

**Limited Liability Partnership Registration No. OC345969 (England and Wales)**

**CROWN CARE II LLP**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 OCTOBER 2018**  
**PAGES FOR FILING WITH REGISTRAR**



# **CROWN CARE II LLP**

## **MEMBERS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2018**

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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; and
- 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.

**CROWN CARE II LLP****STATEMENT OF FINANCIAL POSITION****AS AT 31 OCTOBER 2018**

	Notes	2018 £	£	2017 £	£
<b>Fixed assets</b>					
Tangible assets	6	13,493,678		13,517,369	
<b>Current assets</b>					
Debtors	7	1,901,732		827,086	
Cash at bank and in hand		1,011,300		879,051	
		2,913,032		1,706,137	
<b>Creditors: amounts falling due within one year</b>	8	(2,942,464)		(2,900,420)	
<b>Net current liabilities</b>		(29,432)		(1,194,283)	
<b>Total assets less current liabilities</b>		13,464,246		12,323,086	
<b>Creditors: amounts falling due after more than one year</b>	9	(4,641,490)		(4,869,513)	
<b>Net assets attributable to members</b>		8,822,756		7,453,573	
<b>Represented by:</b>					
<b>Loans and other debts due to members within one year</b>					
Members' capital classified as a liability		1,000		1,000	
Other amounts		3,762,828		2,393,645	
		3,763,828		2,394,645	
<b>Members' other interests</b>					
Revaluation reserve		5,058,928		5,058,928	
		8,822,756		7,453,573	
<b>Total members' interests</b>					
Loans and other debts due to members		3,763,828		2,394,645	
Members' other interests		5,058,928		5,058,928	
		8,822,756		7,453,573	

The members have elected not to include a copy of the income statement within the financial statements.

**CROWN CARE II LLP**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**AS AT 31 OCTOBER 2018**

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The financial statements were approved by the members and authorised for issue on 12/4/19 and are signed on their behalf by:



# CROWN CARE II LLP

## RECONCILIATION OF MEMBERS' INTERESTS FOR THE YEAR ENDED 31 OCTOBER 2018

	<b>EQUITY</b> <b>Members'</b> <b>other interests</b>	<b>Loans and other debts due to members</b> <b>less any amounts due from members in</b>	<b>DEBT</b> <b>debtors</b>		<b>TOTAL</b> <b>MEMBERS'</b> <b>INTERESTS</b>
	<b>Revaluation</b> <b>reserve</b>	<b>Members'</b> <b>capital</b> <b>(classified as</b> <b>debt)</b>	<b>Other</b> <b>amounts</b>	<b>Total debt</b>	<b>Total</b> <b>2018</b>
	<b>£</b>		<b>£</b>	<b>£</b>	<b>£</b>
Amounts due to members			2,393,645		
Members' interests at 1 November 2017	5,058,928	1,000	2,393,645	2,394,645	7,453,573
Members' remuneration charged as an expense, including employment costs and retirement benefit costs	-	-	1,369,183	1,369,183	1,369,183
Members' interests after profit and remuneration for the year	5,058,928	1,000	3,762,828	3,763,828	8,822,756
Members' interests at 31 October 2018	5,058,928	1,000	3,762,828	3,763,828	8,822,756
Amounts due to members			3,762,828		
			3,762,828		

# CROWN CARE II LLP

## RECONCILIATION OF MEMBERS' INTERESTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2018

	<b>EQUITY</b> <b>Members'</b> <b>other interests</b>	<b>DEBT</b> <b>Loans and other debts due to members</b> <b>less any amounts due from members in</b> <b>debtors</b>	<b>TOTAL</b> <b>MEMBERS'</b> <b>INTERESTS</b>
	<b>Revaluation</b> <b>reserve</b>	<b>Members'</b> <b>capital</b> <b>(classified as</b> <b>debt)</b>	<b>Total</b> <b>2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Amounts due to members		1,301,283	
Members' interests at 1 November 2016	5,058,928	1,000	6,361,211
Members' remuneration charged as an expense, including employment costs and retirement benefit costs	-	1,092,362	1,092,362
Members' interests after profit and remuneration for the year	5,058,928	2,393,645	7,453,573
Members' interests at 31 October 2017	5,058,928	2,393,645	7,453,573
Amounts due to members		2,393,645	
		2,393,645	

# CROWN CARE II LLP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2018

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### 1 Accounting policies

#### Limited liability partnership information

Crown Care II LLP is a limited liability partnership registered and incorporated in England and Wales. The registered office is 15-16 Stockholm Close, Tyne Tunnel Trading Estate, North Shields, Tyne & Wear, NE29 7SF.

