Voyage BidCo Limited

Results for the year ended 31 March 2018

Voyage Care BondCo PLC

£215,000,000   5 ⅞% Senior Secured Notes due 2023

£35,000,000   10% Second Lien Notes due 2023

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Voyage Care BondCo PLC is a public limited company incorporated under the laws of England and Wales and is a direct wholly owned subsidiary of Voyage BidCo Limited and an indirect wholly owned subsidiary of Voyage Care HoldCo Limited. In this annual report, ''Issuer'' refers only to Voyage Care BondCo PLC. In this annual report, ''we'', ''us'', ''our'' and the ''Group'' refer to Voyage Care HoldCo Limited or Voyage BidCo Limited and their consolidated subsidiaries, unless the context otherwise requires. Our registered office is located at Wall Island, Birmingham Road, Lichfield, Staffordshire, WS14 0QP and our website is www.voyagecare.com. The information contained on our website is not part of this annual report.

Executive Summary

Financial highlights

The table below summarises financial information for the year ended 31 March:

£ million	**FYE 2018**	**FYE 2017**
Revenue	229.0	213.0
EBITDA (before non-underlying items)	36.7	38.7
Operating profit	18.6	22.8
Loss for the period	(9.2)	2.1
Cash flow from operating activities *	28.4	30.7
Net Debt:		
Senior Secured Notes	215.0	222.0
Second Lien Notes	35.0	50.0
Revolving credit facility	15.0	0.0
Unamortised original issue discount on Second Lien Notes	0.0	(0.2)
Gross Debt	265.0	271.8
Cash at bank and in hand	(16.9)	(21.0)
Restricted cash & deferred consideration	1.2	1.4
Total	249.3	252.2
Net Debt / EBITDA (before non-underlying items) **	6.80x	6.52x

** excludes cash flows in relation to acquisitions and maintenance capex*
*** before pro-forma adjustments, permitted by the bond documentation*

Commentary on results

Performance during FYE 2018 vs. FYE 2017

- Revenue increased by 7.5% to £229.0 million largely driven by the purchase of Focused Healthcare, organic growth in our Community Based Care business, new business wins and fee inflation
- Adjusted EBITDA before non-underlying items decreased by 5.2% to £36.7 million primarily due to increases in staff costs as a result of the impact of National Minimum Wage, National Living Wage and Sleep Ins
- Quality scores remains high, with 92.9% of services achieving a rating of Good or Outstanding following inspection
- Registered occupancy was 91.4% as at 31 March 2018
- Community Based Care average weekly hours of care and support increased by 8,800 hours to 79,300 hours as at 31 March 2018

Recent developments

- On 13th July 2018 the Court of Appeal found in favour of Royal Mencap in regards to the potential back pay liability for sleep-in payments. On this basis we no longer have a contingent liability in our accounts
- In light of the Royal Mencap appeal judgement there is the possibility that government and HMRC guidance may change and we will keep our approach to ongoing payments for sleep-in shifts under review

Other changes

- No other changes

Company Overview

Voyage Care remains the leading provider of Registered Care services by revenue and by placements and has an established presence in Community Based Care services. The Group supported 3,227 (2017: 3,030) people as at 31 March 2018, comprising 1,885 (2017: 1,877) through its Registered Care services and a further 1,342 (2017: 1,153) supported through its Community Based Care services.

Over the year the Group's Registered Care services' occupancy increased 2.9% to 92.4% (2017: 89.5%) and the Group's Community Based Care services delivered approximately 8,800 additional weekly hours of care to 79,100 weekly hours of care (2017: 70,300). On 22 August 2017, the Group acquired 94% of the issued share capital of Focused Healthcare Limited, a London based care provider for children and young people with acute care requirements and complex, often life-limiting health conditions (see note 31 for full details). The acquisition of Focused Healthcare Limited contributed 5,200 of these additional weekly hours of care in Community Based Care services. The average weekly fee for Registered Care services increased £80 to £1,674 (2017: £1,594) per person and Community Based Care services average revenue per hour increased £1.57 to £16.47 (2017: £14.90) for the year ended 31 March 2018.

The typical person we support has high dependency needs, allied medical needs, is highly likely to present challenging behaviour, may have difficulty communicating verbally and/or may cause harm to themselves or a member of the community without appropriate care. As at 31 March 2018, approximately 73% (2017: 77%) of the people we support in the Registered Care services had been in the Group’s care for more than five years and some of the people we support have been with Voyage Care for more than 20 years. Approximately 36% (2017: 36%) of the people we support in the Registered Care services division were 40 years of age or younger, and 80% (2017: 79%) were 60 years of age or younger, which contributes to a long average length of stay in those services. Approximately 36% (2017: 42%) of the people we support in the Community Based Care services were 40 years of age or younger, and 79% (2017: 81%) were 60 years of age or younger, which contributes to a long average length of stay in those services.

Of the care we provide, 95% is paid for by Local Authorities and Clinical Commissioning Groups (‘‘CCGs’’) and, as at 31 March 2018, we generated revenue from over 250 of these publicly funded purchasers across the UK. The Group’s long-standing relationships with Local Authorities and CCGs are built on a strong reputation for providing quality services to the people we support.

