

**Company Registration No. 06595141**

**CMG Investment Holdings Limited**

**Report and Financial Statements**

**28 February 2010**

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COMPANIES HOUSE

# **CMG Investment Holdings Limited**

## **Report and financial statements 2010**

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# **CMG Investment Holdings Limited**

## **Officers and Professional Advisors For the year ended 28 February 2010**

### **Directors**

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

### **Secretary**

D Harland

### **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 Investment Holdings Limited**

## **Directors' report**

### **For the year ended 28 February 2010**

The directors present their report and the audited financial statements for the year ended 28 February 2010

#### **Principal activities**

The Group provides residential care and supported living services for people with learning disabilities and complex needs including mental health needs

#### **Review of business**

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

The directors do not recommend the payment of a dividend (2009 £nil) The loss for the financial period has been deducted from reserves

#### **Management team**

The Group continues to develop its management team with the culture and ability to respond to sector demands and changes, ensuring that at all times the Group's policies, procedures and basic ethos remain firmly intact, thus maintaining 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 absolute transparency to staff, service users and purchasers alike

#### **Future prospects**

There are continued growth opportunities in the market and the Group, with a strong reputation and brand, is well placed to compete and grow against its competitors Following a period of restructuring, the Group remains well placed to deliver organic growth, supplemented by appropriate acquisitions

#### **Principal risks and uncertainties**

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

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

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

The Group finances its operations through a mixture of retained profits, bank borrowings, term loans and long term loans The Group borrows at both fixed and floating rates of interest Based on interest rate projections the directors are of the opinion that the Group does not need to hedge at this stage against interest rate movements

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

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

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

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

# **CMG Investment Holdings Limited**

## **Directors' report (continued)**

### **For the year ended 28 February 2010**

#### **Going Concern**

During the year the Group successfully reached targets to allow an extension of the existing loan facility agreement

Referral levels continued to improve during the year following the increase in quality in the services which in turn lead to improved occupancy levels during the year. This occupancy growth is expected to continue in the following year

The Group continues to generate sufficient cash to meet its short term liabilities as they fall due

Management believes that there are sufficient funding arrangements in place for the foreseeable future and expect to operate within these levels of headroom throughout the period under consideration. Net debt levels, servicing costs and covenant requirements are closely monitored and managed according to strict management processes

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facility. The Group has sufficient financial resources, together with long standing relationships with a number of customers and suppliers across different geographic areas. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook

After making enquiries, 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 accounts

#### **Disabled employees**

The Group gives full consideration to applications for employment from disabled persons where a handicapped or disabled person can adequately fulfill 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**

During the year, the policy of providing employees with information about the Group has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views on the Group's performance. Regular meetings are held between local management and employees to allow a free flow of information and ideas

#### **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

**CMG Investment Holdings Limited**  
**Directors' report (continued)**  
**For the year ended 28 February 2010**

**Auditors (continued)**

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

A handwritten signature in black ink, appearing to be 'D Harland', with a long horizontal stroke extending to the right.

**D Harland**

**Company Secretary**  
27 May 2010



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## **CMG Investment Holdings Limited**

### **Directors' responsibilities**

### **For the year ended 28 February 2010**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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



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

We have audited the financial statements of CMG Investment Holdings Limited for the year ended 28 February 2010 which comprise the consolidated profit and loss account, the consolidated and company balance sheets, the consolidated cash flow statement, the reconciliation of operating profit to net cash inflow from operating activities and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the 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.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 28 February 2010 and of the group's loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Independent auditors' report to the members of CMG Investment Holdings Limited (continued)**

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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



