
	<b>2,867</b>	<b>7,923</b>
 <b>Total comprehensive income for the financial period attributable to:</b>		
Non-controlling interest	662	12,577
Equity shareholders of the company	2,400	24,474
	<b>3,062</b>	<b>37,051</b>

## Consolidated balance sheet as at 29 February 2016

	Note	2016 £000	2016 £000	2015 £000	2015 £000
<b>Fixed assets</b>					
Goodwill – net balance	10		7,223		2,240
Tangible assets	12		112,268		103,379
Other investments	13		2,510		1,884
			<b>122,001</b>		<b>107,503</b>
<b>Current assets</b>					
Stocks	14	25		26	
Debtors due within one year	15	6,373		5,704	
Debtors due after more than one year	15	105		-	
Current asset investments	16	1,000		905	
Cash at bank and in hand		10,561		9,114	
Deferred tax asset	17	754		1,214	
		<b>18,818</b>		<b>16,963</b>	
<b>Creditors: amounts falling due within one year</b>	18	<b>(24,365)</b>		<b>(15,229)</b>	
<b>Net current (liabilities)/assets</b>			<b>(5,547)</b>		<b>1,734</b>
<b>Total assets less current liabilities</b>			<b>116,454</b>		<b>109,237</b>
<b>Creditors: amounts falling due after more than one year</b>	19		<b>(64,896)</b>		<b>(59,977)</b>
<b>Provisions for liabilities and charges</b>	20		<b>(7,417)</b>		<b>(8,181)</b>
<b>Net assets</b>			<b>44,141</b>		<b>41,079</b>
<b>Capital and reserves</b>					
Called up share capital	22		278		278
Share premium account			515		515
Revaluation reserve			17,902		17,726
Profit and loss account			12,207		9,983
<b>Shareholders' funds</b>			<b>30,902</b>		<b>28,502</b>
Non-controlling interests			13,239		12,577
<b>Total capital employed</b>			<b>44,141</b>		<b>41,079</b>

The financial statements of Court Cavendish Limited were approved by the board of directors and authorised for issue on 20 December 2016. They were signed on its behalf by:



**Dr Chaitanya Patel**  
Director

## Company balance sheet as at 29 February 2016

	Note	2016 £000	2016 £000	2015 £000	2015 £000
<b>Fixed assets</b>					
Investments in subsidiary undertakings	11		3,417		3,417
Loans to subsidiary undertakings	11		1,500		-
Tangible assets	12		361		16
Other investments	13		2,510		1,884
			<u>7,788</u>		<u>5,317</u>
<b>Current assets</b>					
Debtors	15	360		231	
Current asset investments	16	1,000		905	
Cash at bank and in hand		1,671		3,725	
			<u>3,031</u>	<u>4,861</u>	
<b>Creditors: amounts falling due within one year</b>	18		<u>(556)</u>	<u>(2,161)</u>	
<b>Net current assets</b>			<u>2,475</u>		<u>2,700</u>
<b>Total assets less current liabilities</b>			<u>10,263</u>		<u>8,017</u>
<b>Net assets</b>			<u>10,263</u>		<u>8,017</u>
<b>Capital and reserves</b>					
Called up share capital	22		278		278
Share premium			515		515
Profit and loss account			9,470		7,224
<b>Total shareholders' funds</b>			<u>10,263</u>		<u>8,017</u>

The financial statements of Court Cavendish Limited were approved by the board of directors and authorised for issue on 20 December 2016. They were signed on its behalf by:



**Dr Chaitanya Patel**  
Director

## Consolidated and Company Statement of Changes in Equity as at 29 February 2016

	Called-up share capital £'000	Share premium £'000	Revalu- ation reserve £'000	Profit and loss account £'000	Amount attributable to equity s'holders £'000	Non- controlling interests £'000	Total £'000
<b>Group</b>							
At 1 January 2014	250	-	-	3,235	3,485	-	3,485
Profit for the financial period	-	-	-	6,758	6,758	1,165	7,923
Foreign exchange movements	-	-	-	(10)	(10)	(3)	(13)
Movements in revaluation reserve	-	-	22,158	-	22,158	14,268	36,426
Deferred tax charge on movement in revaluation reserve	-	-	(4,432)	-	(4,432)	(2,853)	(7,285)
<b>Total comprehensive income</b>	-	-	17,726	6,748	24,474	12,577	37,051
Issue of share capital	28	515	-	-	543	-	543
<b>At 28 February 2015</b>	<b>278</b>	<b>515</b>	<b>17,726</b>	<b>9,983</b>	<b>28,502</b>	<b>12,577</b>	<b>41,079</b>

	Called-up share capital £'000	Share premium £'000	Revalu- ation reserve £'000	Profit and loss account £'000	Amount attributable to equity s'holders £'000	Non- controlling interests £'000	Total £'000
<b>Group</b>							
At 1 March 2015	278	515	17,726	9,983	28,502	12,577	41,079
Profit for the financial period	-	-	-	2,294	2,294	573	2,867
Foreign exchange movements	-	-	-	(70)	(70)	(23)	(93)
Movements in revaluation reserve	-	-	(276)	-	(276)	(179)	(455)
Deferred tax charge on movement in revaluation reserve	-	-	452	-	452	291	743
<b>At 29 February 2016</b>	<b>278</b>	<b>515</b>	<b>17,902</b>	<b>12,207</b>	<b>30,902</b>	<b>13,239</b>	<b>44,141</b>

<b>Company</b>	Called-up share capital £000	Share Premium £000	Revaluation Reserve £000	Profit and loss account £000	Total £000
At 1 January 2014	250	-	-	132	382
Profit for the financial year	-	-	-	7,092	7,092
<b>Total comprehensive income</b>	-	-	-	7,092	7,092
Issue of share capital	28	515	-	-	543
<b>At 28 February 2015</b>	<b>278</b>	<b>515</b>	<b>-</b>	<b>7,224</b>	<b>8,017</b>
Profit for the financial year	-	-	-	2,246	2,246
<b>At 29 February 2016</b>	<b>278</b>	<b>515</b>	<b>-</b>	<b>9,470</b>	<b>10,263</b>

