

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

**CROWN CARE II LLP**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**31 OCTOBER 2021**



# CROWN CARE II LLP

## LIMITED LIABILITY PARTNERSHIP INFORMATION

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**Designated members** Crown Care IV Limited  
Crown Care Holdings Limited

**Limited liability partnership number** OC345969

**Registered office** C/O Earl Grey Properties Ltd  
2nd Floor Adelphi Chambers  
20 Sharespeare Street  
Newcastle upon Tyne  
England  
NE1 6AQ

**Auditor** RSM UK Audit LLP  
Chartered Accountants  
1 St. James' Gate  
Newcastle upon Tyne  
United Kingdom  
NE1 4AD

**Solicitors** Sintons LLP  
The Cube  
Barrack Road  
Newcastle upon Tyne  
NE4 6DB

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# CROWN CARE II LLP

## MEMBERS' REPORT

### FOR THE YEAR ENDED 31 OCTOBER 2021

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The members present their annual report and financial statements for the year ended 31 October 2021.

#### **Principal activities**

The principal activity of the limited liability partnership continued to be that of a care home operator.

#### **Results for the year and allocation to members**

The profit for the year available for distribution to members was £1,428,397 (2020: £1,673,847).

#### **Members' drawings, contributions and repayments**

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".

#### **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:

Crown Care IV Limited  
Crown Care Holdings Limited

#### **Auditor**

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### **Statement of disclosure to auditor**

So far as each person who was a member at the date of approving this report is aware, there is no relevant audit information of which the limited liability partnership's auditor is unaware. Additionally, each member has taken all the necessary steps that they ought to have taken as a member in order to make themselves aware of all relevant audit information and to establish that the limited liability partnership's auditor is aware of that information.

Approved by the members on 29 April 2022 and signed on behalf by:



On behalf of  
Crown Care Holdings Limited  
**Designated Member**

# **CROWN CARE II LLP**

## **MEMBERS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 OCTOBER 2021**

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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.

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

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### **Opinion**

We have audited the financial statements of Crown Care II LLP (the 'limited liability partnership') for the year ended 31 October 2021 which comprise the statement of comprehensive income, the statement of financial position, the reconciliation of members' interests and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

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 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the limited liability partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the limited liability partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

### **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CROWN CARE II LLP (CONTINUED)**

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### **Responsibilities of members**

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, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the limited liability partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the limited liability partnership or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

*In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:*

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the limited liability partnership operates in and how the limited liability partnership is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CROWN CARE II LLP (CONTINUED)**

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As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102, the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures and inspecting correspondence with tax authorities.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to Care Quality Commission compliance. We performed audit procedures to inquire of management whether the company is in compliance with these law and regulations and inspected correspondence with regulatory authorities.

The audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed in relation to the risk of management override of controls included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business. Audit procedures performed in relation to the risk of revenue recognition included but were not limited to testing of revenue transactions to underlying supporting documentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities> This description forms part of our auditor's report.

### **Use of our report**

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 to limited liability partnerships. 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.

*Steven Cleugh*

Steven Cleugh FCCA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
1 St. James' Gate  
Newcastle upon Tyne  
United Kingdom, NE1 4AD  
29 April 2022

# CROWN CARE II LLP

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 OCTOBER 2021

	Notes	2021 £	2020 £
<b>Turnover</b>	<b>3</b>	3,718,387	4,169,327
Cost of sales		(2,027,375)	(2,134,707)
<b>Gross profit</b>		1,691,012	2,034,620
Administrative expenses		(376,866)	(409,479)
Other operating income		217,207	166,092
<b>Operating profit</b>	<b>6</b>	1,531,353	1,791,233
Interest payable and similar expenses	<b>7</b>	(102,956)	(117,386)
<b>Profit for the financial year before members' remuneration and profit shares</b>		1,428,397	1,673,847
Members' remuneration charged as an expense	<b>5</b>	(1,428,397)	(1,673,847)
<b>Result for the financial year available for discretionary division among members</b>		-	-



