

Company Registration No. 04954960 (England and Wales)

EUROPEAN LIFESTYLES LIMITED

FORMERLY KNOWN AS EUROPEAN WELLCARE GROUP LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2007



KLSA

Chartered Accountants

EUROPEAN LIFESTYLES LIMITED
FORMERLY KNOWN AS EUROPEAN WELLCARE GROUP LIMITED
COMPANY INFORMATION

Directors	Anoup Treon Jaynee Treon
Secretary	Pritesh Amlani
Company number	04954960
Registered office	28 Welbeck Street London W1G 8EW
Auditors	KLSA 28-30 St John's Square London EC1M 4DN
Bankers	Lloyds TSB Bank plc Derby Square Liverpool L2 7XT

EUROPEAN LIFESTYLES LIMITED
FORMERLY KNOWN AS EUROPEAN WELLCARE GROUP LIMITED
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EUROPEAN LIFESTYLES LIMITED
FORMERLY KNOWN AS EUROPEAN WELLCARE GROUP LIMITED
DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2007

The directors present their report and financial statements for the period ended 31 December 2007

Principal activities and review of the business

The principal activity of the company was that of a holding and management company and providing management services to its subsidiaries

Results and dividends

The results for the period are set out on page 5

An interim ordinary dividend was paid amounting to £1,320,000. The directors do not recommend payment of a final dividend

Directors

The following directors have held office since 1 February 2007

Anoup Treon

Jayne Treon

Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year

Auditors

The auditors, KLSA, are deemed to be reappointed under section 487(2) of the Companies Act 2006

EUROPEAN LIFESTYLES LIMITED
FORMERLY KNOWN AS EUROPEAN WELLCARE GROUP LIMITED
DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2007

Directors' responsibilities

The directors are responsible for preparing 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). The financial statements are required by law to 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that 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 1985. 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.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board


Pritesh Amlani
Secretary

10 October 2008

EUROPEAN LIFESTYLES LIMITED
FORMERLY KNOWN AS EUROPEAN WELLCARE GROUP LIMITED
INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF EUROPEAN LIFESTYLES LIMITED

We have audited the financial statements of European Lifestyles Limited for the period ended 31 December 2007 set out on pages 5 to 15. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 the directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

EUROPEAN LIFESTYLES LIMITED
FORMERLY KNOWN AS EUROPEAN WELLCARE GROUP LIMITED
INDEPENDENT AUDITORS' REPORT (CONTINUED)
TO THE SHAREHOLDERS OF EUROPEAN LIFESTYLES LIMITED

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements

KLSA

KLSA

10 October 2008

Chartered Accountants

Registered Auditor

28-30 St John's Square
London
EC1M 4DN

EUROPEAN LIFESTYLES LIMITED
FORMERLY KNOWN AS EUROPEAN WELLCARE GROUP LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 31 DECEMBER 2007

	Notes	2007 £	2007 £
Turnover	2	2,057,334	1,906,319
Administrative expenses		(2,052,991)	(1,906,310)
Operating profit	3	4,343	9
Investment income	4	1,310,000	530,000
Other interest receivable and similar income	4	51	57
Interest payable and similar charges	5	(69)	(66)
Profit on ordinary activities before taxation		1,314,325	530,000
Tax on profit on ordinary activities	6	-	-
Profit for the period	13	1,314,325	530,000

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

EUROPEAN LIFESTYLES LIMITED
FORMERLY KNOWN AS EUROPEAN WELLCARE GROUP LIMITED
BALANCE SHEET

AS AT 31 DECEMBER 2007

	Notes	2007 £	£	2007 £	£
Fixed assets					
Tangible assets	8		29,896		-
Investments	9		104		104
			<u>30,000</u>		<u>104</u>
Current assets					
Debtors	10	2,301,437		555,839	
Cash at bank and in hand		2,732		-	
		<u>2,304,169</u>		<u>555,839</u>	
Creditors amounts falling due within one year	11	<u>(2,333,945)</u>		<u>(550,043)</u>	
Net current (liabilities)/assets			<u>(29,776)</u>		<u>5,796</u>
Total assets less current liabilities			<u>224</u>		<u>5,900</u>
Capital and reserves					
Called up share capital	12		1		1
Profit and loss account	13		223		5,899
Shareholders' funds	14		<u>224</u>		<u>5,900</u>

