

Company Registration No. 5736767 (England and Wales)

EUROPEAN CARE (WEST) LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2006

KLSA

Chartered Accountants

TUESDAY



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EUROPEAN CARE (WEST) LIMITED

COMPANY INFORMATION

Director	Anoup Treon	(Appointed 9 March 2006)
Secretary	Pritesh Amlani	
Company number	5736767	
Registered office	28 Wellbeck Street London W1G 8EW	
Auditors	KLSA 28-30 St John's Square London EC1M 4DN	
Bankers	Barclays Bank Plc United Kingdom House 180 Oxford Street London W1D 1EA	
Solicitors	Needleman Treon 42 Upper Berkeley Street London W1H 5QJ	

EUROPEAN CARE (WEST) LIMITED

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EUROPEAN CARE (WEST) LIMITED

DIRECTOR'S REPORT FOR THE PERIOD ENDED 31 DECEMBER 2006

The director presents his report and financial statements for the period ended 31 December 2006

Principal activities and review of the business

The principal activity of the company was to manage and operate one care home providing long term care to the elderly

The company was incorporated on 9th March 2006

The results for the period and the financial position at the period end were considered satisfactory by the director who expects continued growth in the foreseeable future

Financial risk management objectives and policies

The company uses various financial instruments that include cash, trade debtors and creditors that arise from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below

Liquidity risk

The company aims to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably

The policy of the company has throughout the year been to maintain a mix of short and long-term borrowings with short term flexibility achieved through intra-group borrowings

Credit risk

The company has no significant concentrations of credit risk. The company has implemented policies that require appropriate credit checks on potential residents before services commence

Results and dividends

The results for the period are set out on page 6

Future developments

The director aims to continue with the management policies which has resulted in the company's growth

Director

The following director has held office since 9 March 2006

Anoup Treon

(Appointed 9 March 2006)

Director's interests

The director's interest in the shares of the company was as stated below

Anoup Treon

	Ordinary of £1 each
	31 December 2006 9 March 2006
Anoup Treon	- -

EUROPEAN CARE (WEST) LIMITED

DIRECTOR'S REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2006

Employee involvement

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance

Disabled persons

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

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

KLSA were appointed auditors to the company and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

EUROPEAN CARE (WEST) LIMITED

DIRECTOR'S REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2006

Director's responsibilities

The director is responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director is 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 director is responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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 auditor

(a) so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

By order of the Board

Pritesh Amlani

Secretary

24 September 2007

EUROPEAN CARE (WEST) LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE SHAREHOLDERS OF EUROPEAN CARE (WEST) LIMITED

We have audited the financial statements of European Care (West) Limited for the period ended 31 December 2006 set out on pages 6 to 14. 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 director and auditors

The director's 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 Director's 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 director's 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 director's remuneration and other transactions is not disclosed.

We read the director's 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 director 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 CARE (WEST) LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF EUROPEAN CARE (WEST) 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 2006 and of its loss 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 director's report is consistent with the financial statements

USA -

KLSA

24 September 2007

Chartered Accountants

Registered Auditor

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

EUROPEAN CARE (WEST) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 31 DECEMBER 2006

		Period ended 31 December 2006 £
	Notes	
Turnover	2	21,773
Cost of sales		(81,812)
Gross loss		(60,039)
Administrative expenses		(70,751)
Loss on ordinary activities before taxation	3	(130,790)
Tax on loss on ordinary activities	4	-
Loss for the period	9	(130,790)

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 CARE (WEST) LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2006

	Notes	2006 £	£
Fixed assets			
Tangible assets	5		6,758
Current assets			
Debtors	6	30,279	
Cash at bank and in hand		89	
		<u>30,368</u>	
Creditors amounts falling due within one year	7	<u>(167,915)</u>	
Net current liabilities			<u>(137,547)</u>
Total assets less current liabilities			<u>(130,789)</u>
Capital and reserves			
Called up share capital	8		1
Profit and loss account	9		<u>(130,790)</u>
Shareholders' funds	10		<u>(130,789)</u>

Approved by the Board and authorised for issue on 24 September 2007

Anoup Treon
Director

EUROPEAN CARE (WEST) LIMITED

CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2006

		Period ended 31 December 2006 £	£
Net cash outflow from operating activities			(3,535)
Capital expenditure			
Payments to acquire tangible assets	(8,448)		
Net cash outflow for capital expenditure			(8,448)
Net cash outflow before management of liquid resources and financing			(11,983)
Financing			
Issue of ordinary share capital	1		
Net cash inflow/(outflow) from financing			1
Decrease in cash in the period			(11,982)

