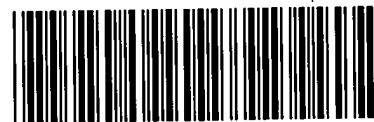


**CROWN CARE II LLP
REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 OCTOBER 2015**

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COMPANIES HOUSE

CROWN CARE II LLP

LIMITED LIABILITY PARTNERSHIP INFORMATION

Designated members

Crown Care IV Limited
Crown Care Holdings Limited

Limited liability partnership number

OC345969

Registered office

15-16 Stockholm Close
Tyne Tunnel Trading Estate
North Shields
Tyne & Wear
NE29 7SF

Auditors

RSM UK Audit LLP
Chartered Accountants
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

CROWN CARE II LLP

MEMBERS' REPORT

FOR THE YEAR ENDED 31 OCTOBER 2015

The members present their report and financial statements for the year ended 31 October 2015.

Principal activities

The principal activity of the limited liability partnership continued to be that of management of care homes.

Results for the year and allocation to members

The profit for the year available for distribution to members was £808,644 (2014: £460,082).

Review of the business

The results for the year and the financial position at the year end were considered satisfactory by the members who expect continued growth in the foreseeable future.

Designated Members

The designated members who held office during the year and up to the date of signature of the financial statements were as follows:

| | |
|-----------------------------|---------------------------|
| Mr Amarjit Ladhar | (Resigned 27 April 2015) |
| Mr Baldev Ladhar | (Resigned 27 April 2015) |
| Mrs Bhagwant Ladhar | (Resigned 27 April 2015) |
| Crown Care IV Limited | (Appointed 27 April 2015) |
| Crown Care Holdings Limited | (Appointed 27 April 2015) |

Policy on members' drawings


The members' drawing policy allows each member to draw a proportion of their profit share, subject to the cash requirements of the business.

A member's capital requirement is linked to their share of profit and the financing requirement of the limited liability partnership. There is no opportunity for appreciation of the capital subscribed. Just as incoming members introduce their capital at "par", so the retiring members are repaid their capital at "par".

Auditors

RSM UK Audit LLP (previously Baker Tilly UK Audit LLP) have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

On behalf of the members



.....
M S Ladhar

23 February 2016

CROWN CARE II LLP

MEMBERS' RESPONSIBILITIES IN THE PREPARATION OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 OCTOBER 2015

The members are responsible for preparing the members' report and the financial statements in accordance with applicable law and regulations.

The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the 2008 Regulations) requires the members to prepare financial statements for each financial year. Under that law the members have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under the 2008 regulations, the members 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 limited liability partnership and of the profit or loss of the limited liability partnership for that year. In preparing those financial statements, the members 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 limited liability partnership will continue in business.

Under the 2008 Regulations the members are responsible for keeping adequate accounting records that are sufficient to show and explain the limited liability partnership's transactions and disclose with reasonable accuracy at any time the financial position of the limited liability partnership and to enable them to ensure that the financial statements comply with those regulations. They are also responsible for safeguarding the assets of the limited liability partnership and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

These responsibilities are exercised by the designated members on behalf of the members.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CROWN CARE II LLP

We have audited the financial statements on pages 4 to 13. 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 Limited Liability Partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008. Our audit work has been undertaken so that we might state to the Limited Liability Partnership's members those matters we are required to state to them in an auditor's 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 Limited Liability Partnership and the Limited Liability Partnership's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of members and auditor

As explained more fully in the Members' Responsibilities Statement set out on page 2, the members 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 and express an opinion on 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the limited liability partnership's affairs as at 31 October 2015 and of its 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 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

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 as applied to limited liability partnerships requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

RSM UK Audit LLP

Steven Cleugh (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, (formerly Baker Tilly UK Audit LLP) Statutory Auditor
Chartered Accountants
1 St James' Gate
Newcastle upon Tyne
NE1 4AD