Our services

Our focus on quality of care services is core to all of our operations. The learning disability and specialist care sectors in which we operate is both highly regulated and fragmented. Our business is aligned into two divisions based on the type of setting in which care is provided, our Registered Care Home Division is where the home is directly registered with the CQC and our Community Based Care Division is where the domiciliary care office (DCA) is registered with the CQC. Our business divisions complement the regulatory and delivery models of our services. Our divisions are as follows:

- ***Registered Care Home***

  We provide care to individuals in our 271 registered care homes as at 31 March 2018. We hold the freehold interest in 230 of our registered care homes and 3 of our registered care homes are held on a long leasehold basis (each with a lease period of over 35 years remaining), collectively representing 86% of our registered care homes by number of beds. At 31 March 2018 we had 2,039 beds in our registered properties, with an average of 7 beds per registered property providing a more personal environment compared to the larger facilities operated by some of our competitors.

- ***Community Based Care***

  We operate from 10 DCAs across the UK, we provide care to people in their own homes, helping them to more independently manage their individual support needs. In some cases, the people we support through our Community Based Care Division live in individual or communal accommodation provided by government agencies or registered social landlords that are registered with the Homes and Communities Agency, and in a portion of these cases we own the underlying freehold interest in the residential buildings and charge rent to the registered social landlord.

Employees

Like all service companies, the key to the Group's success is the skills and capabilities of the people we employ.

The Group recognises the recruitment, training and retention of skilled employees is critical to its success. As a result, we have continued to invest in training, approximately £2.1 million in the year ended 31 March 2018 (2017: £2.1 million), in order to ensure that employees are fully up-to-date in the best ways of providing care for those we support.

In addition the Group has an in-house learning and development team which is dedicated to delivering courses on all relevant subjects, enabling the Group's employees to gain the necessary skill set, knowledge and confidence to achieve Voyage Care's high standards of care for the people we support. The Group's in-house learning and development team is also registered with Ofsted and has achieved a 'Good' rating. Recruitment from first point of contact to employment, including Disclosure and Barring Service checks, is administered by the Group's bespoke system; employee turnover is closely monitored and exit interviews performed to identify underlying trends.

The Group has a human resources department which works closely with the Group's employees to foster consultation in all matters, ensure fair pay for all and facilitate flexible working where feasible. The Group's policies ensure any discrimination will not be tolerated, either directly or indirectly, in recruitment or employment. We demonstrate the Group's commitment by promoting equal opportunities for current and potential employees, promoting an environment free from discrimination, bullying, harassment and challenging behaviour and providing support and encouragement to the Group's employees to develop their careers and increase their contribution to Voyage Care.

Voyage Care is committed to having a diverse workforce in terms of gender, background, experience and nationality at all levels within the organisation. We recognise that a diverse Senior Executive team is good for business, and remain committed to having a diverse team in terms of gender as well as diversity and experience, background, skills and knowledge.

Insurance

We maintain insurance of the type, and in the amounts, that we believe are commercially reasonable and appropriate for a similar business in our sector. Our insurance programme includes the following coverage: medical malpractice insurance, public liability insurance and employers' liability insurance as well as coverage for property damage and business interruption risks, directors and officers insurance, coverage for group personal accident and professional indemnity and comprehensive insurance on motor vehicles operated by our employees.

Legal and regulatory proceedings

In the normal course of its business, we may be involved in legal proceedings. These fall broadly into the following three categories:

- Complaints and claims by the people we support, their family members or regulatory bodies in relation to our operations, which typically fall under our medical malpractice or public liability insurance policies.
- Complaints and claims by employees in relation to injuries sustained in the course of their employment.
- Complaints and claims from current or former employees in relation to alleged breaches of employment legislation, which do not fall under any of our insurance policies if resolved by an employment tribunal or settled privately.

In addition, a coroner's inquest (or the Welsh or Scottish equivalent thereof as applicable) may occasionally take place where there is a death of an individual at one of our homes. The police may be involved in these proceedings. We do not believe that the adverse resolution of any pending disputes, claims or litigation, individually or in the aggregate, would have a material adverse effect on our business, results of operations or financial condition. However, the result of any pending disputes or litigation cannot be predicted with any certainty. We are not currently subject to any legal proceedings that we believe to be material to our business as a whole.

Management

Board of Directors

The Board of Voyage Care HoldCo Limited (the ultimate parent undertaking of Voyage BidCo Limited), is composed of the following members:

Executives of the Company:

Name	Job Title
Gavin Simonds	Non-executive Chair
Andrew Cannon	Chief Executive Officer
Jayne Davey	Chief Operating Officer

Executives of the Investors:

Name	Job Title
Andrew Deakin	Investor Director - Partners Group
Dr Remy Hauser	Investor Director - Partners Group
Douglas Quinn	Investor Director - Duke Street
Charlie Troup	Investor Director - Duke Street

Summarised below is a brief description of the experience of the individuals who serve as members of the Board of Directors of Voyage Care HoldCo Limited.

Executives of the Company

Gavin Simonds (Non-executive Chair) joined the Board of the Company as Non-Executive Chairman in January 2015. In the past five years, Mr. Simonds has acted as non-executive chairman for a number of public and private companies. Within the healthcare sector these companies include Craegmoor, a provider of support to people with learning disabilities and the elderly and Classic Hospitals (now part of Spire Hospitals). Prior to his non-executive career, Mr. Simonds worked in the City of London and the hotel sector, including as joint Managing Director of InterContinental Hotels.

