

Limited Liability Partnership Registration No. OC348936 (England and Wales)

The Park Gate Care Home LLP

**Annual report and financial statements
for the year ended 31 March 2019**



The Park Gate Care Home LLP

Limited liability partnership information

Designated members	Encore Care Homes Ltd Encore Care Homes Holdings Limited
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Limited liability partnership number	OC348936
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Registered office	170 Charminster Road Bournemouth Dorset BH8 9RL
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Independent auditor	Saffery Champness LLP Midland House 2 Poole Road Bournemouth Dorset BH2 5QY
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The Park Gate Care Home LLP

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The Park Gate Care Home LLP

Members' report

For the year ended 31 March 2019

The members present their annual report and financial statements for the year ended 31 March 2019.

Principal activities

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

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.

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:

Encore Care Homes Ltd

Encore Care Group Limited

Encore Care Homes Holdings Limited

(Resigned 1 November 2019)

(Appointed 1 November 2019)

Auditor

In accordance with the Limited Liability Partnership's articles, a resolution proposing that Saffery Champness LLP be re-appointed as auditors to the Limited Liability Partnership will be put at a general meeting.

Statement of disclosure to auditor

Each of the members in office at the date of approval of this annual report confirms that:

- so far as the members are aware, there is no relevant audit information of which the limited liability partnership's auditor is unaware, and
- the members have taken all the steps that they ought to have taken as members in order to make themselves aware of any relevant audit information and to establish that the limited liability partnership's auditor is aware of that information.

Approved by the members on 11 December 2019 and signed on their behalf by:



Julian Shaffer on behalf of

Encore Care Homes Ltd

Designated Member

The Park Gate Care Home LLP

Members' responsibilities statement

For the year ended 31 March 2019

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

Company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) 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. Under company law (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008) 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 period. In preparing these financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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.

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 enable them to ensure that the financial statements comply with the Companies Act 2006 (as applied by The Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008). 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.

The Park Gate Care Home LLP

Independent auditor's report

To the members of The Park Gate Care Home LLP

Opinion

We have audited the financial statements of The Park Gate Care Home LLP (the 'limited liability partnership') for the year ended 31 March 2019 which comprise the statement of comprehensive income, the balance sheet, 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 March 2019 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.

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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the members' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the members have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the limited liability partnership's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

The Park Gate Care Home LLP

Independent auditor's report (continued)

To the members of The Park Gate Care Home LLP

Other information

The members are responsible for the other information. The other information comprises the information included in the members' report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 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; or
- the members were not entitled to prepare the financial statements in accordance with the small limited liability partnerships regime.

Responsibilities of members

As explained more fully in the members' responsibilities statement, 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.

The Park Gate Care Home LLP

Independent auditor's report (continued)

To the members of The Park Gate Care Home LLP

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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://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 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.

Saffery Champness LLP

Jamie Lane (Senior Statutory Auditor)
for and on behalf of Saffery Champness LLP

17th December 2019
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**Chartered Accountants
Statutory Auditors**

Midland House
2 Poole Road
Bournemouth
Dorset
BH2 5QY

The Park Gate Care Home LLP

**Statement of comprehensive income
For the year ended 31 March 2019**

	2019 £	2018 £
Turnover	4,435,251	4,394,188
Cost of sales	(2,772,748)	(2,605,530)
Gross profit	<u>1,662,503</u>	<u>1,788,658</u>
Administrative expenses	(1,356,246)	(995,318)
Operating profit	<u>306,257</u>	<u>793,340</u>
Interest receivable and similar income	41	-
Interest payable and similar expenses	-	(124,107)
Profit for the financial year before members' remuneration and profit shares	<u>306,298</u>	<u>669,233</u>
Profit for the financial year before members' remuneration and profit shares	306,298	669,233
Members' remuneration charged as an expense	(306,298)	(62,500)
Profit for the financial year available for discretionary division among members	<u>-</u>	<u>606,733</u>

Balance sheet
As at 31 March 2019

These financial statements have been prepared in accordance with the provisions applicable to limited liability partnerships subject to the small limited liability partnerships regime.

The Park Gate Care Home LLP

Balance sheet (continued)

As at 31 March 2019

The financial statements were approved by the members and authorised for issue on 11 December 2019 and are signed on their behalf by:



Julian Shaffer on behalf of
Encore Care Homes Ltd
Designated member

Limited Liability Partnership Registration No. OC348936

The Park Gate Care Home LLP

Reconciliation of members' interests
For the year ended 31 March 2019

Current financial year	Equity			Debt		Total Members' interests
	Members' other interests			Loans and other debts due to members less any amounts due from members in debtors		
	Members' capital (classified as equity)	Other reserves	Total	Other amounts	Total	Total 2019
	£	£	£	£	£	£
Amounts due to members				107,147		
Members' interests at 1 April 2018	-	197,557	197,557	107,147	107,147	304,704
Members' remuneration charged as an expense, including employment costs and retirement benefit costs	-	-	-	306,298	306,298	306,298
Result for the financial year available for discretionary division among members	-	-	-	-	-	-
Members' interests after loss and remuneration for the year	-	197,557	197,557	413,445	413,445	611,002
Other divisions of profits	-	(197,557)	(197,557)	197,557	197,557	-
Drawings	-	-	-	(245,500)	(245,500)	(245,500)
Members' interests at 31 March 2019	-	-	-	365,502	365,502	365,502

The Park Gate Care Home LLP

Reconciliation of members' interests (continued)
For the year ended 31 March 2019