23 February 2016

CROWN CARE II LLP

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 OCTOBER 2015

| | Notes | 2015 £ | 2014 £ |
|---|-------|-------------|-------------|
| Turnover | 2 | 4,318,587 | 4,773,894 |
| Cost of sales | | (2,456,950) | (3,090,525) |
| Gross profit | | 1,861,637 | 1,683,369 |
| Administrative expenses | | (761,158) | (827,895) |
| Other operating income | | 2,150 | 270 |
| Operating profit | 3 | 1,102,629 | 855,744 |
| Interest payable and similar charges | 4 | (293,985) | (395,662) |
| Profit for the financial year before members' remuneration and profit shares | | 808,644 | 460,082 |
| Profit for the financial year before members' remuneration and profit shares | | 808,644 | 460,082 |
| Members remuneration charged as an expense | | (534,994) | - |
| Result for the financial year available for discretionary division among members | | 273,650 | 460,082 |

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

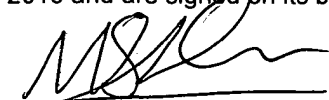
There are no recognised gains and losses other than those passing through the profit and loss account.

CROWN CARE II LLP

**BALANCE SHEET
AS AT 31 OCTOBER 2015**

| | Notes | 2015 £ | £ | 2014 £ | £ |
|--|-------|-------------|-------------|-------------|-------------|
| Fixed assets | | | | | |
| Tangible assets | 7 | | 8,498,778 | | 14,973,265 |
| Current assets | | | | | |
| Debtors | 8 | 159,363 | | 350,661 | |
| Cash at bank and in hand | | 657,109 | | 333 | |
| | | 816,472 | | 350,994 | |
| Creditors: amounts falling due within one year | 9 | (3,464,322) | | (2,985,253) | |
| Net current liabilities | | | (2,647,850) | | (2,634,259) |
| Total assets less current liabilities | | | 5,850,928 | | 12,339,006 |
| Creditors: amounts falling due after more than one year | 10 | | (5,314,934) | | (9,517,404) |
| Net assets attributable to members | | | 535,994 | | 2,821,602 |
| Represented by: | | | | | |
| Loans and other debts due to members: | | | | | |
| Other reserves | 12 | | 534,994 | | - |
| Members' capital | 12 | | 1,000 | | - |
| | | | 535,994 | | - |
| Members other interests: | | | | | |
| Members other interests – other reserves classified as equity | 12 | | - | | 848,372 |
| Members capital classified as equity | 12 | | - | | 1,973,230 |
| | | | - | | 2,821,602 |
| Total members' interests | | | | | |
| Amounts due from members | 8 | | (1,000) | | - |
| Loans and other debts due to members | 12 | | 535,994 | | - |
| Members' other interests | 12 | | - | | 2,821,602 |
| | | | 534,994 | | 2,821,602 |

The financial statements on pages 4 to 13 were approved by the members and authorised for issue on 23 February 2016 and are signed on its behalf by:



M S Ladhar

CROWN CARE II LLP

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2015

1 Accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention and the Statement of Recommended Practice (SORP); "Accounting by Limited Liability Partnerships", revised in 2010.

The members have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that its parent publishes a consolidated cash flow statement.

Going concern

The members have considered the LLP's current and future prospects and its availability of financing, and are satisfied that the LLP can continue to pay its liabilities as they fall due for a period of at least 12 months from the date of approval of these financial statements. For this reason the members can continue to adopt the going concern basis of preparation for these financial statements.

Turnover

Turnover is recognised at the fair value of the consideration received or receivable for sale of goods and services in the ordinary nature of the business.

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:

| | |
|----------------------------------|----------------------|
| Freehold property | Not depreciated |
| Fixtures, fittings and equipment | 15% straight line |
| Motor vehicles | 15% reducing balance |

Freehold land and buildings are no longer depreciated as in the opinion of the members the estimated residual value of the tangible fixed asset is not materially different from the carrying value of the asset, any depreciation thus calculated would be immaterial and recent valuations of the properties indicate that their current values are considerably in excess of their net book values in these financial statements.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Pensions

The limited liability partnership operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

Financial instruments

Financial instruments are classified and accounted for according to the substance of the contractual arrangement as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the LLP after deducting all of its liabilities.