## Consolidated cash flow statement for the year ended 29 February 2016

	Year ended 29 Feb 2016 £000	14 months to 28 Feb 2015 £000
<b>Net cash inflow from operating activities</b>	<b>11,171</b>	<b>9,663</b>
<b>Cash flows from investing activities</b>		
Interest paid	(2,234)	(2,093)
Interest received	48	44
Income from fixed asset investments	191	-
Payments to acquire tangible fixed assets	(3,892)	(2,610)
Disposal of tangible fixed assets	113	-
Payments to acquired fixed assets investments	(626)	(1,825)
Payments to acquire current asset investments	(1,000)	(905)
Disposal of current asset investments	905	-
Acquisition expenses	(296)	-
Payments to acquire subsidiaries	(12,496)	(2,330)
Net cash acquired with subsidiaries	628	6,610
<b>Net cash flows from investing activities</b>	<b>(18,659)</b>	<b>(3,109)</b>
<b>Cash flows from financing activities</b>		
Issue of ordinary share capital	-	543
New loans	74,960	-
Repayment of borrowings	(62,224)	-
Re-financing costs	(3,801)	-
<b>Net cash flows from financing activities</b>	<b>8,935</b>	<b>543</b>
<b>Increase in net cash</b>	<b>1,447</b>	<b>7,097</b>
Cash and cash equivalents at beginning of the year	9,114	2,017
<b>Cash and cash equivalents at end of the year</b>	<b>10,561</b>	<b>9,114</b>



## **Reconciliation of operating profit to net cash inflow from operating activities for the year ended 29 February 2016**

	<b>Year ended 29 Feb 2016 £000</b>	14 months to 28 Feb 2015 £000
<b>Operating profit</b>	<b>9,499</b>	11,892
Depreciation	<b>3,437</b>	1,861
Amortisation of goodwill	<b>349</b>	85
Loss on disposal of intangible fixed assets	<b>26</b>	-
Loss on disposal of tangible fixed assets	<b>22</b>	-
Impairment of tangible fixed assets (through profit and loss)	<b>339</b>	
Corporation tax paid	<b>(2,299)</b>	(1,320)
Decrease/(increase) in stocks	<b>1</b>	(6)
Decrease/(increase) in debtors	<b>639</b>	(3,173)
(Decrease)/increase in creditors	<b>(842)</b>	324
 <b>Net cash inflow from operating activities</b>	 <b>11,171</b>	 <b>9,663</b>

## Notes to the financial statements

### 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 year and the previous period.

#### **General information and basis of accounting**

Court Cavendish Limited is a company incorporated in England and Wales under the Companies Act. The address of the registered office is The Care House, Randalls Way, Leatherhead, Surrey, KT22 7TW. The nature of the Company's operations and its principal activities are set out in the strategic report on pages 1 to 4.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The prior year financial statements were restated for material adjustments on adoption of FRS 102 in the current year. For more information see note 31.

The functional currency of Court Cavendish Limited is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

Court Cavendish Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements, which are presented alongside the consolidated financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement and remuneration of key management personnel.

#### **Changes in presentation and accounting policy**

Following the adoption of FRS102, the prior year comparatives for disclosure of operating leases have been updated to show the total minimum lease payments due over the lease term based on when payments are due rather than the annual commitments analysed by date of expiry of the lease.

#### **Going concern**

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

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

Management have prepared detailed forecasts for the Group for the period to February 2021. 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 Group and the Company are well placed to manage its risks successfully despite the current economic conditions which create uncertainty.

Based on the 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.

## Notes to the financial statements *(continued)*

### 1 Accounting policies *(continued)*

#### **Consolidation**

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings drawn up to the end of February each year. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed.

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation. In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition. More information can be found in note 25 to these financial statements.

#### **Related parties**

In accordance with FRS 102 Section 22 Para 1A, transactions with other Group undertakings which are wholly owned by the Group have not been disclosed in these financial statements.

#### **Results attributable to the Company**

The result attributable to the Company is shown in the Statement of Changes in Equity. 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.

#### **Turnover**

Turnover is stated net of VAT and trade discounts. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the value of the consideration due. Where payments are received from customers in advance of services provided, the amounts are recorded as Deferred Income and included as part of Creditors due within one year.

#### **Intangible assets - goodwill**

Goodwill arising on the acquisition of subsidiary undertakings and businesses, 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 is 20 years. Provision is made for any impairment.

Negative goodwill is similarly included in the balance sheet and is credited to the profit and loss account in the periods in which the acquired non-monetary assets are recovered through depreciation or sale. Negative goodwill in excess of the fair values of the non-monetary assets acquired is credited to the profit and loss account in the periods expected to benefit.

## Notes to the financial statements *(continued)*

### 1 Accounting policies *(continued)*

#### **Tangible fixed assets**

Tangible fixed assets are stated at cost or valuation, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

Freehold property	-	2% per annum on valuation on a straight line basis
Fixtures and fittings	-	15% per annum on cost on a reducing balance basis
Property improvements	-	5% per annum on cost on a straight line basis
Leasehold improvements	-	Shorter of the remaining lease term or 5% per annum on cost/valuation on a straight line basis

Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

#### **Revaluation of properties**

Individual freehold and leasehold properties are revalued to fair value every year with the surplus or deficit on book value being transferred to the revaluation reserve, except that a deficit which is in excess of any previously recognised surplus over depreciated cost relating to the same property, or the reversal of such a deficit, is charged (or credited) to the profit and loss account. If management's assessment of the fair value of properties deems that they have not materially moved, a full revaluation is not performed. Assessment is made for impairment where indicators are present that could result in the reversal of any previously recognised surpluses, or a charge to the profit and loss account.

#### **Investments**

In the Company balance sheet, investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus fair value of other consideration. Any premium is ignored.

Current asset investments are stated at the lower of cost and net realisable value.

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value (based on selling price less further costs to disposal). Provision is made for obsolete, slow-moving or defective items where appropriate.

#### **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 substantively 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.

## Notes to the financial statements *(continued)*

### 1 Accounting policies *(continued)*

#### **Taxation** *(continued)*

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for tax for an asset (other than goodwill) that is recognised in a business combination is less (more) than the value at which it is recognised, a deferred tax liability (asset) is recognised for the additional tax that will be paid (avoided) in respect of that difference. Similarly, a deferred tax asset (liability) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liabilities are offset only when there is a legally enforceable right to set off the amounts and the Group intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

#### **Pension costs**

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans. The company has no further payment obligations once the contributions have been paid. The amount charged to the profit and loss account in respect of pension costs and other post-retirement benefits is the contributions payable in the period. Differences between contributions payable in the period and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

## Notes to the financial statements *(continued)*

### 1 Accounting policies *(continued)*

#### **Provisions for liabilities and charges**

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date and if this amount is capable of being reliably estimated. If such an obligation is not capable of being reliably measured, no provision is recognised and the item is disclosed as a contingent liability where material. Where the effect is material, the provision is determined by discounting the expected future cashflows.