Andrew Cannon (Chief Executive Officer) joined as Chief Executive Officer in August 2015. Prior to joining Voyage, Mr. Cannon was the Managing Director of Bupa Care Services, leading a team of 27,000 people across 300 residential homes and five care villages and caring for 40,000 people. Prior to this, Mr. Cannon was Director of Healthcare Delivery at Bupa, responsible for service call centres, claims (UK and India), administration services and a network of treatment ''Centres of Excellence'' across the UK. A qualified accountant with an MBA in European Business (distinction) and a BA Hons, Mr. Cannon's previous experience was in a variety of sectors. He has worked for British Airways, MyTravel, Greenalls and, immediately prior to Bupa, he was the Finance Director of a private-equity backed telecommunications business.

Jayne Davey (Chief Operating Officer) was appointed to the Board of the Company on 1 October 2015 and has served as Chief Operating Officer since February 2015. Ms. Davey had previously been our Director of Quality and Improvement since March 2013. For over ten years Ms Davey has held a number of senior positions both within the health and social care sector and for large corporate, quality led, service businesses. Ms. Davey joined from Saga Healthcare where she was the director responsible for the quality, safety and governance functions along with other key support and customer facing services.

Executives of the Investors

Andrew Deakin (Investor Director – Partners Group) has been a Director of the Company since September 2014. Mr. Deakin leads Partners Group's private equity team in London and has been with Partners Group since 2013. Prior to Partners Group, Mr. Deakin worked at Phoenix Equity Partners, Deloitte Corporate Finance and PricewaterhouseCoopers. Mr. Deakin has been involved in a broad range of consumer, leisure, healthcare and financial services businesses including International Schools Partnership, Partnership Assurance, Gaucho and Weststar Holidays. He has a degree in economics from the University of Nottingham and is also a qualified Chartered Accountant.

Dr Remy Hauser (Investor Director – Partners Group) joined the Board of the Company in October 2015. Dr. Hauser is part of the industry value creation business unit, based in Zug and is globally responsible for Partners Group's Healthcare Vertical. He is a member of Partners Group's global investment committee, the private equity directs investment committee, and the private debt investment committee. He has been with Partners Group since 2001 and has 18 years of industry experience. Involved in all healthcare investments of Partners Group, he is currently also a board member of Multiplan. Prior to joining Partners Group, he worked at Credit Suisse Financial Services. He holds an MBA from the University of Chicago Booth School of Business, Illinois and a PhD in molecular biology and biochemistry from the University of Basel, Switzerland.

Charlie Troup (Investor Director – Duke Street) has been a Director of the Company since September 2014. Mr. Troup joined Duke Street as a partner in 2006 and has worked on a number of recent deals, including leading the acquisition and partial realisation of SandpiperCI and Payzone and the acquisitions of Laurel Funerals, Baywater Healthcare, Voyage Care and MediGlobe. Mr. Troup joined Duke Street from Permira where he had worked since 1995, becoming a partner in 2001. While at Permira, Mr. Troup worked on a range of transactions including Inmarsat and the AA. Mr. Troup has a degree in mechanical engineering from Imperial College, London, and is a qualified Chartered Accountant.

Douglas Quinn (Investor Director – Duke Street) joined the board of the Company as a non-executive director in September 2014. Mr. Quinn held executive positions with Voyage from 2002 until 2010, and was the CEO from 2006 to

2010. He has over 30 years' experience in the care sector and as well as his role on the Voyage board, Mr. Quinn is Chairman of Baywater Healthcare, another Duke Street investment and a leading respiratory services provider in the UK, Chairman of Acorn Care and Education, the UK's leading provider of education and care for vulnerable young people, and Chairman of Your Care Rating, an independent not-for-profit partnership with Ipsos Mori which surveys the views of elderly people living in care homes. Mr. Quinn is also an operating partner at Duke Street and a non-executive director and treasurer of Care England, the care sector's leading representative body.

Senior Executive Team

In addition to the Chief Executive Officer and Chief Operating Officer of Voyage Care HoldCo Limited, the following individuals are members of the senior executive team:

Name	Job Title
Matthew Flinton	Commercial Director
Amanda Griffiths	Director of Quality
Philip Sealey	Company Secretary
Mark Wilson	IT and Programme Director
Caroline Byram	Head of Tendering and Marketing
Regional Managing Directors	
Ellen Poynton	Managing Director, South West (appointed March 2017)
Brian Flynn	Managing Director, North (appointed July 2016)
David Green	Managing Director, South
Antonella Laurenti	Managing Director, Central East (appointed August 2016)
Alan Marshall	Managing Director, Central West
Ayesha Trott	Managing Director, South East
Nicki Nicholls	Managing Director, Focused Healthcare

Matthew Flinton (Commercial Director) joined in January 2015, and has nine years' experience in the care sector. Mr. Flinton was Legal Director for Bupa UK for two years before joining Voyage as Commercial Director. Prior to that Mr. Flinton was Legal Director for the Bupa Care Services division, which operated care homes in the UK, Spain, Australia and New Zealand for six years. While at Bupa he led mergers and acquisitions, commercial, regulatory and policy teams and projects in social care in the UK and internationally. Previous roles include being a corporate finance partner at national law firm, Addleshaw Goddard.

Amanda Griffiths (Director of Quality) joined in 2013 as Head of Quality, Safety and Governance and was made Director of Quality in March 2015. Ms. Griffiths leads the Quality team and provides guidance for the wider business on all regulatory and safety matters. Ms. Griffiths has a clinical nursing background with experience in the care home industry since 1988. She held multiple senior positions before starting at Voyage, including Clinical Risk and Assurance manager at BUPA Care Homes and Director of Service Improvement at MHA.