Taxation

The taxation payable on the partnership profits is solely the personal liability of the individual members consequently neither the partnership taxation nor the related deferred taxation arising in respect of the partnership are accounted for in these financial statements.

CROWN CARE II LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2015

1 Accounting policies

Members' participation rights

Members' participation rights are the rights of a member against the LLP that arise under the members' agreement (for example, in respect of amounts subscribed or otherwise contributed remuneration and profits).

Members' participation rights in the earnings or assets of the LLP are analysed between those that are, from the LLP's perspective, either a financial liability or equity, in accordance with FRS 25 (IAS 32) Financial Instruments: Disclosure and Presentation and UITF abstract 39 Members' shares in co-operative entities and similar instruments. A member's participation right results in a liability unless the right to any payment is discretionary on the part of the LLP.

Amounts subscribed or otherwise contributed by members, for example members' capital, are classed as equity if the LLP has an unconditional right to refuse payment to members. If the LLP does not have such an unconditional right, such amounts are classified as liabilities.

Where profits are automatically divided as they arise, so the LLP does not have an unconditional right to refuse payment, the amounts arising that are due to members are in the nature of liabilities. They are therefore treated as an expense in the Profit and Loss Account in the relevant year. To the extent that they remain unpaid at the period end, they are shown as liabilities in the Balance Sheet.

Conversely, where profits are divided only after a decision by the LLP or its representative, so that the LLP has an unconditional right to refuse payment, such profits are classed as an appropriation of equity rather than as an expense. They are therefore shown as a residual amount available for discretionary division among members in the Profit and Loss Account and are equity appropriations in the Balance Sheet.

Other amounts applied to members, for example remuneration paid under an employment contract and interest on capital balances, are treated in the same way as all other divisions of profits, as described above, according to whether the LLP has, in each case, an unconditional right to refuse payment.

All amounts due to members that are classified as liabilities are presented in the Balance Sheet within 'Loans and other debts due to members' and are charged to the Profit and Loss Account within 'Members' remuneration charged as an expense'. Amounts due to members that are classified as equity are shown in the Balance Sheet within 'Members' other interests'.

Capital Instruments

All interest bearing loans and borrowings are initially recognised at net proceeds. After initial recognition, debt is increased by the finance cost in respect of the reporting period and reduced by payments made in respect of the debts of the period.

Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount.

2 Turnover

Geographical market

| | 2015 £ | 2014 £ |
|----------------|------------------|------------------|
| United Kingdom | <u>4,318,587</u> | <u>4,773,894</u> |

CROWN CARE II LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2015

| | | | |
|----------|--|------------------------------------|------------------------------------|
| 3 | Operating profit | 2015 | 2014 |
| | | £ | £ |
| | Operating profit is stated after charging: | | |
| | Depreciation of tangible fixed assets | | |
| | - owned | 107,879 | 134,208 |
| | - held under finance leases and hire purchase contracts | - | 1,287 |
| | Auditor's remuneration for statutory audit | 7,800 | 7,200 |
| | | <u> </u> | <u> </u> |
| 4 | Interest payable and similar charges | 2015 | 2014 |
| | | £ | £ |
| | On bank loans and overdrafts | 293,695 | 395,546 |
| | Hire purchase interest | 290 | 116 |
| | | <u> </u> | <u> </u> |
| | | 293,985 | 395,662 |
| | | <u> </u> | <u> </u> |
| 5 | Employees | | |
| | Number of employees | | |
| | The average monthly number of employees during the year was: | | |
| | | 2015 | 2014 |
| | | Number | Number |
| | Number of support and nursing staff | 189 | 239 |
| | | <u> </u> | <u> </u> |
| | Employment costs | | |
| | | £ | £ |
| | Wages and salaries | 2,107,805 | 2,598,526 |
| | Social security costs | 116,655 | 128,912 |
| | Other pension costs | 13,231 | 489 |
| | | <u> </u> | <u> </u> |
| | | 2,237,691 | 2,727,927 |
| | | <u> </u> | <u> </u> |
| 6 | Information in relation to members | 2015 | 2014 |
| | | Number | Number |
| | The average number of members during the year was: | <u> 3 </u> | <u> 3 </u> |
| | | £ | £ |
| | Profit attributable to the member with the highest entitlement | <u> 533,389 </u> | <u> 153,361 </u> |