Mark Mullins (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors

Reading, United Kingdom

27 May 2010

## CMG Investment Holdings Limited

### Consolidated profit and loss account For the year ended 28 February 2010

		Year to 28 February 2010 £'000	41 week period ended 28 February 2009 £'000
	Note		
Turnover	2	44,239	29,724
Cost of sales		(24,659)	(17,139)
<b>Gross profit</b>		<b>19,580</b>	<b>12,585</b>
Administrative expenses		(15,985)	(10,512)
Administrative expenses – reorganisation costs		-	(538)
Total administrative expenses	3	(15,985)	(11,050)
<b>Operating profit</b>	3	<b>3,595</b>	<b>1,535</b>
Interest receivable and similar income		17	93
Interest payable and similar charges	7	(7,505)	(6,948)
<b>Loss on ordinary activities before and after taxation and loss for the period transferred from reserves</b>	19	<b>(3,893)</b>	<b>(5,320)</b>

All of the activities of the Company are classed as continuing

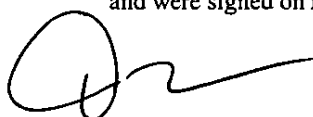
There are no recognised gains or losses for the current and preceding financial period other than as stated in the profit and loss account. Accordingly, no statement of total recognised gains and losses has been presented.

# CMG Investment Holdings Limited

## Consolidated and Company balance sheets 28 February 2010

		2010		2009	
	Note	Group £'000	Company £'000	Group £'000	Company £'000
<b>Fixed assets</b>					
Intangible assets	9	53,012	-	55,907	-
Tangible assets	10	43,634	-	40,039	-
Investments	11	-	182	-	182
		<u>96,646</u>	<u>182</u>	<u>95,946</u>	<u>182</u>
<b>Current assets</b>					
Debtors amounts due within one year	12	3,742	-	3,186	-
Debtors amounts due in more than one year	12	-	197	-	197
Current asset investments	13	1,500	-	-	-
Cash at bank and in hand		<u>3,291</u>	<u>-</u>	<u>3,778</u>	<u>-</u>
		8,533		6,964	197
<b>Creditors: amounts falling due within one year</b>	15	<u>(11,617)</u>	<u>-</u>	<u>(9,774)</u>	<u>(2)</u>
<b>Net current (liabilities)/assets</b>		<u>(3,084)</u>	<u>197</u>	<u>(2,810)</u>	<u>195</u>
<b>Total assets less current liabilities</b>		<u>93,562</u>	<u>379</u>	<u>93,136</u>	<u>377</u>
<b>Creditors: amounts falling due after more than one year</b>	16	<u>(101,311)</u>	<u>(429)</u>	<u>(96,778)</u>	<u>(418)</u>
<b>Provisions for liabilities and charges</b>	17	<u>(1,463)</u>	<u>-</u>	<u>(1,677)</u>	<u>-</u>
<b>Net liabilities</b>		<u>(9,212)</u>	<u>(50)</u>	<u>(5,319)</u>	<u>(41)</u>
<b>Capital and reserves</b>					
Called up share capital	18	1	1	1	1
Profit and loss account	19	<u>(9,213)</u>	<u>(51)</u>	<u>(5,320)</u>	<u>(42)</u>
<b>Total shareholders' deficit</b>		<u>(9,212)</u>	<u>(50)</u>	<u>(5,319)</u>	<u>(41)</u>

The financial statements of Company number 06595141 were approved by the Board of Directors on 27 May 2010 and were signed on its behalf by



**D Harland**  
**Director**

# CMG Investment Holdings Limited

## Consolidated cash flow statement For the year ended 28 February 2010

		Year to 28 February 2010 £'000	41 week period ended 28 February 2009 £'000
	Note		
Net cash inflow from operating activities (page 11)		9,107	1,447
Returns on investments and servicing of finance			
Interest paid		(2,484)	(5,127)
Interest received		17	93
		<hr/>	<hr/>
Net cash outflow from returns on investments and servicing of finance		(2,467)	(5,034)
Capital expenditure			
Payments to acquire tangible fixed assets	10	(5,776)	(1,195)
Disposal of tangible fixed assets		1,149	562
		<hr/>	<hr/>
Net cash outflow from capital expenditure		(4,627)	(633)
Acquisition and disposals			
Acquisition expenses		-	(182)
Net cash acquired with subsidiaries		-	3,179
		<hr/>	<hr/>
Net cash inflow from acquisitions and disposals		-	2,997
Net cash inflow before management of liquid resources and financing		2,013	697
Management of liquid resources			
Current asset investments		(1,500)	-
		<hr/>	<hr/>
Net cash outflow from management of liquid resources		(1,500)	-
Financing			
Increase in borrowings		-	5,000
Repayment of borrowings		(1,000)	-
Issue of share capital		-	1
		<hr/>	<hr/>
Net cash (outflow)/inflow from financing		(1,000)	5,001
		<hr/>	<hr/>
(Decrease) / increase in net cash		(487)	3,778
		<hr/>	<hr/>