#### **Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction or, if hedged, at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date or, if appropriate, at the forward contract rate.

The results of overseas operations are translated at the average rates of exchange during the period and their balance sheets at the rates ruling at the balance sheet date. Exchange differences arising on translation of the opening net assets and results of overseas operations are reported in Other Comprehensive Income.

#### **Leases**

Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

#### **Financial instruments**

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

##### *i) Financial assets and liabilities*

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the balance sheet when, and only when there exists a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

## Notes to the financial statements *(continued)*

### 1 Accounting policies *(continued)*

#### **Financial instruments** *(continued)*

##### *ii) Equity instruments*

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

##### *iii) Fair value measurement (if applicable)*

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

#### **Impairment of assets**

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

##### *Non-financial assets*

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

The recoverable amount of goodwill is derived from measurement of the present value of the future cash flows of the cash-generating units ('CGU') of which the goodwill is a part. Any impairment loss in respect of a CGU is allocated first to the goodwill attached to that CGU, and then to other assets within that CGU on a pro-rata basis.

Where indicators exist for a decrease in impairment loss, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised. Where a reversal of impairment occurs in respect of a CGU, the reversal is applied first to the assets (other than goodwill) of the CGU on a pro-rata basis and then to any goodwill allocated to that CGU.

#### **Critical accounting judgements and key sources of estimation uncertainty**

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future period if the revision affects both current and future periods.

Critical accounting judgements are considered to be those which are also key sources of estimation which have been discussed below.

## Notes to the financial statements *(continued)*

### 1 Accounting policies *(continued)*

#### **Critical accounting judgements and key sources of estimation uncertainty *(continued)***

##### **Key source of estimation uncertainty**

###### *Impairment of intangible assets*

Determining whether intangible assets are impaired requires an estimation of their value in use to the Company. The value in use calculation requires the entity to estimate the future cash flows expected to arise from the intangible asset and a suitable discount rate in order to calculate present value.

###### *Revaluation of properties*

Determining the fair value of freehold and leasehold properties at fair value requires an estimation based upon the market and cashflows of the assets. Management have engaged with a valuation specialist to address the risk of estimation uncertainty of revaluing properties.

###### *Revenue recognition*

An element of revenue due on contracts is receivable on a deferred basis. The accrued element of the income has been discounted based on an estimated length of the contract of 12 years and a 12% cost of capital has been applied. These estimates may differ from actual results due to a variety of factors, and the assumptions are assessed regularly to ensure they remain appropriate.

### 2 Segmental information

The Group is organised into the following business segments:

- Management services specialising in turnarounds of Social Care and Health Care organisations that support vulnerable people and are highly regulated
- Provision of residential care, domiciliary care and supported living services for people with learning disabilities and complex needs including mental health needs
- Luxury safari experiences to families, groups of friends and couples in the Madikwe Game Reserve in South Africa

The Group also has a central office, which carries out administrative and management activities.



## Notes to the financial statements *(continued)*

### 2 Segmental information *(continued)*

#### Turnover by class of business

	Year ended 29 Feb 16 £000	14 month to 28 Feb 15 £000
<b>Total Sales</b>		
Management Services	2,641	8,971
Care Services	60,042	39,727
Luxury safari experiences	385	388
	<hr/> 63,068	<hr/> 49,086
<b>Inter-segment sales</b>		
Management Services	(524)	(386)
	<hr/>	<hr/>
<b>Sales to third parties</b>		
Management Services	2,117	8,585
Care Services	60,042	39,727
Luxury safari experiences	385	388
	<hr/> 62,544	<hr/> 48,700
	<hr/> <hr/>	<hr/> <hr/>

#### Turnover by geographical segments

	Year ended 29 Feb 16 £000	14 months to 28 Feb 15 £000
United Kingdom	60,165	45,584
Rest of Europe	122	143
North America	2,166	2,877
South Africa	55	59
Rest of the World	36	37
	<hr/> 62,544	<hr/> 48,700
	<hr/> <hr/>	<hr/> <hr/>

## Notes to the financial statements *(continued)*

### 2 Segmental information *(continued)*

#### Profit before tax

	Year ended 29 Feb 16 £000	14 months to 28 Feb 15 £000
Management Services	1,603	6,428
Care Services	8,081	5,593
Luxury safari experiences	(185)	(129)
<b>Group operating profit</b>	<b>9,499</b>	<b>11,892</b>
Income from fixed assets investments	191	-
Other interest receivable and similar income	48	44
Interest payable and similar charges	(5,352)	(3,498)
<b>Profit on ordinary activities before taxation</b>	<b>4,386</b>	<b>8,438</b>

Of the Group's profit before tax, £4,571,000 (*prior period: £8,567,000*) arose in the United Kingdom and a loss of £185,000 arose in South Africa (*prior period: £129,000*).

#### Net assets

	2016 £000	2015 £000
Management Services	4,000	1,935
Care Services	91,717	85,957
Luxury safari experiences	1,560	1,810
<b>Net operating assets before net debt and goodwill</b>	<b>97,277</b>	<b>89,702</b>
Net debt	(60,359)	(50,863)
Goodwill	7,223	2,240
<b>Net assets</b>	<b>44,141</b>	<b>41,079</b>

Note:

(1) Goodwill relates to the following segments:

	2016 £000	2015 £000
Care Services	6,424	1,396
Luxury safari experiences	799	844
	<b>7,223</b>	<b>2,240</b>

## Notes to the financial statements *(continued)*

### 3 Profit on ordinary activities before taxation

	Year ended 29 Feb 16 £000	14 months to 28 Feb 15 £000
<b>Profit on ordinary activities before taxation is stated after charging:</b>		
Auditors' remuneration:		
Audit related assurance services	18	18
Tax compliance	2	2
Other non-audit services	18	-
Depreciation and other amounts written off tangible fixed assets:		
Owned	3,080	1,693
Leased	357	168
Impairment of tangible fixed assets recognised in the profit and loss account	339	72
Loss on disposal of tangible fixed assets	26	4
Loss on disposal of intangible fixed assets	22	-
Amortisation of intangible assets	349	85
Rentals under operating leases:		
Hire of plant and machinery	2,525	1,753
Other operating leases	861	620
	<u>          </u>	<u>          </u>

The audit fee relating to the Company was £4,000 (*prior period: £4,000*).