CROWN CARE II LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2015

7 Tangible fixed assets

| | Freehold property | Fixtures, fittings and equipment | Motor vehicles | Total |
|-----------------------|----------------------|--|-------------------|-------------|
| | £ | £ | £ | £ |
| Cost | | | | |
| At 1 November 2014 | 14,497,756 | 930,443 | 60,065 | 15,488,264 |
| Additions | 19,398 | 53,037 | - | 72,435 |
| Disposals | (6,351,082) | (499,735) | (60,065) | (6,910,882) |
| At 31 October 2015 | 8,166,072 | 483,745 | - | 8,649,817 |
| Depreciation | | | | |
| At 1 November 2014 | 94,704 | 413,902 | 6,393 | 514,999 |
| On disposals | (94,704) | (368,540) | (8,595) | (471,839) |
| Charge for the year | - | 105,677 | 2,202 | 107,879 |
| At 31 October 2015 | - | 151,039 | - | 151,039 |
| Net book value | | | | |
| At 31 October 2015 | 8,166,072 | 332,706 | - | 8,498,778 |
| At 31 October 2014 | 14,403,052 | 516,541 | 53,672 | 14,973,265 |

Included above are assets held under finance leases or hire purchase contracts as follows:

| | Total £ |
|----------------------------------|------------|
| Net book values | |
| At 31 October 2015 | - |
| At 31 October 2014 | 14,154 |
| Depreciation charge for the year | |
| 31 October 2015 | - |
| 31 October 2014 | 1,287 |

CROWN CARE II LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2015

| 8 | Debtors | 2015 £ | 2014 £ |
|---|---|------------------|------------------|
| | Trade debtors | 100,696 | 302,791 |
| | Amounts due from members | 1,000 | - |
| | Amounts owed by group undertakings | 9,113 | - |
| | Amounts owed by related undertakings | 610 | - |
| | Other debtors | 37,530 | 15,946 |
| | Prepayments and accrued income | 10,414 | 31,924 |
| | | <u>159,363</u> | <u>350,661</u> |
| 9 | Creditors: amounts falling due within one year | 2015 £ | 2014 £ |
| | Bank loans and overdrafts | 211,739 | 459,780 |
| | Net obligations under hire purchase contracts | - | 7,237 |
| | Trade creditors | 51,358 | 233,202 |
| | Amounts owed to group undertakings | 851,021 | 2,093,708 |
| | Amounts owed to related undertakings | 1,196 | - |
| | Taxes and social security costs | 17,975 | 61,819 |
| | Amounts due to former members | 2,196,954 | - |
| | Other creditors | 38,540 | 4,204 |
| | Accruals and deferred income | 95,539 | 125,303 |
| | | <u>3,464,322</u> | <u>2,985,253</u> |
| | Debt due in one year or less | <u>211,739</u> | <u>467,017</u> |
| | Net obligations under hire purchase contracts | | |
| | Repayable within one year | - | 7,527 |
| | Finance charges and interest allocated to future accounting periods | - | (290) |
| | | <u>-</u> | <u>7,237</u> |

Disclosed under creditors falling due within one year are bank loans and overdrafts secured by the LLP of £211,739 (2014: £459,780).