Philip Sealey (Company Secretary) joined in September 1991, initially as an accountant. He managed Opportunities UK, a subsidiary providing agency staff to the care sector, from 2000 to 2009, at which point he was appointed Company Secretary. Mr. Sealey is a Chartered Accountant and has a BSc in Physics and an MA in English Literature.

Mark Wilson (IT and Programme Director) joined in November 2016 and has over 30 years of experience in IT. He leads the IT team, delivering IT support and application development, and the Project and Programme team, leading the major projects within the organisation. Mr. Wilson started his career as an application developer with Rolls-Royce and later worked as a Global Service Delivery Executive for Hewlett-Packard as, where he managed delivery to several FTSE 100 companies with teams based all over the world, from Singapore to Connecticut, and from Sao Paulo to Derby. He has spent the last 18 years running IT operational support, development and transformation programs. Mr. Wilson has a BSc (hons) in Computer Studies from the University of East Anglia.

Caroline Byram (Head of Tendering and Marketing) joined in September 2015 and has seven years experience in the care sector. Ms Bryam's responsibilities include delivering growth through tenders, referral and marketing as well as leading the internal communications team and managing the design and construction stages of new build developments. Ms Bram role prior to joinging Voyage Care was at Bupa UK. She training as an Architect and was previously director of an architectural practice where she specialised in housing-led regeneration; advising Local Authorities, Registered Social Landlords and private developers in procurement and design.

Regional Managing Directors

Ellen Poynton (Managing Director, South West) joined Voyage in March 2017. Ms Poynton has over 25 years' experience in the health and social care market at the executive level and brings experience in transition and the development of supported living services. Prior to joining Voyage, Ms Poynton was a Managing Director for the Embrace Group, which specialises in mental health and learning disabilities. Ms Poynton has a BSC in Health Studies from Glasgow Caledonian University and started her career as a nurse in the NHS before joining the independent sector.

Brian Flynn (Managing Director, North) joined in July 2016, having previously been the Managing Director of Allied Healthcare and most recently with the SAGA Group. Mr. Flynn has a background in health and social care, a field he has been involved in over the last nine years. Prior to his involvement in the health and social care field, Mr. Flynn held managing director roles with companies in varied service industries.

David Green (Managing Director, South) joined in June 2012 following 28 years in the care sector. Mr. Green has social work and management qualifications. Mr. Green worked in the third sector where he held regional roles across London and the south east of England and a national senior management role before joining Voyage.

Antonella Laurenti (Managing Director, Central East) joined in August 2016 with five years of social care experience at a senior level with Bupa Care Services. Ms. Laurenti was previously Head of Field Operations for Eon, one of the largest energy providers in the UK. Ms. Laurenti has a BTEC in Business and Finance.

Alan Marshall (Managing Director, Central West) joined in June 2015 as Director of Community Services and was appointed Managing Director, Central West in July 2016. Mr. Marshall has over 25 years' experience within the health and social care sector, holding senior positions within several national care organisations. Mr. Marshall joined from Affinity Trust, where he held the position of Director of Operations and Quality. Mr. Marshall holds an MBA from Chester University.

Ayesha Trott (Managing Director, South East) joined in May 2015. Ms. Trott trained as a learning disability nurse and has worked within the social care sector for over 25 years covering a wide range of children's and adult's services. Ms. Trott has held a number of senior appointments across the sector and immediately prior to joining Voyage Care held the post of Director of Operations and Nominated Individual with both CQC and CSIW, for one of the largest domiciliary care providers across England and Wales. Ms. Trott has first-hand experience of care pathways and the journey through step down services as a parent of a child with complex needs.

Nicki Nicholls (Managing Director – Focused Healthcare Ltd) joined Voyage in August 2017 through the acquisition of Focused Healthcare Ltd. With over 30 years' experience in the NHS, Local Authorities and Private sector, Nicki oversees a team of Clinical Nurse Managers, Paediatric Nurses and Healthcare Assistants who are highly skilled and competent in the intricacies of caring for children and young people with complex health needs in their own homes, respites, hospices, adventure playgrounds, special needs schools and foster placements. Her life's work has been committed to the philosophy of 'Every Child Matters' and the five outcomes for children – be healthy, stay safe, enjoy and achieve, make a positive contribution, achieve economic wellbeing.

Principal shareholders

The Company is ultimately majority-owned by investors whose investments are managed by Partners Group AG and Duke Street LLP. Whilst the Company is jointly controlled by Partners Group AG and Duke Street LLP, the Directors do not consider there to be an ultimate controlling party

Certain relationships and related party transactions

In the year ended 31 March 2018, consultancy fees and expenses were paid as follows:

- Consultancy fees of £300,000 and expenses of £Nil were paid to Duke Street LLP; and
- Consultancy fees of £300,000 were accrued and expenses of £Nil were paid to Partners Group AG.
- On 12 October 2017, Partners Group AG acquired Chambertin (Holdings) Limited and its subsidiaries. Civica UK Limited, a subsidiary of Chambertin (Holdings) Limited supplied software solutions including licence fees to the Voyage Care Group; fees of £331,000 were paid and £Nil was outstanding as at 31 March 2018.