The limited liability partnership's principal activities and nature of its operations are disclosed in the Members' Report.

#### Accounting convention

The financial statements have been prepared under the historical cost convention in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" (published January 2017).

The financial statements are prepared in sterling, which is the functional currency of the limited liability partnership. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

#### Reduced disclosure

This entity is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this entity, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The entity has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues' – Carrying amounts, interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;
- Section 33 'Related Party Disclosures' – Compensation for key management personnel.

The financial statements of the entity are consolidated in the financial statements of Crown Care Holdings Limited. These consolidated financial statements are available from its registered office, 15 - 16 Stockholm Close, Tyne Tunnel Trading Estate, North Shields, Tyne & Wear, NE29 7SF.

#### Going concern

At the year end date, the LLP had net current liabilities of £29,432 (2017: £1,194,283). 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. If the going concern basis proved to be invalid, the financial statements would have to be prepared on a break up basis in which the balance sheet would be restated to include all assets and liabilities at the estimated realised value.

#### Turnover

Turnover represents care charges receivable (exempt from value added tax) which are recognised either under the terms of contract with local health authorities or under the terms of short term letting agreements and is recognised on an accruals basis as those services are provided.

# CROWN CARE II LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2018

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### 1 Accounting policies (Continued)

#### **Members' participating interests**

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 section 22 of FRS 102. A member's participation rights including amounts subscribed or otherwise contributed by members, for example members' capital, are classed as liabilities unless the LLP has an unconditional right to refuse payment to members, in which case they are classified as equity.

All amounts due to members that are classified as liabilities are presented within 'Loans and other debts due to members' and, where such an amount relates to current year profits, they are recognised within 'Members' remuneration charged as an expense' in arriving at the relevant year's result. Undivided amounts that are classified as equity are shown within 'Members' other interests'. Amounts recoverable from members are presented as debtors and shown as amounts due from members within members' interests.

Profits are automatically divided as they arise, so the LLP does not have an unconditional right to refuse payment and the amounts arising that are due to members are in the nature of liabilities. They are therefore treated as an expense and presented as members remuneration charged as an expense in arriving at the result for the relevant year. To the extent that they remain unpaid at the period end, they are shown as liabilities.

The members' agreement limits the amount of losses that can be allocated to and recovered from members to the pro-rata amount of undrawn profits remaining in the LLP. Losses are therefore only allocated, in the profit sharing ratios, to the extent that they would not create or increase a debtor balance for any member. Where losses are in excess of undrawn profits these are retained in equity until such time as a decision is made to allocate them in accordance with the members agreement.

#### **Tangible fixed assets**

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

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

Fixtures, fittings and equipment	15% straight line
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Freehold land and buildings are not 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.

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

#### **Impairment of fixed assets**

At each reporting period end date, the limited liability partnership reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).



# CROWN CARE II LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2018

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### 1 Accounting policies (Continued)

#### **Financial instruments**

The limited liability partnership has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the limited liability partnership's statement of financial position when the limited liability partnership becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **Basic financial assets**

Basic financial assets, which include trade and other debtors, amounts owed by group undertakings and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

#### **Classification of financial liabilities**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the limited liability partnership after deducting all of its liabilities.

#### **Basic financial liabilities**

Basic financial liabilities, including trade and other creditors, bank loans and amounts due to group undertakings, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

#### **Equity instruments**

Equity instruments issued by the limited liability partnership are recorded at the fair value of the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the limited liability partnership.