Approved by the Board and authorised for issue on 10 October 2008

Anoup Treon
Director

EUROPEAN LIFESTYLES LIMITED
FORMERLY KNOWN AS EUROPEAN WELLCARE GROUP LIMITED
CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2007

	Notes	£	2007 £	£	2007 £
Net cash inflow/(outflow) from operating activities			56,245		(2,741)
Returns on investments and servicing of finance					
Interest received		51		57	
Interest paid		(69)		(66)	
Dividends received		1,310,000		530,000	
Net cash inflow for returns on investments and servicing of finance			1,309,982		529,991
Capital expenditure and financial investment					
Payments to acquire tangible assets		(41,237)		-	
Payments to acquire investments		-		(1)	
Net cash outflow for capital expenditure			(41,237)		(1)
Equity dividends paid			(1,320,000)		(530,000)
Net cash inflow/(outflow) before management of liquid resources and financing			4,990		(2,751)
Increase/(decrease) in cash in the period			4,990		(2,751)

EUROPEAN LIFESTYLES LIMITED
FORMERLY KNOWN AS EUROPEAN WELLCARE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2007

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Motor vehicles	25%-30% reducing balance
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1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value

1.6 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future

1.7 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group accounts as it is exempt from the requirement to do so by section 228 of the Companies Act 1985 as it is a subsidiary undertaking of European Lifestyles Group Limited, a company incorporated in England and Wales, and is included in the consolidated accounts of that company

2 Turnover

The total turnover of the company for the period has been derived from its principal activity wholly undertaken in the United Kingdom

3 Operating profit

	2007	2007
	£	£
Operating profit is stated after charging		
Depreciation of tangible assets	11,340	-
Fees payable to the company's auditor for the audit of the company's annual accounts	875	5,700
	<u> </u>	<u> </u>

EUROPEAN LIFESTYLES LIMITED
FORMERLY KNOWN AS EUROPEAN WELLCARE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2007

4	Investment income	2007	2007
		£	£
	Income from shares in group undertakings	1,310,000	530,000
	Bank interest	51	57
		<u>1,310,051</u>	<u>530,057</u>
5	Interest payable	2007	2007
		£	£
	On bank loans and overdrafts	69	66
		<u>69</u>	<u>66</u>
6	Taxation	2007	2007
	Current tax charge	-	-
		<u>-</u>	<u>-</u>
	Factors affecting the tax charge for the period		
	Profit on ordinary activities before taxation	1,314,325	530,000
		<u>1,314,325</u>	<u>530,000</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2007 - 30.00%)	394,298	159,000
		<u>394,298</u>	<u>159,000</u>
	Effects of		
	Non deductible expenses	904	1,791
	Depreciation add back	3,402	-
	Dividends and distributions received	(393,000)	-
	Other tax adjustments	(5,604)	(160,791)
		<u>(394,298)</u>	<u>(159,000)</u>
	Current tax charge	-	-
		<u>-</u>	<u>-</u>
7	Dividends	2007	2007
		£	£
	Ordinary interim paid	1,320,000	530,000
		<u>1,320,000</u>	<u>530,000</u>

EUROPEAN LIFESTYLES LIMITED
FORMERLY KNOWN AS EUROPEAN WELLCARE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2007

8 Tangible fixed assets

	Motor vehicles £
Cost	
At 1 February 2007	-
Additions	41,236
	<hr/>
At 31 December 2007	41,236
	<hr/>
Depreciation	
At 1 February 2007	-
Charge for the period	11,340
	<hr/>
At 31 December 2007	11,340
	<hr/>
Net book value	
At 31 December 2007	29,896
	<hr/> <hr/>

EUROPEAN LIFESTYLES LIMITED
FORMERLY KNOWN AS EUROPEAN WELLCARE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2007

9 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 February 2007 & at 31 December 2007	104
Net book value	
At 31 December 2007	104
At 31 January 2007	104

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
European Wellcare Lifestyles Limited	England and Wales	Ordinary	100 00
European Care (Allanbank) Limited	England & Wales	Ordinary	100 00
European Care (North) Limited	England and Wales	Ordinary	100 00
European Wellcare Homes Limited	England and Wales	Ordinary	100 00
European Lifestyles (South West) Limited	England and Wales	Ordinary	100 00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