## **CMG Investment Holdings Limited**

### **Reconciliation of operating profit to net cash inflow from operating activities For the year ended 28 February 2010**

	<b>Year to 28 February 2010 £'000</b>	<b>41 week period ended 28 February 2009 £'000</b>
<b>Operating profit</b>	3,595	1,535
Depreciation	1,164	594
Amortisation of goodwill	2,897	1,997
(Increase)/decrease in debtors	(83)	2,280
Increase/(decrease) in creditors	1,534	(3,039)
Refinancing costs	-	(1,920)
<b>Net cash inflow from operating activities</b>	<b>9,107</b>	<b>1,447</b>

# **CMG Investment Holdings Limited**

## **Notes to the financial statements For the year ended 28 February 2010**

### **1 Accounting policies**

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

#### **Accounting convention**

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

#### **Basis of preparation**

During the year the Group successfully reached targets to allow an extension of the existing loan facility agreement.

Referral levels continued to improve during the year following the increase in quality in the services which in turn lead to improved occupancy levels during the year. This occupancy growth is expected to continue in the following year.

The Group continues to generate sufficient cash to meet its short term liabilities as they fall due.

Management believes that there are sufficient funding arrangements in place for the foreseeable future and expect to operate within these levels of headroom throughout the period under consideration. Net debt levels, servicing costs and covenant requirements are closely monitored and managed according to strict management processes.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facility. The Group has sufficient financial resources, together with long standing relationships with a number of customers and suppliers across different geographic areas. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

After making enquiries, 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 accounts.

#### **Consolidation**

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 28 February 2010. The results of subsidiaries acquired or sold are consolidated for the periods from or to the date on which control passed. Acquisitions are accounted for under the acquisition method.

#### **Related parties**

In accordance with Financial Reporting Standard No. 8 "Related Party Transactions", transactions with other group undertakings within have not been disclosed in these financial statements.

#### **Loss Attributable to the Company**

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

#### **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.

# CMG Investment Holdings Limited

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

### 1 Accounting policies (continued)

#### Goodwill

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

#### Investments

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

#### Tangible fixed assets

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

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

Freehold property	2% per annum on cost 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

#### Debt

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

#### Loan issue costs

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

#### Provisions for liabilities and charges

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

#### Operating leases

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

#### Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Deferred tax is measured at the average rates that are expected to apply in the periods in which timing differences are expected to reverse.



# CMG Investment Holdings Limited

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

### 1. Accounting policies (continued)

#### Pension scheme arrangements

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

### 2. Turnover

Turnover of £44,239,000 (2009 £29,724,000) is attributable to the principal activity of the Group, being the provision of residential care and supported living services for people with learning disabilities and complex needs including mental health needs.

All turnover arises in the United Kingdom.

### 3. Operating profit

Operating profit is stated after charging

	Year to 28 February 2010 £'000	41 week period ended 28 February 2009 £'000
Depreciation on tangible fixed assets owned	1,164	594
Amortisation of goodwill	2,897	1,997
Operating lease costs		
- Other	3,492	2,386
- Plant and machinery	659	416
Auditors' remuneration		
- statutory audit	94	78
- non audit fees	250	28
Reorganisation costs	219	538

The audit fee relating to the company was £25,630 (2009 £26,500).

