Company Registration No. 5872121 (England and Wales)

EUROPEAN CARE (KLER) LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2011

EUROPEAN CARE (KLER) LIMITED

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EUROPEAN CARE (KLER) LIMITED

INDEPENDENT AUDITORS' REPORT TO EUROPEAN CARE (KLER) LIMITED

UNDER SECTION 449 OF THE COMPANIES ACT 2006

We have examined the abbreviated accounts set out on pages 2 to 5, together with the financial statements of European Care (Kler) Limited for the year ended 31 December 2011 prepared under section 396 of the Companies Act 2006

This report is made solely to the company, in accordance with Chapter 10 of Part 15 of the Companies Act 2006 Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors
The directors are responsible for preparing the abbreviated accounts in accordance with section 444 of the Companies Act 2006 It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared

Opinion
In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 444(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section

Fayaaz Shariff (Senior Statutory Auditor)
for and on behalf of KLSA LLP
Chartered Accountants
Statutory Auditor
28-30 St.John's Square
London
EC1M 4DN

25 September 2012

EUROPEAN CARE (KLER) LIMITED

ABBREVIATED BALANCE SHEET

AS AT 31 DECEMBER 2011

	Notes	2011 £	2011 £	2010 as restated £	2010 as restated £
Fixed assets					
Tangible assets	2		259,239		188,704
Current assets					
Stocks		13,500		13,500	
Debtors		3,111,066		2,467,081	
Cash at bank and in hand		757		2,531	
		3,125,323		2,483,112	
Creditors: amounts falling due within one year		(2,979,003)		(2,271,153)	
Net current assets			146,320		211,959
Total assets less current liabilities			405,559		400,663
Capital and reserves					
Called up share capital	3		1		1
Profit and loss account			405,558		400,662
Shareholders' funds			405,559		400,663

These abbreviated accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006

Approved by the Board for issue on 25 September 2012

D.M

Mr David Manson
Director

Company Registration No. 5872121

EUROPEAN CARE (KLER) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

1.2 Changes in accounting policies

In previous years, leasehold properties were held at valuation However, these have been restated to cost in the year Further details can be found below under Fixed Assets - Leasehold Properties

1.3 Turnover

Turnover represents fees receivable from clients and is exempt from VAT

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

Land and buildings Leasehold	Over the term of the lease
Fixtures, fittings & equipment	20% reducing balance
Motor vehicles	25% reducing balance

1 Accounting policies **(continued)**

1.5 Going concern

In assessing the company's ability to continue as a going concern, the directors have considered the financial position and performance of both the company and the largest group of which the company is a member and for which consolidated financial statements are prepared The largest such group is Esquire Consolidated Group Limited, which made a loss of £94m (this is after £71 3m relating to impairment of fixed assets and £7 7m relating to exceptional costs) for the year ended 31 December 2011, had a net current liability of £34m and negative shareholders funds of £101m as at 31 December 2011

Having due regard to the net current liability and negative shareholders funds of Esquire Consolidated Group Limited, these financial statements have been prepared on the going concern basis, which assumes that the company and its fellow subsidiaries will continue to have sufficient funds to meet its cash requirements and its liabilities as they fall due for the next twelve months from approval of these financial statements

The directors believe that, based on its current five year forecasts, which incorporates new banking facilities, additional funds introduced by loan stock holders of ultimate parent company and acquisition of new properties, the group will have sufficient funds to meet its cash requirements for the foreseeable future whilst maintaining compliance with the envisaged financial covenants within the new banking arrangement

The current five year forecast is based on a number of financing and growth scenarios and, as discussed below, the financing have been secured to provide the group with sufficient funds for the next twelve months The forecast assumes that growth will be achieved through realistic fee increases and occupancy levels The directors believe that these are reasonable assumptions based on the group's previous history and current performance

The new banking facilities, loan stock conversion and acquisition of new properties have taken place after the year end, and details are outlined below

1 In July 2012, Esquire Consolidated Group Limited and its subsidiaries entered into a senior facilities agreement with its current group bankers and all its existing bank term loans and overdraft facilities including hedging instruments were refinanced and restructured The new banking terms provide the Group with favourable interest terms compared to the facilities in place at the year end and additional credit facilities to support the Group's five year plan The new facilities maturity date is July 2017

2 In addition, the Convertible Unsecured Loan Stocks ("CULS") issued by the ultimate parent company, Esquire Group Investment (Holdings) Limited ('EGIHL') and its subsidiary, Esquire Consolidated Investment (Holdings) Limited, ('ECIHL') were capitalised with the relevant CULS holders ultimately receiving an equity interest at EGIHL level Furthermore, certain of the CULS holders have advanced new money amounting to £7m alongside the bank senior lenders

3 At the same time, the group has acquired four property holding companies from PSPI, whose properties were previously let to the group This has resulted in the ownership of a further 28 freehold properties further increasing the Group's ownership of its own facilities

On the above basis, the directors have a reasonable expectation that the group and company will be able to continue in operational existence for the foreseeable future and thus continue to adopt the going concern basis in preparing the financial statements

EUROPEAN CARE (KLER) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2011

1 Accounting policies **(continued)**

1.6 Fixed Assets - Leasehold Properties

Leasehold properties are initially recorded at cost The directors have made a decision to revert to historic cost accounting for the leasehold properties held by the company The main reason for this change is that historic cost is less volatile in the current economic climate and simpler to understand This restatement has had the effect of reducing net assets as at 31 December 2010 by £3 5m and increasing the profit for the year by £32,675

2 Fixed assets

	Tangible assets £
Cost	
At 1 January 2011	308,487
Additions	136,139
At 31 December 2011	444,626
Depreciation	
At 1 January 2011	119,782
Charge for the year	65,605
At 31 December 2011	185,387
Net book value	
At 31 December 2011	259,239
At 31 December 2010	188,704

3 Share capital	**2011** £	**2010** £
Allotted, called up and fully paid		
1 Ordinary of £1 each	1	1

4 Ultimate parent company

In the opinion of the directors, the ultimate parent company and ultimate controlling party is Esquire Group Investment (Holdings) Limited, a company incorporated in the British Virgin Islands The immediate parent company is European Care & Lifestyles (UK) Limited, a company incorporated in England and Wales

The smallest group for which European Care (Kler) Limited is a member for which group financial statements are prepared is European Care & Lifestyles (UK) Limited The largest such group is Esquire Consolidated Group Limited, whose copies can be optained from PO Box 175, Frances House, Sir William Place, St Peter Port, Guernsey, GY1 4HQ