Description of other indebtedness

Revolving Credit Facility

On 8 May 2017, we, together with the Guarantors, entered into a new £45 million super senior Revolving Credit Facility Agreement. In addition, we may elect to request additional facilities either as a new facility or as additional tranches of the Revolving Credit Facility. The maximum aggregate principal amount of indebtedness outstanding under the Revolving Credit Facility and all additional facility commitments shall not exceed an amount equal to the amount of consolidated EBITDA.

The Revolving Credit Facility Agreement also contains a ‘‘notes purchase condition’’ covenant. Subject to certain exceptions set out in the Revolving Credit Facility Agreement, we may not, and shall procure that no other member of the Group will, repay, prepay, purchase, defease, redeem or otherwise acquire or retire the principal amount of the Notes or any indebtedness ranking pari passu with the Notes (or any replacement or refinancing thereof as permitted under the Revolving Credit Facility Agreement from time to time) prior to its scheduled repayment date in any manner which involves the payment of cash consideration of the Group to a person which is not a member of the Group. The exceptions to such covenant include (among other things) payments that do not exceed 50% of the aggregate original principal amount of the Senior Secured Debt in existence.

The parent under the Revolving Credit Facility is Voyage BidCo Limited, which is also an original borrower along with Voyage Limited, Voyage 1 Limited and Voyage Care Limited (each a ‘‘Borrower’’, together the ‘‘Borrowers’’). The Revolving Credit Facility is guaranteed by the Guarantors and the Issuer. The facility agent (the ‘‘Agent’’) under the Revolving Credit Facility is Lloyds TSB Bank plc.

Intercreditor Agreement

In connection with the entry into the Revolving Credit Facility and the Indentures, the Issuer, the Guarantors and certain other subsidiaries of Voyage BidCo Limited (the ‘‘Parent’’) entered into the Intercreditor Agreement to govern the relationships and relative priorities among: (i) the lenders under the Revolving Credit Facility; (ii) any persons that accede to the Intercreditor Agreement as counterparties to certain hedging agreements (collectively, the ‘‘Hedging Agreements’’, the liabilities under such Hedging Agreements, the ‘‘Hedging Liabilities’’ and any persons that accede to the Intercreditor Agreement as counterparties to such Hedging Agreements being referred to in such capacity as the ‘‘Hedge Counterparties’’); (iii) the Senior Secured Notes Trustee, on its own behalf and on behalf of the holders of the Senior Secured Notes (the ‘‘Senior Secured Noteholders’’); (iv) the Second Lien Notes Trustee on its own behalf and on behalf of the holders of the Second Lien Notes (the ‘‘Second Lien Noteholders’’); (v) intragroup creditors and debtors; and (vi) certain direct or indirect shareholders of the Parent in respect of certain structural debt that the Parent or another member of the Group has incurred or may incur in the future (including any subordinated shareholder loans).

A copy of the agreement is available from the Issuer.

Presentation of financial and other information

Financial data

This Annual Report includes the consolidated financial information (audited) of Voyage BidCo Limited and its subsidiaries for the financial year ended 31 March 2018 ("FYE 2018") and 31 March 2017 ("FYE 2017").

The consolidated financial statements consolidate those of the Company and its subsidiaries. The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs), and the Company financial statements have been prepared in accordance with Financial Reporting Standards 101 (FRS101) 'Reduced Disclosure Framework' and the Companies Act 2006.

Other financial measures

In this Annual Report, we may present certain non-gaap measures, including cash conversion, adjusted EBITDA, adjusted EBITDA before non-underlying items, adjusted EBITDA margin, adjusted EBITDAR, adjusted EBITDAR before non-underlying items, adjusted Unit EBITDA before non-underlying items (each, a ''non-gaap metric''), which are not required by, or presented in accordance with, IFRS. In this Annual Report, where applicable, the following terms have the following meanings:

- ''cash conversion'' means adjusted EBITDA before non-underlying items less maintenance capital expenditure divided by EBITDA before non-underlying items.
- ''Adjusted EBITDA'' means earnings before interest, tax, depreciation (including impairments and profits on disposal of assets) and amortisation.
- ''Adjusted EBITDA before non-underlying items'' means adjusted EBITDA revised to remove the effects of certain non-underlying charges.
- ''Adjusted EBITDA margin'' means adjusted EBITDA divided by revenue.
- ''Adjusted EBITDAR'' means adjusted EBITDA before rent expense.
- ''Adjusted EBITDAR margin'' means adjusted EBITDA before rent expense divided by revenue.
- ''Adjusted EBITDAR before non-underlying items'' means adjusted EBITDA before non-underlying items and before rent expense.
- ''Adjusted Unit EBITDA before non-underlying items'' means adjusted EBITDA before non-underlying items and before overhead expenses, which we believe is a useful indicator of adjusted EBITDA on a divisional basis.

We believe that adjusted EBITDA is a useful indicator of our ability to incur and service our indebtedness and can assist certain investors, security analysts and other interested parties in evaluating us. We believe that adjusted EBITDAR is a common measure in our industry because it allows comparability across the sector for operations regardless of whether a business leases or owns its properties. We believe that adjusted EBITDA before non-underlying items, adjusted EBITDAR before non-underlying items and adjusted Unit EBITDA before non-underlying items are relevant measures for assessing our performance because they are adjusted for certain items which, we believe, are not indicative of our underlying operating performance, and thus aid in an understanding of adjusted EBITDA and adjusted EBITDAR, respectively.