#### **Employee benefits**

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

# CROWN CARE II LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2018

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### 2 Judgements and key sources of estimation uncertainty

In the application of the limited liability partnership's accounting policies, the members are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

### 3 Employees

The average number of persons (excluding members) employed by the partnership during the year was:

	2018 Number	2017 Number
Number of support and nursing staff	119	112

### 4 Members' remuneration

	2018 Number	2017 Number
Average number of members during the year	2	2

	2018 £	2017 £
Profit attributable to the member with the highest entitlement	1,365,075	1,089,085

### 5 Interest payable and similar expenses

	2018 £	2017 £
Interest on bank overdrafts and loans	143,848	135,884

# CROWN CARE II LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2018

### 6 Tangible fixed assets

	Land and Buildings	Fixtures, fittings and equipment	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 November 2017	13,274,504	545,248	13,819,752
Additions	-	61,313	61,313
At 31 October 2018	13,274,504	606,561	13,881,065
<b>Depreciation and impairment</b>			
At 1 November 2017	-	302,383	302,383
Depreciation charged in the year	-	85,004	85,004
At 31 October 2018	-	387,387	387,387
<b>Carrying amount</b>			
At 31 October 2018	13,274,504	219,174	13,493,678
At 31 October 2017	13,274,504	242,865	13,517,369

On transition to FRS 102 certain freehold property was revalued and incorporated into the financial statements as at 1 November 2015 at this value. This valuation has been retained under the transitional provisions of FRS 102, the directors do not intend to adopt a policy of revaluations in the future.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2018 £	2017 £
Cost	8,215,576	8,215,576
Accumulated depreciation	-	-
Carrying value	8,215,576	8,215,576

The revaluation surplus is disclosed in the reconciliation of members' interests.

### 7 Debtors

	2018 £	2017 £
<b>Amounts falling due within one year:</b>		
Trade debtors	290,280	226,972
Amounts owed by group undertakings	1,583,992	510,924
Other debtors	-	68,819
Prepayments and accrued income	27,460	20,371
	1,901,732	827,086

# CROWN CARE II LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2018

### 8 Creditors: amounts falling due within one year

	Notes	2018 £	2017 £
Bank loans and overdrafts		217,798	217,798
Trade creditors		43,580	134,259
Amounts due to group undertakings		-	102
Other taxation and social security		21,477	22,092
Other creditors		422,781	325,678
Post retirement benefits due to former members		2,104,786	2,104,786
Accruals and deferred income		132,042	95,705
		<u>2,942,464</u>	<u>2,900,420</u>

### 9 Creditors: amounts falling due after more than one year

	Notes	2018 £	2017 £
Bank loans and overdrafts		4,641,490	4,869,513
Creditors which fall due after five years are as follows:		<u>2018</u> £	<u>2017</u> £
Payable by instalments		3,770,297	3,998,319

### 10 Loans and other debts due to members

	2018 £	2017 £
<b>Analysis of loans</b>		
Amounts falling due within one year	3,763,828	2,394,645

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

### 11 Financial commitments, guarantees and contingent liabilities

The LLP has guaranteed the bank loan of a fellow group company, Crown Care VII Limited, to the value of £5,000,000. The guarantee is supported by a debenture over the LLP's property and fixed and floating charges.

## CROWN CARE II LLP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2018

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#### 12 Related party transactions

The following amounts were outstanding at the reporting end date:

	Amounts owed to related parties	
	2018 £	2017 £
Other related parties	-	53,668
	<u>          </u>	<u>          </u>
	Amounts owed by related parties	
	2018 £	2017 £
Other related parties	-	68,819
	<u>          </u>	<u>          </u>

The other related parties are all connected to Crown Care II LLP by virtue of the Ladhar family, who are directors of the member companies of the LLP, being directors and shareholders in those entities.

The balances are unsecured, interest free and repayable on demand.

#### 13 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 its registered address which is Unit 15 - 16 Stockholm Close, Tyne Tunnel Trading Estate, North Shields, Tyne & Wear, United Kingdom, NE29 7SF.

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.

#### 14 Audit report information

As the income statement has been omitted from the filing copy of the financial statements the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Steven Cleugh FCCA.  
The auditor was RSM UK Audit LLP.