A one off exceptional credit of £275,000 (*prior period: charge of £666,000*) was recognised during the year in relation to the refinancing of the Group's loan facility. The charge in the comparative period also relates to refinancing of the Group's loan facility.

The impairment charges have been recognised within administrative expenses.

### 4 Remuneration of directors

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

	Year ended 29 Feb 16 £000	14 months to 28 Feb 15 £000
Aggregate emoluments	825	1,929
Company contributions to money purchase pension schemes	18	43
	<u>          </u>	<u>          </u>

The emoluments of the highest paid director were £465,000 (*prior period: £1,666,000*) and company pension contributions of £nil (*prior period: £13,000*) were made to a money purchase scheme on their behalf.

Retirement benefits are accruing to one (*prior period: two*) director of the company under money purchase schemes.

## Notes to the financial statements *(continued)*

### 5 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, analysed by activity, was as follows:

	<b>Number of employees</b>	
	<b>Year ended 29 Feb 16</b>	<b>14 months to 28 Feb 15</b>
Management Services	9	8
Care Services	2,077	1,409
Luxury safari experiences	13	11
	<hr/>	<hr/>
	<b>2,099</b>	<b>1,428</b>
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	<b>Year ended 29 Feb 16 £000</b>	<b>14 months to 28 Feb 15 £000</b>
Wages and salaries	33,443	23,503
Social security costs	2,365	1,839
Other pension costs	284	203
	<hr/>	<hr/>
	<b>36,092</b>	<b>25,545</b>
	<hr/>	<hr/>

The Company had four employees during the current year (*prior period: three*).

### 6 Pension commitments

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans. The company has no further payment obligations once the contributions have been paid. The Group's pension costs for the year was £284,000 (*prior period: £203,000*). The outstanding contributions at 29 February 2016 were £39,000 (28 February 2015: £27,000).

### 7 Investment income

	<b>Year ended 29 Feb 16 £000</b>	<b>14 months to 28 Feb 15 £000</b>
Income from other fixed asset investments	191	-
Interest receivable on bank deposits	48	44
	<hr/>	<hr/>

## Notes to the financial statements *(continued)*

### 8 Interest payable and similar charges

	Year ended 29 Feb 16 £000	14 months to 28 Feb 15 £000
On bank loans and overdrafts	3,838	2,905
Amortisation of loan issue costs	1,514	593
	<u>5,352</u>	<u>3,498</u>

### 9 Tax on profit on ordinary activities

	Year ended 29 Feb 16 £000	14 months to 28 Feb 15 £000
<b>Current taxation</b>		
Current tax charge	1,066	1,729
Adjustment in respect of previous periods	18	-
	<u>1,084</u>	<u>1,729</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	507	(1,286)
Adjustment in respect of previous periods	(137)	-
Effect of changes in tax rates	65	72
	<u>435</u>	<u>(1,214)</u>
<b>Total tax on profit</b>	<u>1,519</u>	<u>515</u>

	Year ended 29 Feb 16 £000	14 months to 28 Feb 15 £000
<b>Factors affecting current tax charge for the period</b>		
Profit on ordinary activities before tax	4,386	8,438
	<u>881</u>	<u>1,780</u>
At standard rate of 20.1% (prior period: 21.1%)		
Effects of:		
Expenses not deductible for tax purposes	730	612
Adjustments from previous period	(119)	-
Income not taxable for tax purposes	(38)	(211)
Utilisation of tax losses	-	(6)
Tax rate change	65	-
Deferred tax previously not recognised	-	(1,660)
<b>Total tax charge for the period</b>	<u>1,519</u>	<u>515</u>

## Notes to the financial statements *(continued)*

### 10 Intangible assets

	Positive goodwill £000	Negative goodwill £000	Total £000
<b>Group</b>			
<i>Cost</i>			
At 1 March 2015	3,026	(701)	<b>2,325</b>
Additions (see note 25)	5,358	-	<b>5,358</b>
Disposals	(27)	-	<b>(27)</b>
	<hr/>	<hr/>	<hr/>
<b>At 29 February 2016</b>	<b>8,357</b>	<b>(701)</b>	<b>7,656</b>
	<hr/>	<hr/>	<hr/>
<i>Amortisation</i>			
At 1 March 2015	111	(26)	<b>85</b>
Charge for the year	384	(35)	<b>349</b>
Disposals	(1)	-	<b>(1)</b>
	<hr/>	<hr/>	<hr/>
<b>At 29 February 2016</b>	<b>494</b>	<b>(61)</b>	<b>433</b>
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
<b>At 29 February 2016</b>	<b>7,863</b>	<b>(640)</b>	<b>7,223</b>
	<hr/>	<hr/>	<hr/>
At 28 February 2015	2,915	(675)	<b>2,240</b>
	<hr/>	<hr/>	<hr/>

The goodwill arising is being amortised over a period of 20 years on a straight line basis. This is the period over which the directors estimate that the value of the underlying business will exceed the value of the underlying assets.

Additions are comprised of the trade and asset purchases of Glyn Residential on 9 March 2015, Heathdene on 11 March 2015, Glencare Supported Living (trading as Raymond Crescent) on 18 November 2015 and the share purchases of Farisean Limited on 22 May 2015 and Alderwood LLA Limited on 12 January 2016.

The disposal relates to the sale of the JemCare business.