The non-gaap metrics in this Annual Report are used by different companies for differing purposes and are often calculated in ways that reflect the particular circumstances of those companies. You should exercise caution in comparing the non-gaap metrics reported by us to such metrics or other similar metrics as reported by other companies. None of our non-gaap metrics is a measurement of performance under IFRS and you should not consider those measures as an alternative to net income or operating profit determined in accordance with IFRS, as the case may be. The non-gaap metrics do not necessarily indicate whether cash flow will be sufficient or available to meet our cash requirement and may not be indicative of our historical operating results, nor are such measures meant to be predictive of our future results. Our non-gaap metrics have limitations as analytical tools, and you should not consider them in isolation.

Other data

Available beds

Our results of operations are impacted by the number of beds at certain locations as bed capacity determines the maximum number of people that can be cared for in our Registered Care Home Division at any given time. Numbers of beds is presented in this Annual Report as at the end of the relevant period unless otherwise stated.

Community Based Care placements

Our results of operation are impacted by the number of people supported in our Community Based Care Division. The number of people supported in our Community Based Care Division is presented in the Annual Report as at the end of the relevant period unless otherwise stated.

Occupancy rates

Occupancy rates presented in this Annual Report represents the total number of beds occupied in our Registered Care Home Division as at the end of the relevant period unless otherwise stated.

Fee rates

Fee rates depend on the service that is being provided and the funder that is paying for the placement for people supported and is dependent on the nature of the pricing agreement in place.

The fee rates in this Annual Report, for our Registered Care Home Division, refer to average weekly fees in a given period unless otherwise stated.

The fee rates in this Annual Report, for our Community Based Care Division, refer to average hourly rates charged to a funder per carer in a given period unless otherwise stated.

Average weekly hours of care delivered

Average weekly hours of care delivered in our Community Based Care Division as at a certain date is calculated by taking the average aggregate number of hours of care delivered in the month immediately preceding such date unless otherwise stated.

Adjustments

Certain numerical information and other amounts and percentages presented in this Annual Report have been subject to rounding adjustments. Accordingly, in certain instances, the sum of the numbers in a column or a row in tables may not conform exactly to the total figure given for that column or row or the sum of certain numbers presented as a percentage may not conform exactly to the total percentage given.

The abbreviation “nm” is used in this report in certain instances when a percentage variance produces an erroneous or non-meaningful result.

Management's discussion and analysis of financial condition and results of operations

Key factors affecting our results of operations

Revenue

Revenue in our Registered Care Home Division is primarily driven by the number of beds occupied at any given time, together with the fee rates charged for occupancy of such beds. Revenue in our Community Based Care Division is primarily driven by the number of placements at any given time, together with the fee rates charged per hour for the delivery of care and support to those whom we support.

Registered available beds and community based care placements

Changes in the number of available beds in our Registered Care Home Division and placements in our Community Based Care Division can have a significant effect on our results of operations because our capacity determines the maximum number of individuals that we can provide care to at any given time and the number of placements determines the number of care and support hours that we are asked to provide at any given time.

The average registered available beds and average community based care placements for the given periods are stated below:

	FYE 2018	FYE 2017
Registered	2,056	2,086
Community Based Care	1,353	1,220
Total	**3,409**	**3,306**

Occupancy rate

Our occupancy rates reflect the demand for our services, which is principally driven by our relationships with Local Authorities and CCGs, reputation for quality, the ability to offer bespoke and complex care packages and flexibility to adapt the environment of our Registered Care Homes to suit the individual needs of the people we support. In addition to occupancy rates, we formally monitor admissions, leavers and the progress of referrals for vacancies on a weekly basis in order to ensure that we efficiently manage our vacancies and maximise our earnings.

The average occupancy rates for the given periods are stated below:

	FYE 2018	FYE 2017
Registered	91.4%	90.4%

Fee rates

Fee rates depend on the individual needs of the people we support, the complexity of care required and the type of accommodation needed. The majority of our contracts are spot contracts and fees are agreed with Local Authorities and CCGs on an individual basis for each person we support.

Average weekly fees for registered beds and the average hourly rate for community based care placements on a LTM basis are stated below:

		LTM March	
		2018	2017
Registered	£wk	1,643	1,590
Community based Care	£hr	16.47	14.99

Key operating expenses

Staff costs

Staff costs are our most significant expense and include wages and salaries, social security costs and other pension costs and cover the cost of support staff, senior support staff, service managers, regional management teams and central overhead staff costs comprising of our head office support functions. Our staff costs are affected by:

- our discretionary pay awards, which are periodic salary increases;
- increases in the National Minimum Wage and National Living Wage (both to be increased together from April 2017);
- increases in national insurance rates;
- increases in wage rates for staff in other service industries (with which we compete for staff);
- legislation governing employee pensions, in particular legislation governing the automatic enrolment of employees into a workplace pension, also impacts on our staff costs as we are required to contribute to pension schemes for qualifying employees; and
- bonus schemes, being annual and other schemes operating at any one time.

		FYE 2018	FYE 2017
Staff Costs *	£m	152.4	137.6
% Revenue		66.6%	64.6%
% Operating costs **		79.1%	78.9%

		FYE 2018	FYE 2017
Staff Costs (excluding central overheads) *	£m	138.8	125.4
% Revenue		60.6%	58.9%
% Operating costs **		72.1%	71.9%

** Staff costs stated before non-underlying items*
*** Excludes depreciation and impairment of assets, profit/loss on disposals of assets, goodwill amortisation, interest and taxation*

Other operating costs (in addition to staff costs)

Our other operating costs are principally comprised of operating costs to support our care homes. Key items of expenditure are occupancy-related costs such as food and consumables, and non-occupancy-related costs such as rent, council tax, utilities (gas, electricity, water), property maintenance, insurance, vehicle rental and running costs.