**CROWN CARE II LLP****STATEMENT OF FINANCIAL POSITION****AS AT 31 OCTOBER 2021**

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Tangible assets	8	13,425,681		13,422,216	
<b>Current assets</b>					
Debtors	9	4,716,190		4,550,038	
Cash at bank and in hand		843,899		484,379	
		5,560,089		5,034,417	
<b>Creditors: amounts falling due within one year</b>	10	(1,531,817)		(2,238,086)	
<b>Net current assets</b>		4,028,272		2,796,331	
<b>Total assets less current liabilities</b>		17,453,953		16,218,547	
<b>Creditors: amounts falling due after more than one year</b>	11	(4,193,079)		(4,386,070)	
<b>Net assets attributable to members</b>		13,260,874		11,832,477	
<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		8,200,946		6,772,549	
		8,201,946		6,773,549	
<b>Members' other interests</b>					
Revaluation reserve		5,058,928		5,058,928	
		13,260,874		11,832,477	
<b>Total members' interests</b>					
Loans and other debts due to members		8,201,946		6,773,549	
Members' other interests		5,058,928		5,058,928	
		13,260,874		11,832,477	

**CROWN CARE II LLP**

**STATEMENT OF FINANCIAL POSITION (CONTINUED)**

**AS AT 31 OCTOBER 2021**

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The financial statements were approved by the members and authorised for issue on 29 April 2022 and are signed on their behalf by:



On behalf of  
Crown Care Holdings Limited  
**Designated member**

# CROWN CARE II LLP

## RECONCILIATION OF MEMBERS' INTERESTS FOR THE YEAR ENDED 31 OCTOBER 2021

	<b>EQUITY</b>		<b>DEBT</b>		<b>TOTAL</b>
	<b>Members' other interests</b>	<b>Loans and other debts due to members less any amounts due from members in debtors</b>			<b>MEMBERS' INTERESTS</b>
	<b>Revaluation reserve</b>	<b>Members' capital (classified as debt)</b>	<b>Other amounts</b>	<b>Total debt</b>	<b>Total 2021</b>
	<b>£</b>		<b>£</b>	<b>£</b>	<b>£</b>
Amounts due to members			6,772,549		
Members' interests at 1 November 2020	5,058,928	1,000	6,772,549	6,773,549	11,832,477
Members' remuneration charged as an expense, including employment costs and retirement benefit costs	-	-	1,428,397	1,428,397	1,428,397
Members' interests after result and remuneration for the year	5,058,928	1,000	8,200,946	8,201,946	13,260,874
Members' interests at 31 October 2021	5,058,928	1,000	8,200,946	8,201,946	13,260,874

# CROWN CARE II LLP

## RECONCILIATION OF MEMBERS' INTERESTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2021

	<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>2020</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Amounts due to members		5,098,702	
Members' interests at 1 November 2019	5,058,928	1,000	5,099,702
Members' remuneration charged as an expense, including employment costs and retirement benefit costs	-	-	1,673,847
Members' interests after result and remuneration for the year	5,058,928	1,000	6,772,549
Members' interests at 31 October 2020	5,058,928	1,000	6,773,549

# CROWN CARE II LLP

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 OCTOBER 2021

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### 1 Accounting policies

#### Limited liability partnership information

Crown Care II LLP (the 'limited liability partnership') is a limited liability partnership registered and incorporated in England and Wales. The registered office is C/O Earl Grey Properties Ltd, 2nd Floor Adelphi Chambers, 20 Shakespeare Street, Newcastle upon Tyne, England, NE1 6AQ.

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 December 2018).

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' – 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; and
- 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, C/O Earl Grey Properties Ltd, 2nd Floor Adelphi Chambers, 20 Shakespeare Street, Newcastle upon Tyne, NE1 6AQ.

#### Going concern

The members have at the time of approving the financial statements, a reasonable expectation that the LLP has adequate resources to continue in operational existence for at least one year from the date of approval of these financial statements. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

The directors have prepared detailed forecasts for a period of no less than 12 months from the date of approval of the financial statements. The Directors, with reference to these forecasts and the working capital of the company and parent, believe that the entity has adequate resources to continue in operational existence for the 12 months from approval of financial statements.

#### 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 2021

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#### 1 Accounting policies (Continued)

##### **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 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:

Land and buildings	Not depreciated
Fixtures, fittings and equipment	15% straight line

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.

# CROWN CARE II LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2021

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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.

#### **Other financial assets**

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

#### **Impairment of financial assets**

Financial assets, other than those held at fair value through profit or loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

#### **Derecognition of financial assets**

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the limited liability partnership transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

#### **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.

# CROWN CARE II LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2021

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### 1 Accounting policies (Continued)

#### ***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in or in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

#### ***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.

#### ***Retirement benefits and post retirement payments to members***

For defined contribution schemes the amount charged to profit or loss is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments.

#### ***Government grants***

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.