## Notes to the financial statements *(continued)*

### 11 Investments in subsidiary undertakings

Company	£000
<b>Cost</b>	
At 1 March 2015 and 29 February 2016	3,417
<b>Provisions</b>	
At 1 March 2015 and 29 February 2016	-
<b>Net book value</b>	
<b>At 29 February 2016</b>	<b>3,417</b>
At 28 February 2015	3,417

The subsidiary undertakings in which the company's direct interests at the period end are more than 20% are as follows:

	Principal activities	Class and percentage of share held
Court Cavendish Healthcare Management Services Limited *	Provision of management and consulting services	100% ordinary
Angarha Experience (Pty) Ltd *	Luxury safari experiences	75% ordinary
CMG Holdco Limited *	Holding Company	60.83% ordinary
Care Management Group (Acquisition) Limited	Holding Company	100% ordinary
Care Management Group (UK) Limited	Dormant Company	100% ordinary
Care Management Group (Holdings) Limited	Dormant Company	100% ordinary
Care Management Group Limited	Running Care Homes	100% ordinary
Care Management Group (Southern) Limited	Dormant Company	100% ordinary
CMG Homes Limited	Agency services for Parent Company	100% ordinary
Care Management Group (Cymru) Limited	Running Care Homes	100% ordinary
CMG (Domiciliary Care Investments) Limited	Intermediate Holding Company	100% ordinary
Blocklin House Limited	Dormant Company	100% ordinary
Care Management Group Trustees Limited	Dormant Company	100% ordinary
Victoria House (UK) Limited	Dormant Company	100% ordinary
Wherewelcome Limited	Dormant Company	100% ordinary
Wherewelcome Care Group Limited	Dormant Company	100% ordinary
Solent Residential Homes Limited	Dormant Company	100% ordinary
Pathways (Trebanos) Limited	Dormant Company	100% ordinary
Care & Company Limited	Dormant Company	100% ordinary

## Notes to the financial statements *(continued)*

### 11 Investments in subsidiary undertakings *(continued)*

	Principal activities	Class and percentage of share held
Belgravia Nursing & Care Bureau Limited	Dormant Company	100% ordinary
Care & Care Company	Dormant Company	100% ordinary
Farisean Limited	Dormant Company	100% ordinary
Alderwood LLA Limited	Running Care Homes	100% ordinary
Care Your Way Limited	Domiciliary Care Services	100% ordinary
Rainbow Care Limited	Dormant Company	100% ordinary
Eve Personal Homecare Limited	Dormant Company	100% ordinary
Starr Care Limited	Dormant Company	100% ordinary
Convivium Care Limited	Dormant Company	100% ordinary

\* interests held directly by the company.

Court Cavendish Limited holds the entire issued share capital and voting rights of Court Cavendish Health Management Services Limited, 75% of Angarha Experience (Pty) Limited and 60.83% of CMG HoldCo Limited.

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

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

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, Victoria House (UK) Limited, Wherewelive Limited, Wherewelive Care Group Limited, Solent Residential Homes Limited, Pathways (Trebanos) Limited and Belgravia Nursing & Care Bureau Limited, Alderwood LLA Limited and Farisean Limited.

CMG (Domiciliary Care Investments) Limited holds the entire issued share capital of Blocklin House Limited, Care Your Way Limited, Care & Company Limited, Rainbow Care Limited, Eve Personal Homecare Limited, Starr Care Limited and Convivium Care Limited.

All subsidiary undertakings are registered in England and Wales with the following exception of Angarha Experience (Pty) Limited which is registered in South Africa. All companies are included in the consolidated financial statements.

On 10 December 2015, CMG Holdco Limited issued £1.5 million 12% Fixed Rate Notes due 2021 to the Company.



## Notes to the financial statements *(continued)*

### 12 Tangible assets

Group	Freehold property £'000	Fixtures and fittings Property portfolio £'000	Fixtures and fittings Other £'000	Motor vehicles/ plane £'000	Property improve- ments £'000	Leasehold improve- ments £'000	Total £'000
<b>Cost/valuation</b>							
At 1 March 2015	81,753	3,502	1,206	-	11,865	6,998	<b>105,324</b>
Exchange adjustment	(177)	-	-	-	-	-	<b>(177)</b>
Businesses acquired	9,063	89	-	6	-	-	<b>9,158</b>
Additions	1,732	1,030	98	385	852	100	<b>4,197</b>
Disposals	(180)	(21)	-	-	(25)	(10)	<b>(236)</b>
<b>At 29 February 2016</b>	<b>92,191</b>	<b>4,600</b>	<b>1,304</b>	<b>391</b>	<b>12,692</b>	<b>7,088</b>	<b>118,266</b>
<b>Accumulated depreciation</b>							
At 1 March 2015	934	254	242	-	347	168	<b>1,945</b>
Exchange adjustment	(76)	-	-	-	-	-	<b>(76)</b>
Charge for the year	1,738	556	154	6	626	357	<b>3,437</b>
Impairment	187	66	-	-	241	299	<b>793</b>
Disposals	(45)	(21)	-	-	(25)	(10)	<b>(101)</b>
<b>At 29 February 2016</b>	<b>2,738</b>	<b>855</b>	<b>396</b>	<b>6</b>	<b>1,189</b>	<b>814</b>	<b>5,998</b>
<b>Net book value</b>							
<b>At 29 February 2016</b>	<b>89,453</b>	<b>3,745</b>	<b>908</b>	<b>385</b>	<b>11,503</b>	<b>6,274</b>	<b>112,268</b>
At 28 February 2015	80,819	3,248	964	-	11,518	6,830	<b>103,379</b>

The tangible fixed assets are pledged as security against the Group external loan. See note 19 for further details.

On 25 March 2015, Christie and Co (independent RICS qualified valuers and part of the Christie Group Plc) used the Royal Institution of Chartered Surveyors ('RICS') Appraisal and Valuation Manual (the 'Red Book') to value the property portfolio of CMG Holdco Limited and its subsidiary undertakings (on an aggregate individual basis) of the group at £100.5m.

Management have not performed a full revaluation in 2016 based upon their determination that the valuation has not subsequently changed materially. Market conditions and the performance of the property portfolio were evaluated in making this assumption.

Christie & Co were engaged to perform a valuation on the acquired property portfolio of Alderwood LLA. The properties were valued at £9.1m.

Impairments have been recognised on properties where they have been sold at a lower amount to the carrying value.

## Notes to the financial statements *(continued)*

### 12 Tangible assets *(continued)*

Company	Land and buildings £000	Fixtures and fittings £000	Plane £000	Total £000
<b>Cost</b>				
At 1 March 2015	52	54	-	106
Additions	-	-	350	350
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 29 February 2016</b>	<b>52</b>	<b>54</b>	<b>350</b>	<b>456</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation</b>				
At 1 March 2015	36	54	-	90
Charge for the year	5	-	-	5
	<hr/>	<hr/>	<hr/>	<hr/>
<b>At 29 February 2016</b>	<b>41</b>	<b>54</b>	<b>-</b>	<b>95</b>
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
<b>At 29 February 2016</b>	<b>11</b>	<b>-</b>	<b>350</b>	<b>361</b>
	<hr/>	<hr/>	<hr/>	<hr/>
At 28 February 2015	16	16	-	16
	<hr/>	<hr/>	<hr/>	<hr/>

## Notes to the financial statements *(continued)*

### 13 Other investments

#### Group and Company

	2016 £000	2015 £000
Capital contribution in FC Skyfall Investors Parent LLC	1,825	1,825
Shares in Jazz FM Limited	86	59
Beaverbrook Golf Club Debenture	99	-
West Sunderland Farm Company Limited	500	-
Regeneration (UK) Limited	-	-
	<u>2,510</u>	<u>1,884</u>

The Company has a 10.7% share in the members' capital of FC Skyfall Investors Parent LLC (a Delaware Limited Liability Company).