CROWN CARE II LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2015

| | | | |
|-----------|--|------------------|------------------|
| 10 | Creditors: amounts falling due after more than one year | 2015 | 2014 |
| | | £ | £ |
| | Bank loan | <u>5,314,934</u> | <u>9,517,404</u> |
| | Included in the above are the following: | | |
| | Analysis of debt maturity | | |
| | Amounts payable: | | |
| | In one year or less or on demand | 211,739 | 446,981 |
| | In more than one year but not more than two years | 211,739 | 629,730 |
| | In more than two years but not more than five years | 635,218 | 2,089,169 |
| | In five years or more | <u>4,467,977</u> | <u>6,798,505</u> |
| | | <u>5,526,673</u> | <u>9,964,385</u> |

The bank loan is secured by a fixed charge over the LLP's freehold property.

It is repayable by quarterly instalments which commenced on 27 July 2015. Interest is charged at 2.26% above the LIBOR. The final instalment is due to be paid on 26 April 2035.

11 Retirement Benefits

| | | |
|---|---------------|-------------|
| | 2015 | 2014 |
| | £ | £ |
| Contributions payable by the company for the year | <u>13,231</u> | <u>489</u> |

CROWN CARE II LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2015

12 Members' interests

| | Members' other interests | | Loans and other debts due to/(from) members | | Total 2015 | Total 2014 |
|--|---|----------------|---|---------|-------------|------------|
| | Members' capital (classified as equity) | Other reserves | Total | | | |
| | £ | £ | £ | £ | £ | £ |
| Members' interests at 1 November 2014 | 1,973,230 | 848,372 | 2,821,602 | - | 2,821,602 | 2,361,520 |
| Members remuneration charged as an expense | | | | 534,994 | 534,994 | - |
| Profit for the financial year available for discretionary division among members | - | 273,650 | 273,650 | - | 273,650 | 460,082 |
| Members' interests after profit for the year | 1,973,230 | 1,122,022 | 3,095,252 | 534,994 | 3,630,246 | 2,821,602 |
| Amounts reclassified as amounts due to former members | (1,973,230) | (131,556) | (2,104,786) | - | (2,104,786) | - |
| Drawings | - | (990,466) | (990,466) | - | (990,466) | - |
| Introduced by members | | - | - | 1,000 | 1,000 | - |
| Members' interests at 31 October 2015 | - | - | - | 535,994 | 535,994 | 2,821,602 |

13 Loans and other debts due to members

| | 2015 £ | 2014 £ |
|---|-----------|-----------|
| Amounts owed to members in respect of profits | 534,994 | - |
| | 534,994 | - |

In the event of a winding up the amounts included in "Loans and other debts due to members" will rank equally with unsecured creditors.

CROWN CARE II LLP

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2015

14 Disposal of trade and assets

During the year the LLP disposed of some of its trade and assets as follows:

| | £ |
|--------------------------|------------------|
| Tangible fixed assets | 6,387,573 |
| Trade and other debtors | 549,448 |
| Trade and other payables | (2,217,500) |
| | <u>4,719,521</u> |
| Satisfied by: | |
| Intercompany debtor | <u>4,719,521</u> |

15 Ultimate controlling party

The LLP's immediate and ultimate parent is Crown Care Holdings Limited. Crown Care Holdings Limited is the largest and smallest group of undertakings for which consolidated financial statements are prepared which contain the results of Crown Care II LLP. The financial statements of Crown Care Holdings Limited can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ.

In the opinion of the members the LLP is controlled by the Ladhar family because of their interests in the ultimate parent. However, no individual is able to control Crown Care Holdings Limited, and therefore the LLP, by virtue of their shareholding.

16 Related party transactions

The LLP has taken advantage of the exemption contained in Financial Reporting Standard 8 "Related Party Transactions" that allows subsidiary undertakings which are wholly owned by a parent company not to disclose transactions with other group entities as the LLP is included within the publicly available consolidated financial statements.