Exceptional costs of £219,000 (2009 £538,000) were incurred during the period in relation to reorganisation of the Group following the acquisition of Care Management Group (Acquisition) Limited and its subsidiaries by the Company on 20 June 2008.

# CMG Investment Holdings Limited

## Notes to the financial statements For the year ended 28 February 2010

### 4 Directors' emoluments

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

	Year to 28 February 2010 £'000	41 week period ended 28 February 2009 £'000
Emoluments	529	479
Value of company pension contributions to money purchase schemes	9	10
	<u>538</u>	<u>489</u>

Retirement benefits are accruing to 2 (2009: 2) directors under money purchase pension schemes

	Year to 28 February 2010 £'000	41 week period ended 28 February 2009 £'000
<b>Highest paid director</b>		
Emoluments	130	113
Pension contributions	-	4
	<u>130</u>	<u>117</u>

### 5. Employee information

#### Group

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

	Year to 28 February 2010 £'000	41 week period ended 28 February 2009 Number
Regional management and administrative staff	86	90
Care and support workers	1,370	1,328
	<u>1,456</u>	<u>1,418</u>

# CMG Investment Holdings Limited

## Notes to the financial statements For the year ended 28 February 2010

### 5. Employee information (continued)

The aggregate payroll costs of the above were

	Year to 28 February 2010 £'000	41 week period ended 28 February 2009 £'000
Wages and salaries	23,170	15,951
Social security costs	2,016	1,408
Pension costs	33	20
	<u>25,219</u>	<u>17,379</u>

The company did not have any employees during the year

### 6. Pension commitments

The Group operates three defined contribution pension schemes. The assets of these schemes are held separately from those of the group in independently administered funds. The Group's pension cost for the period was £33,534 (2009 £20,000). There were no outstanding or prepaid contributions at 28 February 2010 (2009 £nil).

### 7. Interest payable and similar charges

	Year to 28 February 2010 £'000	41 week period ended 28 February 2009 £'000
On term loan	6,794	6,451
Amortisation of loan issue costs	711	497
	<u>7,505</u>	<u>6,948</u>

# CMG Investment Holdings Limited

## Notes to the financial statements For the year ended 28 February 2010

### 8. Taxation

There was no tax charge for the period (2009 £nil)

	Year to 28 February 2010 £'000	41 week period ended 28 February 2009 £'000
<b>Factors affecting current tax charge for the period</b>		
Loss on ordinary activities before taxation	(3,893)	(5,320)
At standard rate of 28% (2009 28 2%)	(1,090)	(1,499)
Effects of Losses not recognised	1,090	1,499
<b>Current tax charge for the period</b>	-	-

### 9. Intangible fixed assets

Group	Purchased Goodwill £'000
<b>Cost</b>	
At 1 March 2009 and 28 February 2010	57,904
<b>Amortisation</b>	
At 1 March 2009	1,997
Charge for the period	2,897
At 28 February 2010	4,894
<b>Net book value</b>	
At 28 February 2010	53,012
At 28 February 2009	55,907

# CMG Investment Holdings Limited

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

### 10. Tangible fixed assets

	Freehold property £'000	Property improve- ments £'000	Fixtures and fittings £'000	Total £'000
<b>Cost</b>				
At 1 March 2009	38,838	972	823	40,633
Additions	3,226	1,560	1,122	5,909
Disposals	(1,149)	-	-	(1,149)
	<u>40,915</u>	<u>2,532</u>	<u>1,945</u>	<u>45,392</u>
<b>At 28 February 2010</b>				
<b>Accumulated depreciation</b>				
At 1 March 2009	513	50	31	594
Charge for the period	804	17	344	1,164
	<u>1,317</u>	<u>67</u>	<u>375</u>	<u>1,758</u>
<b>At 28 February 2010</b>				
<b>Net book value</b>				
At 28 February 2010	<u>39,598</u>	<u>2,465</u>	<u>1,571</u>	<u>43,634</u>
At 28 February 2009	<u>38,325</u>	<u>922</u>	<u>792</u>	<u>40,039</u>
The company does not hold any tangible fixed assets				