The Company has a 2.3% interest in the ordinary share capital of Jazz FM Limited, a company registered in England and Wales.

The Company has a 2.5% interest in Regeneration (UK) Limited and a 66.25% interest in West Sunderland Farm Company Limited.

### 14 Stocks

#### Group

	2016 £000	2015 £000
Consumable supplies	<u>25</u>	<u>26</u>

### 15 Debtors

	Group 2016 £000	Company 2016 £000	Group 2015 £000	Company 2015 £000
<i>Due within one year</i>				
Trade debtors	2,374	161	2,975	-
Amounts due from subsidiary undertakings	-	38	-	-
Corporation tax recoverable	5	5	-	-
Other debtors	563	95	672	1
Prepayments and accrued income	3,431	61	2,057	230
	<u>6,373</u>	<u>360</u>	<u>5,704</u>	<u>231</u>
<i>Due after more than one year</i>				
Prepayments and accrued income	105	-	-	-
	<u>6,478</u>	<u>360</u>	<u>5,704</u>	<u>231</u>

Amounts owed by subsidiary undertakings are unsecured and incur interest at 9.25%.

## Notes to the financial statements *(continued)*

### 16 Current asset investments

	Group 2016 £000	Company 2016 £000	Group 2015 £000	Company 2015 £000
Listed investments at fair value	1,000	1,000	-	-
Asset held for sale	-	-	905	905
	<u>1,000</u>	<u>1,000</u>	<u>905</u>	<u>905</u>

### 17 Deferred tax asset

Group		£000
At 1 March 2015		1,214
Charged to the profit and loss account		(435)
Other		(25)
		<hr/>
<b>At 29 February 2016</b>		<b>754</b>
		<hr/> <hr/>
	<b>2016</b>	2015
	<b>£000</b>	£000
Accelerated capital allowances	<b>28</b>	491
Other short term timing differences	<b>726</b>	723
	<hr/>	<hr/>
	<b>754</b>	1,214

### 18 Creditors: amounts falling due within one year

	Group 2016 £000	Company 2016 £000	Group 2015 £000	Company 2015 £000
Bank loans	6,024	-	-	-
Trade creditors	1,317	51	254	8
Amounts due to subsidiary undertakings	-	433	-	1,525
Corporation tax payable	156	13	905	578
Other taxes and social security	951	19	550	24
Other creditors	5,252	-	3,186	-
Accruals and deferred income	10,665	53	10,334	26
	<u>24,365</u>	<u>569</u>	<u>15,229</u>	<u>2,161</u>

Other creditors include a balance of £1,726,000 representing a deferred payment to the former shareholders of Alderwood LLA Limited. The amount is not contingent on any terms and is payable within one year.

Amounts due to subsidiary undertakings are unsecured and interest free.

## Notes to the financial statements *(continued)*

### 19 Creditors: amounts falling due after more than one year

	<b>Group 2016 £000</b>	<b>Company 2016 £000</b>	<b>Group 2015 £000</b>	<b>Company 2015 £000</b>
Bank loans	<b>64,896</b>	-	59,977	-
<b>Analysis of debt:</b>				
	<b>Group 2016 £000</b>	<b>Company 2016 £000</b>	<b>Group 2015 £000</b>	<b>Company 2015 £000</b>
Debt can be analysed as falling due:				
Less than one year	<b>6,024</b>	-	-	-
More than two years but not more than five years	<b>4,500</b>	-	61,304	-
More than five years	<b>64,436</b>	-	-	-
Un-amortised issue costs	<b>(4,040)</b>	-	(1,327)	-
	<b>70,920</b>	-	59,977	-

Interest charged on the bank loans is at a rate of 3.5% over base rate per annum. The bank loans comprise loans secured by floating charges over the assets of the Group.

### 20 Provisions for liabilities and charges

	<b>Deferred tax £000</b>	<b>Property dilapidations £000</b>	<b>Group 2015 £000</b>
At 1 March 2015	-	895	<b>895</b>
FRS102 transition adjustment (note 31)	7,285	-	<b>7,285</b>
At 1 March 2015 (re-stated)	7,285	895	<b>8,180</b>
Utilised in the year	-	(20)	<b>(20)</b>
Release to other comprehensive income	(743)	-	<b>(743)</b>
<b>At 29 February 2016</b>	<b>6,542</b>	<b>875</b>	<b>7,417</b>

## Notes to the financial statements *(continued)*

### 20 Provisions for liabilities and charges *(continued)*

The deferred tax liability arises on the revaluation of investment property. Deferred tax assets and liabilities are offset only where the Group has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the Group.

The property provision relates to the cost of bringing the properties back to the required state of repair at the end of the lease.

	2016 £000	Re-stated 2015 £000
At beginning of the financial period	6,071	-
Charged/(credited) to the profit and loss account	435	(1,214)
(Credited)/charged to other comprehensive income	(743)	7,285
Other	25	-
	<hr/> 5,788 <hr/>	<hr/> 6,071 <hr/>
Analysed as:		
Deferred tax asset	(754)	(1,214)
Deferred tax liability	6,542	7,285
	<hr/> 5,788 <hr/>	<hr/> 6,071 <hr/>
	<hr/> 2016 £000	<hr/> Re-stated 2015 £000
Accelerated capital allowances	(28)	(491)
Other short term timing differences	(726)	(723)
On revaluation	6,542	7,285
	<hr/> 5,788 <hr/>	<hr/> 6,071 <hr/>

The Finance (No 2) Act 2015, which provides for reductions in the main rate of corporation tax from 20% to 19% effective from 1 April 2017 and to 18% effective from 1 April 2020, was substantively enacted on 26 October 2015. These rate reductions have been reflected in the calculation of deferred tax at the balance sheet date.

The closing deferred tax assets and liability as at 29 February 2016 have been calculated at 18% reflecting the tax rate at which the deferred tax assets are expected to be utilised in future years.