		Capital and reserves 2007 £	Profit/(loss) for the year 2007 £
	Principal activity		
European Wellcare Lifestyles Limited	Operating care homes and providing long term care to the elderly	3,556,635	259,329
European Care (Allanbank) Limited	Operating care homes and providing long term care to the elderly	1,464,704	111,372
European Care (North) Limited	Operating care homes and providing long term care to the elderly	1,113,625	(233,821)
European Wellcare Homes Limited	Operating care homes and providing long term care to the elderly	3,092,905	674,835
European Lifestyles (South West) Limited	Operating care homes and providing long term care to the elderly	(186,893)	(139,339)

EUROPEAN LIFESTYLES LIMITED
FORMERLY KNOWN AS EUROPEAN WELLCARE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2007

10 Debtors	2007	2007
	£	£
Amounts owed by parent and fellow subsidiary undertakings	-	67,312
Amounts owed by subsidiary undertakings	2,085,102	237,302
Other debtors	216,335	251,225
	<u>2,301,437</u>	<u>555,839</u>
11 Creditors: amounts falling due within one year	2007	2007
	£	£
Bank loans and overdrafts	-	2,258
Amounts owed to parent and fellow subsidiary undertakings	1,529,542	-
Amounts owed to subsidiary undertakings	363,777	477,103
Taxes and social security costs	66,115	53,912
Other creditors	373,337	11,770
Accruals and deferred income	1,175	5,000
	<u>2,333,946</u>	<u>550,043</u>
12 Share capital	2007	2007
	£	£
Authorised		
100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
1 Ordinary Shares of £1 each	<u>1</u>	<u>1</u>
13 Statement of movements on profit and loss account		Profit and loss account
		£
Balance at 1 February 2007		5,898
Profit for the period		1,314,325
Dividends paid		(1,320,000)
Balance at 31 December 2007		<u>223</u>

EUROPEAN LIFESTYLES LIMITED
FORMERLY KNOWN AS EUROPEAN WELLCARE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2007

14 Reconciliation of movements in shareholders' funds	2007 £	2007 £
Profit for the financial period	1,314,325	530,000
Dividends	(1,320,000)	(530,000)
Net depletion in shareholders' funds	(5,675)	-
Opening shareholders' funds	5,900	5,900
Closing shareholders' funds	224	5,900

15 Contingent liabilities

The company has given cross guarantees to the bankers of the holding company and some of its fellow subsidiaries and connected companies

16 Directors' emoluments	2007 £	2007 £
Emoluments for qualifying services	220,917	131,000
Emoluments disclosed above include the following amounts paid to the highest paid director		
Emoluments for qualifying services	190,667	98,000

EUROPEAN LIFESTYLES LIMITED
FORMERLY KNOWN AS EUROPEAN WELLCARE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2007

17 Employees

Number of employees

The average monthly number of employees (including directors) during the period was

2007	2007
Number	Number
88	62
<u>88</u>	<u>62</u>

Employment costs

	2007	2007
	£	£
Wages and salaries	1,831,523	1,711,725
Social security costs	195,513	174,008
	<u>2,027,036</u>	<u>1,885,733</u>

18 Control

In the opinion of the directors, the ultimate controlling company is Esquire Consolidated Limited, a company incorporated in the British Virgin Islands

The parent undertaking of European Lifestyles Limited is European Lifestyles Group Limited, a company incorporated in England and Wales

European Lifestyles Group Limited prepares group financial statements and copies can be obtained from 28 Welbeck Street, London, W1G 8EW

EUROPEAN LIFESTYLES LIMITED
FORMERLY KNOWN AS EUROPEAN WELLCARE GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2007

19 Related party transactions

The company had financial transactions with the following company and the balance due from/(payable) to them at the year end was as follows

	Dec 2007	Jan 2007
European Care and Lifestyles (UK) Limited	£183,257	£141,289
Esquire Realty (Trelana) Limited	£10,000	£10,000
European Lifestyles (A) Limited	£20,248	£nil
European Lifestyles (B) Limited	(£9,627)	£nil
European Care (UK) Limited	(£15,405)	£nil
New Horizon Centre Limited	(£210,000)	£nil
European Lifestyles (C) Limited	(£21,535)	£nil
European Care (Pirton) Limited	(£105,000)	£nil

The above company is related by virtue of common directors and common ultimate parent company

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the parent company