EUROPEAN CARE (WEST) LIMITED

NOTES TO THE CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2006

1	Reconciliation of operating loss to net cash outflow from operating activities			2006
				£
	Operating (loss)/profit			(130,790)
	Depreciation of tangible assets			1,690
	Increase in debtors			(30,279)
	Increase in creditors within one year			155,844
	Net cash outflow from operating activities			(3,535)
2	Analysis of net debt	9 March 2006	Cash flow	Other non-cash changes
		£	£	£
	Net cash			
	Cash at bank and in hand	-	89	-
	Bank overdrafts	-	(12,071)	-
		-	(11,982)	-
	Bank deposits	-	-	-
	Net debt	-	(11,982)	-
3	Reconciliation of net cash flow to movement in net debt			2006
				£
	Decrease in cash in the period			(11,982)
	Movement in net debt in the period			(11,982)
	Opening net debt			-
	Closing net debt			(11,982)

EUROPEAN CARE (WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2006

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 is exempt from VAT and represents fees receivable from clients

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

Fixtures, fittings & equipment	20% straight line
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1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

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 director, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future

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 loss

2006

£

Operating loss is stated after charging

Depreciation of tangible assets

1,690

Operating lease rentals

10,638

Auditors' remuneration

2,000

EUROPEAN CARE (WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2006

4	Taxation	2006
	Current tax charge	-
		<u><u> </u></u>
	Factors affecting the tax charge for the period	
	Loss on ordinary activities before taxation	(130,790)
		<u><u> </u></u>
	Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00%	(39,237)
		<u> </u>
	Effects of	
	Depreciation add back	507
	Capital allowances	(518)
	Other tax adjustments	39,248
		<u> </u>
		39,237
		<u><u> </u></u>
	Current tax charge	-
		<u><u> </u></u>
5	Tangible fixed assets	
		Fixtures, fittings & equipment £
	Cost	
	At 9 March 2006	-
	Additions	8,448
		<u> </u>
	At 31 December 2006	8,448
		<u> </u>
	Depreciation	
	At 9 March 2006	-
	Charge for the period	1,690
		<u> </u>
	At 31 December 2006	1,690
		<u> </u>
	Net book value	
	At 31 December 2006	6,758
		<u><u> </u></u>

EUROPEAN CARE (WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2006

6 Debtors	2006
	£
Trade debtors	21,772
Other debtors	1,701
Prepayments and accrued income	6,806
	<u>30,279</u>
7 Creditors: amounts falling due within one year	2006
	£
Bank loans and overdrafts	12,071
Trade creditors	50,810
Amounts owed to parent and fellow subsidiary undertakings	72,659
Taxes and social security costs	13,804
Other creditors	16,571
Accruals and deferred income	2,000
	<u>167,915</u>
8 Share capital	2006
	£
Authorised	
100 Ordinary of £1 each	100
Allotted, called up and fully paid	
1 Ordinary of £1 each	1
9 Statement of movements on profit and loss account	Profit and loss account
	£
Loss for the period	<u>(130,790)</u>

EUROPEAN CARE (WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2006

10 Reconciliation of movements in shareholders' funds	2006
	£
Loss for the financial period	(130,790)
Proceeds from issue of shares	1
	<hr/>
Net depletion in shareholders' funds	(130,789)
Opening shareholders' funds	-
	<hr/>
Closing shareholders' funds	(130,789)
	<hr/> <hr/>

11 Financial commitments

At 31 December 2006 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2007

	Land and buildings
	2006
	£
Operating leases which expire In over five years	525,000
	<hr/> <hr/>

12 Employees

Number of employees

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

	2006
	Number
Management	3
Nursing home staff	55
	<hr/>
	58
	<hr/> <hr/>

Employment costs

Wages and salaries

2006
£

99,615

EUROPEAN CARE (WEST) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2006

13 Control

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

The parent undertaking of European Care (West) Limited is European Care Limited, a company incorporated in Great Britain European Wellbeing (I) Limited is the parent undertaking of European Care Limited

European Care Limited prepares group financial statements and copies can be obtained at 28 Welbeck Street, London, W1G 8BW

14 Related party transactions

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 ultimate parent company