At 29 February 2016, the Group has not recognised a deferred tax asset of £2,097,000 (2015: £2,330,000) in respect of carried forward tax losses in Care Management Group (Acquisition) Limited as it is not believed that future trading profits will be generated within this company for the asset to be utilised against.

## Notes to the financial statements *(continued)*

### 21 Financial instruments

The carrying amount of the Group's financial assets and liabilities are summarised by category below:

	<b>Group 2016 £000</b>	Group 2015 £000
<b>Financial assets</b>		
<i>Measured at fair value</i>		
Current asset listed investments	<b>1,000</b>	-
<i>Measured at undiscounted amount receivable</i>		
Trade and other debtors	<b>5,841</b>	5,006
	<b>6,841</b>	5,006
<b>Financial liabilities</b>		
<i>Measured at amortised cost</i>		
Bank loans	<b>64,896</b>	59,977
<i>Measured at undiscounted amount payable</i>		
Trade and other creditors	<b>18,149</b>	14,221
	<b>83,045</b>	74,198

The Group's income, expenses, gains and losses in respect of financial instruments are summarised below:

	<b>Group 2016 £000</b>	Group 2015 £000
<b>Interest income and expense</b>		
Total interest expense for financial liabilities at amortised cost	<b>5,378</b>	4,642

### 22 Called up share capital

	<b>Number of shares</b>	<b>2016 £000</b>	Number of shares	2015 £000
<b><i>Allotted, called up and fully paid</i></b>				
Ordinary shares of £1 each	<b>277,778</b>	<b>278</b>	277,778	278

The ordinary shares carry one vote per share. Each share is entitled pari-passu to dividend payments or any other distributions. Each share is entitled pari-passu to participate in a distribution arising from a winding up of the company. Each share is non-redeemable.

## Notes to the financial statements *(continued)*

### 23 Reconciliation of net cash flow to movement in net debt

	Year ended 29 Feb 16 £000	14 months to 28 Feb 15 £000
Increase in cash in the period	1,447	7,097
Cash flow from movement in net debt	(8,935)	(58,578)
<b>Change in net debt resulting from cash flows</b>	<b>(7,488)</b>	<b>(51,481)</b>
Capitalised refinancing costs	427	-
Capitalised interest	(921)	(806)
Amortisation of debt issue costs	(1,514)	(593)
<b>Movement in net debt</b>	<b>(9,496)</b>	<b>(52,880)</b>
<b>Net debt at the beginning of the period</b>	<b>(50,863)</b>	<b>2,017</b>
<b>Net debt at the end of the period</b>	<b>(60,359)</b>	<b>(50,863)</b>

### 24 Analysis of net debt

	At 1 Mar 2015 £000	Cash flow £000	Capitalised refinancing costs not yet paid £000	Capitalised interest £000	Capitalised debt issue costs £000	At 29 Feb 2016 £000
Cash in hand, at bank	9,114	1,447	-	-	-	10,561
Bank debts	(59,977)	(8,935)	427	(921)	(1,514)	(70,920)
	(50,863)	(7,488)	427	(921)	(1,514)	(60,359)



## Notes to the financial statements *(continued)*

### 25 Acquisition of businesses

#### a) Acquisition of trading assets of Heathdene

The acquisition of the trading assets of Heathdene was completed on 3 March 2015. The fair value of the total consideration was £567,000.

	£'000
Cash consideration	500
Acquisition costs	67
	<hr/>
Total consideration	567
Provisional fair value of net assets acquired	-
	<hr/>
<b>Goodwill</b>	<b>567</b>
	<hr/> <hr/>
Net cash outflow as a result of the acquisition comprised:	
Consideration	567
Cash at bank and in hand acquired	-
	<hr/>
	567
	<hr/> <hr/>

#### b) Acquisition of Glyn Residential

The acquisition of the trading assets of Glyn Residential was completed on 9 March 2015. The fair value of the total consideration was £1,354,000.

	£'000
Cash consideration	1,300
Acquisition costs	54
	<hr/>
Total consideration	1,354
Provisional fair value of net assets acquired	-
	<hr/>
<b>Goodwill</b>	<b>1,354</b>
	<hr/> <hr/>
Net cash outflow as a result of the acquisition comprised:	
Consideration	1,354
Cash at bank and in hand acquired	-
	<hr/>
	1,354
	<hr/> <hr/>

## Notes to the financial statements *(continued)*

### 25 Acquisition of businesses *(continued)*

#### c) Acquisition of Farisean Limited

The acquisition of Farisean Limited was completed on 22 May 2015. The fair value of the total consideration was £2,668,000.

	£'000
Cash consideration	2,579
Acquisition costs	89
	<hr/>
Total consideration	2,668
Provisional fair value of net assets acquired (see below)	274
	<hr/>
<b>Goodwill</b>	<b>2,942</b>
	<hr/> <hr/>

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

Debtors	(331)
Cash	(96)
Creditors	701
	<hr/>
	274
	<hr/> <hr/>

Net cash outflow as a result of the acquisition comprised:

Consideration	2,668
Cash at bank and in hand acquired	(96)
	<hr/>
	2,572
	<hr/> <hr/>

Subsequent to the acquisition and on the same day, the business of Farisean Limited was hived up into Care Management Group Limited as part of a Group Reconstruction transaction. Merger accounting was used in the hive up as allowed under FRS102.

#### d) Acquisition of the trading assets of Raymond Crescent

The acquisition of the trading assets of Raymond Crescent was completed on 18 November 2015. The fair value of the total consideration was £190,000.

	£'000
Cash consideration	170
Acquisition costs	20
	<hr/>
Total consideration	190
Provisional fair value of net assets acquired	-
	<hr/>
<b>Goodwill</b>	<b>190</b>
	<hr/> <hr/>

## Notes to the financial statements *(continued)*

### 25 Acquisition of businesses *(continued)*

Net cash outflow as a result of the acquisition comprised:

Consideration	190
Cash at bank and in hand acquired	-
	<hr/> 190 <hr/>

#### e) Acquisition of Alderwood LLA Limited

The acquisition of Alderwood LLA Limited was completed on 12 January 2016. The fair value of the total consideration was £9,787,000.