Consolidated Profit & loss Account

£ million	FYE 2018	FYE 2017	% Change
Revenue	**229.0**	**213.0**	**7.5%**
Staff costs	(152.4)	(137.6)	(10.8%)
Agency Costs	(8.1)	(7.7)	(5.2%)
Direct expenses & consumables	(7.4)	(7.5)	1.3%
Property lease rentals	(3.9)	(3.5)	(11.4%)
Other lease rentals	(1.1)	(1.5)	26.7%
Other external charges	(19.4)	(16.7)	(16.2%)
EBITDA before non-underlying items	**36.7**	**38.7**	**(5.2%)**
Non-underlying items	(0.2)	(0.2)	(0.0%)
EBITDA	36.5	38.5	(5.2%)
Depreciation & impairment of property, plant and equipment	(16.1)	(15.0)	(7.3%)
Profit on disposal of non-current assets	(0.0)	0.2	nm
Amortisation of intangible assets	(1.8)	(0.9)	nm
Operating profit	**18.6**	**22.8**	**(18.4%)**
Finance income	0.1	0.1	(0.0%)
Finance expense	(29.2)	(23.7)	(23.2%)
Profit/(Loss) before taxation	**(10.6)**	**(0.9)**	**nm**
Taxation	1.4	3.0	53.3%
Profit/(Loss) for the period	**(9.2)**	**2.1**	**nm**
Other financial metrics			
Staff costs (excluding central overheads)	138.8	125.4	(10.7%)
Overhead expenses & bonus	19.5	17.6	(10.8%)
Unit EBITDA before non-underlying items	56.1	56.3	(0.4%)
EBITDA before non-underlying items margin %	16.0%	18.2%	(2.2%)
EBITDA margin %	15.9%	18.1%	(2.2%)
EBITDAR	40.4	41.9	(3.6%)
EBITDAR margin %	17.6%	19.7%	(2.1%)
EBITDAR before non-underlying items	40.6	42.1	(3.6%)
EBITDAR before non-underlying items margin %	17.7%	19.8%	(2.1%)

Revenue

Revenue represents total fees receivable from Local Authorities and CCGs for services provided to the people we support.

- FYE 2018 revenue increased by £16.0 million, or 7.5% to £229.0 million from £213 million for FYE 2017, primarily due to the purchase of Focused Healthcare, fee inflation and organic growth in our community based care business.

  The amount of revenue attributable in FYE 2018 for Focused Healthcare was £6.0 million.

Staff costs

Staff costs consist of wages and salaries, social security costs and other pension costs.

- Staff costs (excluding overheads) for FYE 2018 increased by £13.4 million, or 10.7 % to £138.8 million (which represented 60.6% of revenue) from £125.4 million (which represented 58.9 % of revenue) for FYE 2017, primarily due to increases in staff costs as a result of National Minimum Wage, National Living Wage, Sleep Ins, certain discretionary pay rises and associated staff costs due to the growth in our Community Based Care business (including the purchase of Focused Healthcare) and control of new services.

Agency Costs
Agency costs consist of expenditure on third part suppliers who provide Voyage with staff to carry out the day to day operations of the business.

- Agency Costs for FYE 2018 increased by £0.4 million, or 5.2% to £8.1 million from £7.7 million for FYE 2017

Direct expenses and consumables

Direct expenses and consumables include direct costs incurred in operating services on a day-to-day basis, including home provisions (e.g. food, etc.), day care activities, registration fees and therapists particularly for those people we support with acquired brain injuries.

- FYE 2018 direct expenses and consumables reduced by £0.1 million, or 1.3% to £7.4 million from £7.5 million for FYE 2017.

Property lease rentals

Property lease rentals consist primarily of leases on our Registered Care Homes and Community Based Care DCAs. At 31 March 2018, we had 48 short-term leases, consisting of 38 Registered Care Homes and 10 registered Community Based Care offices. In addition, 3 of our Registered Care Homes were held on a long leasehold basis (each with a lease period of over 35 years remaining). At 31 March 2018, 15.1% of our Registered Care Homes were held under operating leases.

- FYE 2018 property lease rentals increased by £0.4 million, or 11.4% to £3.9 million from £3.5 million for FYE 2017. £0.2m increase is due to new property for Metro DCAs and growth of the business, £0.2m due to rental uplifts, £0.1m increase is due to Focused Healthcare Acquisition and an offsetting saving of £0.1m due to vacating some properties.

Other lease rentals

Other lease rentals consist primarily of motor vehicle leases. We currently lease approximately 150 vehicles, which are primarily used to transport the people we support.

- FYE 2018 other lease rentals reduced by £0.4 million, or 26.7% to £1.1 million from £1.5 million for FYE 2017, primarily due to the replacement of previously leased vehicles with owned vehicles following the expiration of existing vehicle lease agreements.

Other external charges

Other external charges consist of indirect costs incurred in running and maintaining services, including agency costs, Local Authority rates, council tax, repairs, utilities, training and professional fees.