## CMG Investment Holdings Limited

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

#### 11. Investments

Company	Investments in subsidiary under- takings £'000
Cost and net book value	
At 28 February 2009 and 28 February 2010	182

The following investments were held at the end of the period

Name of undertaking	Description of shares held	Principal activity	Shareholding
Care Management Group (Acquisition) Limited	Ordinary shares of £1 each	Holding company	100%
Care Management Group (UK) Limited	Ordinary shares of £1 each	Holding company	100%
Care Management Group (Holdings) Limited	Ordinary shares of £1 each	Holding company	100%
Care Management Group Limited	Ordinary shares of £1 each	Running care homes	100%
Care Management Group (Southern) Limited	Ordinary shares of £1 each	Running care homes	100%
CMG Homes Limited	Ordinary shares of £1 each	Agency services for parent company	100%
CCA Residential Homes Limited	Ordinary shares of £1 each	Running care homes	100%
Blocklin Holdings Limited	Ordinary shares of £1 each	Holding company	100%
Blocklin House Limited	Ordinary shares of £1 each	Running care homes	100%
Care Management Group Trustees Limited	Ordinary shares of £1 each	Holding company	100%
Victoria House (UK) Limited	Ordinary shares of £1 each	Dormant company	100%
Wherewelve Limited	Ordinary shares of £1 each	Running care homes	100%
Wherewelve Care Group Limited	Ordinary shares of £1 each	Dormant company	100%
Solent Residential Homes Limited	Ordinary shares of £1 each	Dormant company	100%
Pathways (Trebanos) Limited	Ordinary shares of £1 each	Dormant company	100%

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

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

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.

## CMG Investment Holdings Limited

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

#### 11. Investments (continued)

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, CCA Residential Homes Limited, Blocklin Holdings Limited and Victoria House (UK) Limited, Wherewelve Limited, Wherewelve Care Group Limited, Solent Residential Homes Limited and Pathways (Trebanos) Limited

Blocklin Holdings Limited holds the entire issued share capital of Blocklin House Limited

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

#### 12. Debtors

	2010		2009	
	Group £'000	Company £'000	Group £'000	Company £'000
<b>Amounts due within one year:</b>				
Trade debtors	1,934	-	2,340	-
Other Debtors	413	-	366	-
Prepayments and accrued income	1,395	-	480	-
	<u>3,742</u>	<u>-</u>	<u>3,186</u>	<u>-</u>
<b>Amounts due after more than one year:</b>				
Amounts owed by subsidiary undertakings	-	197	-	197
	<u>-</u>	<u>197</u>	<u>-</u>	<u>197</u>

Amounts owed by subsidiary undertakings are unsecured and interest free

#### 13. Current asset investments

	2010 Group £'000	2009 Group £'000
Cash on deposit	<u>1,500</u>	<u>-</u>

#### 14. Deferred taxation

At 28 February 2010, the Group has not recognised a deferred tax asset of £5,977,000 (2009 £4,331,000) in respect of carried forward tax losses of subsidiaries, short term timing differences and capital allowances in excess of depreciation. The deferred tax asset has not been recognised on the grounds that its recovery is not certain in the foreseeable future.

The company has no unrecognised deferred taxation liabilities

## CMG Investment Holdings Limited

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

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

	2010		2009	
	Group £'000	Company £'000	Group £'000	Company £'000
Bank loans (see note 16)	1,000	-	1,000	-
Trade creditors	229	-	577	-
Other taxation and social security	546	-	526	-
Other creditors	1,671	-	1,205	-
Accruals and deferred income	8,171	-	6,466	2
	<u>11,617</u>	<u>-</u>	<u>9,774</u>	<u>2</u>

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

	2010		2009	
	Group £'000	Company £'000	Group £'000	Company £'000
Bank loans	101,311	206	96,778	206
Amounts owed to Group undertakings	-	223	-	212
	<u>101,311</u>	<u>429</u>	<u>96,778</u>	<u>418</u>

Amounts owed to Group undertakings are unsecured and interest free

Interest charged on the bank loans is at rates between 0.5% and 9.53% over base rate per annum. The bank loans comprise loans secured by floating charges over the assets of the Group. Bank loans are shown net of £933,692 (2009: £1,645,000) of unamortised debt issue costs.