	£'000
Cash consideration	9,626
Acquisition costs	161
	<hr/>
Total consideration	9,787
Provisional fair value of net assets acquired (see below)	(9,522)
	<hr/>
<b>Goodwill</b>	<b>265</b>
	<hr/>

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

Tangible fixed assets	9,159
Debtors	840
Cash	532
Creditors	(1,009)
	<hr/>
	9,522
	<hr/>

Net cash outflow as a result of the acquisition comprised:

Consideration	9,787
Cash at bank and in hand acquired	(532)
	<hr/>
	9,255
	<hr/>

## Notes to the financial statements *(continued)*

### 26 Contingent liabilities

#### Guarantees

CMG Holdco Limited (a subsidiary company) is party to cross guarantees for the bank debts due on all companies within the CMG Holdco Group. Total amounts due as at 29 February 2016 amounted to £74,960,000 (prior period: £61,303,000).

At the year end, CMG Holdco Limited had pledged financial support to Care Management Group (UK) Limited.

### 27 Lease commitments

Total future minimum lease payments under non-cancellable operating leases are as follows:

	2016		2015	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
<b>Group</b>				
Operating leases which expire:				
Within one year	2,071	436	1,770	635
In two to five years	8,013	737	7,170	868
After five years	12,441	-	13,475	-
	<u>22,525</u>	<u>1,173</u>	<u>22,415</u>	<u>1,503</u>

### 28 Related party disclosures

The company is exempt under the terms of FRS 102 Section 33 Paragraph 1A from disclosing related party transactions with entities that are part of the Court Cavendish Limited Group.

In the prior period, the Company acquired 60.83% (42,063 Ordinary Shares of £0.01 each) of the capital of CMG Holdco Limited for a consideration of £548,000. The consideration was satisfied by the allotment and issue of 27,778 Ordinary shares of £1.00 each in the capital of the Company, credited as fully paid and cash of £5,000. The 60.83% interest was purchased from Helm Trust Company Limited, the trustee company for Dr CB Patel's family trust.

In the prior period, the Company purchased 88,573 ordinary shares in Jazz FM Limited from Dr CB Patel for a consideration of £8,857 plus stamp duty of £45.

## Notes to the financial statements *(continued)*

### 28 Related party disclosures *(continued)*

Turnover includes consultancy fees charged to Care Management Group Limited during the prior period (prior to the acquisition of CMG Holdco Limited) of £298,000. Care Management Group Limited is a trading subsidiary of CMG Holdco Limited in which Dr CB Patel and DA Spruzen have significant interests. Dr CB Patel and DA Spruzen are directors of CMG Holdco Limited. There were no amounts due to or from Care Management Group Limited at 29 February 2016 (28 February 2015: £nil).

Dr CB Patel is a director of both CMG Holdco Limited and HC-One Limited. During the current year, transactions between CMG Holdco Limited and its subsidiaries and HC-One Limited totalled £155,000 (prior period: £117,000). At 29 February 2016, the balance due from HC-One was £nil (2015: £nil).

Dr CB Patel is also a director of NHP Securities No. 3 Limited and NHP Securities No. 5 Limited. During the year ended 29 February 2016, transactions between CMG Holdco Limited, NHP Securities No. 3 Limited and NHP Securities No. 5 Limited totalled £1,262,000 (prior period: £789,000).

Dr CB Patel's family trust has a 10.7% share in the members' capital of FC Skyfall Investors Parent LLC (a Delaware Limited Liability Company). During the year ended 29 February 2016, transaction and asset management fees of £2,118,000 (prior period: £2,536,000) were charged to FC Skyfall Holdings SPV Ltd (a wholly owned subsidiary of FC Skyfall Investors Parent LLC which is incorporated in the Cayman Islands). As at 29 February 2016, transaction and asset management fees of £105,000 (2015: £229,000) were due from FC Skyfall Holdings SPV – this amount has been disclosed in prepayments and accrued income.

During the year, Dr CB Patel purchased the asset held for sale by the company at 28 February 2015 for its market value of £905,000.

### 29 Ultimate controlling party

The company was under the control of Dr CB Patel throughout the current year and the prior period by virtue of his 90% interest in the issued share capital of the company.

### 30 Post balance sheet events

Subsequent to the year end, the Group acquired the trade and assets of Hartley Centre for a consideration of £400,000. The Group also acquired the share capital of Embrace Enfield Limited for a consideration of £370,000 and the share capital of Helene Care Limited for a consideration of £2.6million.

In September 2016, the Group sold Florence House for sale proceeds of £1 million.

In October 2016, the Group sold its freehold interests in 24 supported living properties for sale proceeds of £29 million. The proceeds were used to repay £20m of the bank loans.

In November 2016, the Group sold its Domiciliary Care portfolio to Berkeley Care for sale proceeds of £3.6 million.

On 7 October 2016, CMG Holdco Limited repaid £1.5 million 12% Fixed Rate Notes due 2021 plus interest accrued of £149,000 to the Company.

## Notes to the financial statements *(continued)*

### 31 Explanation of transition to FRS 102

This is the first year that the Company has presented its financial statements under Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council. The last financial statements under previous UK GAAP were for the 14 months ended 28 February 2015 and the date of transition to FRS 102 was therefore 1 January 2014. Of other than the additional disclosures made, there was no material effect of applying FRS 102 for the first time.

	<b>As at 1 Jan 14 £000</b>	As at 28 Feb 15 £000
Capital employed under previous UK GAAP	<b>3,485</b>	48,364
<b>Adjustments on transition to FRS 102</b>		
Deferred tax on revaluation of property	-	(7,285)
Capital employed reported under FRS 102	<b>3,485</b>	41,079

CMG Holdco Limited performed a revaluation of property in its consolidated financial statements during the 14 months ended 28 February 2015. FRS 102 requires the recognition of deferred tax on all timing differences, including that of revaluation. Accordingly, a deferred tax liability of £7,285,000 must now be recognised, representing a 20% tax charge on the revaluation recognise through the Consolidated Statement of Comprehensive Income. A tax rate of 20% was applied as this was the substantially enacted rate at 28 February 2015 balance sheet date.

### Reconciliation of Consolidated Statement of Comprehensive Income for the 14 months ended 28 February 2015

	£000
Total comprehensive income for the financial year under previous UK GAAP	44,336
Deferred tax on revaluation of property	(7,285)
<b>Total comprehensive income under FRS 102</b>	<b>37,051</b>

The balance recognised represents the deferred tax required to be recognised on revaluation under FRS 102. The amount has been recognised in other comprehensive income, following the revaluation gain also recognised in other comprehensive income.