Prior financial year	Equity			Debt		Total Members' interests
	Members' other interests			Loans and other debts due to members less any amounts due from members in debtors		
	Members' capital (classified as equity)	Other reserves	Total	Other amounts	Total	Total 2018
	£	£	£	£	£	£
Members' interests at 1 April 2017	3,400,000	731,823	4,131,823	-	-	4,131,823
Members' remuneration charged as an expense, including employment costs and retirement benefit costs	-	-	-	62,500	62,500	62,500
Profit for the financial year available for discretionary division among members	-	606,733	606,733	-	-	606,733
Members' interests after profit and remuneration for the year	3,400,000	1,338,556	4,738,556	62,500	62,500	4,801,056
Allocation of profit for the financial year	-	(409,176)	(409,176)	409,176	409,176	-
Other divisions of profits	-	(731,823)	(731,823)	731,823	731,823	-
Repayments of capital	(3,400,000)	-	(3,400,000)	-	-	(3,400,000)
Drawings	-	-	-	(1,096,352)	(1,096,352)	(1,096,352)
Members' interests at 31 March 2018	-	197,557	197,557	107,147	107,147	304,704

1 Accounting policies

Limited liability partnership information

The Park Gate Care Home LLP is a limited liability partnership incorporated in England and Wales. The registered office is 170 Charminster Road, Bournemouth, Dorset, BH8 9RL.

The limited liability partnership's principal activities are disclosed in the Members' Report.

1.1 Accounting convention

These financial statements have been prepared in accordance with the Statement of Recommended Practice "Accounting by Limited Liability Partnerships" issued in January 2017, together with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to LLPs subject to the small LLPs regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

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, modified to include the revaluation of freehold properties and to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

1.2 Going concern

The limited liability partnership breached its December 2018, March 2019 and June 2019 quarterly covenants under a framework agreement with its landlord. The breach of the covenants during the financial year have been waived post year end and in November 2019 the limited liability partnership re-negotiated the covenants under a revised framework agreement.

At the time of approving the financial statements, the members have a reasonable expectation that the limited liability partnership has adequate resources to continue in operational existence for the foreseeable future. Thus the members continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover represents the amounts recoverable for the services provided to clients, excluding value added tax, under contractual obligations which are performed gradually over time.

1 Accounting policies (continued)

1.4 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.

Once an unavoidable obligation has been created in favour of members through allocation of profits or other means, any undrawn profits remaining at the reporting date are shown as 'Loans and other debts due to members' to the extent they exceed debts due from a specific member.

1.5 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.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Fixtures, fittings & equipment	20% straight line basis
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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 recognised in the profit and loss account.

1 Accounting policies (continued)

1.6 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). Where it is not possible to estimate the recoverable amount of an individual asset, the limited liability partnership estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1 Accounting policies (continued)

1.8 Financial instruments

The limited liability partnership has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' 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 debtors, 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 transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and 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.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

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.

Notes to the financial statements (continued)

For the year ended 31 March 2019

1 Accounting policies (continued)

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, 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. Financial liabilities classified as payable within one year are not amortised.

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

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the limited liability partnership's obligations expire or are discharged or cancelled.

1.9 Taxation

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

1.10 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.

Termination benefits are recognised immediately as an expense when the limited liability partnership is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Retirement benefits and post retirement payments to members

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

The Park Gate Care Home LLP

Notes to the financial statements (continued)

For the year ended 31 March 2019

2 Employees

The average number of persons (excluding members) employed by the partnership during the year was 120 (2018 - 120).

3 Tangible fixed assets

	Plant and machinery etc
	£
Cost	
At 1 April 2018	14,510
Additions	36,982
	<u>51,492</u>
At 31 March 2019	<u>51,492</u>
Depreciation and impairment	
At 1 April 2018	1,691
Depreciation charged in the year	10,300
	<u>11,991</u>
At 31 March 2019	<u>11,991</u>
Carrying amount	
At 31 March 2019	<u>39,501</u>
At 31 March 2018	<u>12,819</u>

4 Debtors

	2019	2018
	£	£
Amounts falling due within one year:		
Trade debtors	255,461	164,038
Other debtors	127,240	46,041
	<u>382,701</u>	<u>210,079</u>

The Park Gate Care Home LLP

Notes to the financial statements (continued)

For the year ended 31 March 2019

5 Creditors: amounts falling due within one year

	2019	2018
	£	£
Trade creditors	120,706	109,712
Taxation and social security	52,330	25,817
Other creditors	77,946	127,473
	<u>250,982</u>	<u>263,002</u>

6 Loans and other debts due to members

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

7 Financial commitments, guarantees and contingent liabilities

The LLP entered into a debenture, dated 9 September 2017 and a supplement dated 20 March 2018 and further amended on 1 November 2019 with SIPL Quantum PropCo S.A.R.L, including fixed charges over all present leasehold property known as Hamble Heights Care Home; first fixed charge over book and other debts, chattels, goodwill and uncalled capital, both present and future; and first floating charge over all assets and undertakings both present and future.

8 Operating lease commitments

Lessee

At the reporting end date the limited liability partnership had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2019	2018
£	£
<u>3,834,416</u>	<u>4,993,277</u>

9 Related party transactions

During the year, The Park Gate Care Home LLP paid £253,323 (2018: £62,867) to Encore Care Homes Limited, a related company and designated member, in respect of recharged expenses. As at 31 March 2019 The Park Gate Care Home LLP owed £21,394 (2018: £5,496) to Encore Care Homes Limited.

10 Parent company

The Park Gate Care Home LLP is jointly controlled by the Members.