# CROWN CARE II LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2021

### 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 Turnover

An analysis of the limited liability partnership's turnover is as follows:

	2021 £	2020 £
<b>Turnover analysed by class of business</b>		
Management of care homes	3,718,387	4,169,327
	<u>          </u>	<u>          </u>
	2021 £	2020 £
<b>Other revenue</b>		
Grants received	217,207	166,092
	<u>          </u>	<u>          </u>

All turnover was generated within the United Kingdom.

Grants received are government grants received in respect of the Coronavirus Job Retention Scheme (£4,864 (2020: £24,878)) and other Coronavirus assistance received in the year (£212,343 (2020: £141,214)).

### 4 Employees

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

	2021 Number	2020 Number
Support and nursing staff	97	105
	<u>          </u>	<u>          </u>

# CROWN CARE II LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2021

### 4 Employees (Continued)

Their aggregate remuneration comprised:

	2021 £	2020 £
Wages and salaries	1,691,854	1,752,794
Social security costs	115,954	120,196
Pension costs	27,119	28,533
	<u>1,834,927</u>	<u>1,901,523</u>

### 5 Members' remuneration

	2021 Number	2020 Number
Average number of members during the year	<u>2</u>	<u>2</u>

	2021 £	2020 £
Profit attributable to the member with the highest entitlement	<u>1,428,397</u>	<u>1,673,847</u>

### 6 Operating profit

	2021 £	2020 £
Operating profit for the year is stated after charging/(crediting):		
Government grants	(217,207)	(166,092)
Fees payable to the LLP's auditor for the audit of the LLP's financial statements	550	550
Depreciation of owned tangible fixed assets	<u>40,119</u>	<u>75,141</u>

### 7 Interest payable and similar expenses

	2021 £	2020 £
Interest on bank overdrafts and loans	<u>102,956</u>	<u>117,386</u>

# CROWN CARE II LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2021

### 8 Tangible fixed assets

	Land and buildings	Fixtures, fittings and equipment	Total
	£	£	£
<b>Cost or valuation</b>			
At 1 November 2020	13,274,504	701,828	13,976,332
Additions	-	43,584	43,584
At 31 October 2021	13,274,504	745,412	14,019,916
<b>Depreciation and impairment</b>			
At 1 November 2020	-	554,116	554,116
Depreciation charged in the year	-	40,119	40,119
At 31 October 2021	-	594,235	594,235
<b>Carrying amount</b>			
At 31 October 2021	13,274,504	151,177	13,425,681
At 31 October 2020	13,274,504	147,712	13,422,216

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:

	2021 £	2020 £
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.

### 9 Debtors

	2021 £	2020 £
<b>Amounts falling due within one year:</b>		
Trade debtors	374,445	230,762
Amounts owed by group undertakings	4,320,297	4,299,029
Other debtors	-	72
Prepayments and accrued income	21,448	20,175
	4,716,190	4,550,038

# CROWN CARE II LLP

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2021

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

	Notes	2021 £	2020 £
Bank loans	12	188,659	178,992
Trade creditors		85,433	61,506
Other taxation and social security		34,108	21,993
Other creditors		506,646	432,804
Post retirement benefits owed to former members		583,191	1,403,191
Accruals and deferred income		133,780	139,600
		<u>1,531,817</u>	<u>2,238,086</u>

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

	Notes	2021 £	2020 £
Bank loans and overdrafts	12	<u>4,193,079</u>	<u>4,386,070</u>

### 12 Borrowings

	2021 £	2020 £
Bank loans	<u>4,381,738</u>	<u>4,565,062</u>
Payable within one year	188,659	178,992
Payable after one year	<u>4,193,079</u>	<u>4,386,070</u>

The bank loan is secured by a fixed charge over the LLP's freehold property and fixed and floating charges over all the other property, assets and rights of the company now or in the future.

The loan is repayable by quarterly instalments of £69,702 including capital and interest. Interest charged at a margin above SONIA.

### 13 Retirement benefit schemes

#### Defined contribution schemes

The limited liability partnership operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the limited liability partnership in an independently administered fund.

The charge to profit or loss in respect of defined contribution schemes was £27,119 (2020 - £28,533).

Contributions totalling £8,009 (2020: £5,677) were payable to the fund at the year end and are included within other creditors.

## CROWN CARE II LLP

### NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 OCTOBER 2021

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#### 14 Loans and other debts due to members

	2021	2020
	£	£
<b>Analysis of loans</b>		
Amounts falling due within one year	8,201,946	6,773,549

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

#### 15 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.

#### 16 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 its registered address which is C/O Earl Grey Properties Ltd, 2nd Floor Adelphi Chambers, 20 Shakespeare Street, Newcastle upon Tyne, NE1 6AQ.

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.