Bank loans are repayable between two and five years. Amounts due to group undertakings are repayable after more than five years.

#### 17. Provisions for liabilities and charges

	2010 Group £'000	2009 Group £'000
Provision for onerous leases	<u>1,463</u>	<u>1,677</u>
Movement on provisions during the period was as follows		
Balance at the beginning of the year	1,677	1,753
Utilised during the period	<u>(214)</u>	<u>(76)</u>
Balance at the end of the year	<u>1,463</u>	<u>1,677</u>

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



# CMG Investment Holdings Limited

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

### 18. Share capital

	2010 £	2009 £
<b>Authorised</b>		
100,000 ordinary shares of £0.01 each	<u>1,000</u>	<u>1,000</u>
<b>Called up, allotted and fully paid</b>		
9,100 (2009: 9,000) ordinary shares of £0.01 (2009: £0.01) each	91	90
50,000 (2009: 50,000) ordinary 'A' shares of £0.01 (2009: £0.01) each	<u>500</u>	<u>500</u>
	<u>591</u>	<u>590</u>

Ordinary shares were issued during the period as follows

Date	Number of ordinary shares	Proceeds of ordinary shares (£)
31 March 2009	100	1

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

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

Group	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 March 2009	1	(5,320)	(5,319)
Share capital issued during the period	-	-	-
Loss for the period	-	(3,893)	(3,893)
At 28 February 2010	<u>1</u>	<u>(9,213)</u>	<u>(9,212)</u>

# CMG Investment Holdings Limited

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

### 19 Reconciliation of movement in shareholders' deficit (continued)

Company	Share capital £'000	Profit and loss account £'000	Total £'000
At 1 March 2009	1	(42)	(41)
Shared capital issued during the period	-	-	-
Loss for the period	-	(9)	(9)
At 28 February 2010	1	(51)	(50)

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

	2010 £'000	2009 £'000
(Decrease) / increase in cash in the period	(487)	3,778
Cash flow from increase in liquid resources	1,500	-
Cash flow from movement in debt	1,000	(97,282)
Change in net debt resulting from cash flows	2,013	(93,504)
Capitalised interest	(4,821)	-
Amortisation of debt issue costs	(712)	(496)
Movement in net debt	(3,520)	(94,000)
Net debt at the beginning of the period	(94,000)	-
Net debt at the end of the period	(97,520)	(94,000)

### 21. Analysis of changes in net debt

	At beginning of period £'000	Cash flows £'000	Capitalised Interest	Accrued interest and amortisation of debt issue costs £'000	At end of period £'000
Cash at bank and in hand	3,778	(487)	-	-	3,291
Current asset investments	-	1,500	-	-	1,500
Bank debt	(97,778)	1,000	(4,821)	(712)	(102,311)
	(94,000)	2,013	(4,821)	(712)	(97,520)

# CMG Investment Holdings Limited

## Notes to the financial statements For the year ended 28 February 2010

### 22 Lease commitments

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

	2010		2009	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
On operating leases which expire				
Within one year	-	140	-	246
Within two to five years	-	357	-	374
After more than five years	3,696	15	3,746	-
	<u>3,697</u>	<u>512</u>	<u>3,746</u>	<u>620</u>

### 23 Financial commitments

The company is party to cross guarantees for the bank debts due by all companies within the CMG Investment Holdings Limited Group. Total amounts due as at 28 February 2010 amounted to £103,245,000 (2009 £99,423,000)

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

### 24. Related party transactions

The company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the CMG Investment Holdings Limited group. Transactions between the CMG Investment Holdings Limited group and Court Cavendish Limited during the year ended 28 February 2010 totalled £272,000 (£296,000)

### 25. Ultimate parent company and controlling party

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

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

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