- FYE 2018 other external charges increased by £2.7 million, or 16.2% to £19.4 million from £16.7 million for FYE 2017, primarily due to increased spend on repairs and professional fees.

EBITDA and adjusted EBITDA before non-underlying items

Adjusted EBITDA is not a recognised performance measure under IFRS and may not be directly comparable with similar measures used by other companies. We define adjusted EBITDA as earnings before interest, tax, depreciation, impairment, profit on disposal of assets and amortisation. We believe that adjusted EBITDA provides additional useful information on the underlying performance of our business. This measure is consistent with how business performance is monitored internally.

EBITDA before non-underlying items

EBITDA before non-underlying items consists of adjusted EBITDA revised to remove the effects of certain non-underlying charges.

- FYE 2018 adjusted EBITDA before non-underlying items decreased by £2.0 million, or 5.2% to £36.7 million from £38.7 million for FYE 2017, primarily due to an increase in staff costs as a result of National Minimum Wage, National Living Wage and certain discretionary pay rises, and increased spend on external agency, professional fees and repairs. This has been partially offset by the extra contribution generated from the growth in our community based care business, including the purchase of Focused Healthcare.

Non-underlying items

Non-underlying items include certain one-off cash and non-cash, non-recurring or exceptional charges.

- FYE 2018 non-underlying items remained the same as FYE 2017 at £0.2 million. Non underlying items during 2018 relate to VAT receipts of £1.0m offset by group restructuring and project costs of £0.8m Non-underlying items during FYE 2017 primarily related to one-off costs in relation to restructuring our workforce, external consultancy fees and certain fees associated with our recently completed refinancing transaction

Adjusted EBITDA

- FYE 2018 adjusted EBITDA reduced by £2.0 million, or 5.2% to £36.5 million from £38.5 million for FYE 2017, primarily due to the decrease in spend on non-underlying items offset by the decrease in adjusted EBITDA before non-underlying items.

Depreciation and impairment of assets

Depreciation and impairment of assets comprises the write off of the cost of assets to their residual value over their estimated useful life. Non-current assets once classified as held for sale are not depreciated or amortised, and are stated at the lower of previous carrying value and fair value.

- FYE 2018 depreciation and impairment of assets increased by £1.1 million, or 7.3% to £16.1 million from £15.0 million for FYE 2017 due to higher capital expenditure

Profit on disposal of assets

Profit on disposal of assets represents the difference between the net disposal proceeds received and the net book value of an asset at the time of disposal.

- FYE 2018 profit on disposal of assets was £Nil (FYE 2017: £0.2 million).

Impairment of goodwill

Goodwill is reviewed for impairment on an annual basis or more frequently if there are indications that goodwill might be impaired. Goodwill acquired in a business combination is allocated to cash generating units (CGUs) that are expected to benefit from that business combination. The CGUs are Residential, Community Based Care and Focused Healthcare.

- There was no impairment of goodwill in either FYE 2018 or FYE 2017

Amortisation of intangible assets

Intangible assets arose as a result of a number of acquisitions. Intangible assets with finite useful lives that are acquired separately or in a business combination are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The carrying amounts of intangible assets are reviewed annually to determine whether the assets have suffered an impairment loss.

- For FYE 2018 amortisation of intangible assets increased by £0.9 million, to £1.8 million from £0.9 million for FYE 2017 this is due to newly identified intangible assets from the acquisition of Focused Healthcare.

Operating profit

Operating profit consists of earnings before interest and taxation.

- FYE 2018 operating profit reduced by £4.2 million, or 18.4% to £18.6 million from £22.8 million for FYE 2017, primarily due the reduction in EBITDA and increases in Depreciation and Amortisation.

Finance income

Finance income consists of interest received on current account and deposit account balances.

- FYE 2018 interest receivable and other income remained constant at £0.1 million when compared to FYE 2017.

Finance expenses

Finance expenses on bank loans primarily consist of interest payable and fees relating to the existing Senior Secured Notes and Second Lien Notes (the "Senior Facilities"), as well as other finance costs including the interest on the existing Revolving Credit Facility.

- FYE 2018 interest payable and similar charges on bank loans increased by £5.5 million, or 23.2% to £29.2 million from £23.7 million for FYE 2017, this is mainly due to the refinancing costs in May 2017 of £8.8 million partially offset by lower interest payments.

Loss before taxation

Loss before taxation represents the result of the Statement of Profit and Loss before provision for taxation.

- FYE 2017 loss before taxation increased by £9.7 million to £10.6 million from £0.9 million for FYE 2017, primarily due to the £8.8 million refinancing costs in May, higher depreciation and amortisation and a reduction in EBITDA partially offset by lower interest payments.

Taxation

Taxation is based on the loss for the year and takes into account deferred taxation movements.

- FYE 2018 a taxation credit of £1.4 million was booked compared to taxation credit of £3.0 million for FYE 2017. The reduction in credit was due to an increase in expenses not deductible for tax purposes offset by reductions in reliefs and adjustments for prior periods, along with 2017 having an increased credit due to UK tax rate changes

Profit / (loss) for the year

Profit / (loss) for the year represents the result of the Statement of Profit and Loss after provision for taxation.

- FYE 2018 loss for the year was £9.2 million compared to a £2.1 million profit in FYE 2017, this is a reduction of £11.3 million, primarily due to the £8.8 million refinancing costs in May, higher depreciation and amortisation and a reduction in EBITDA partially offset by lower interest payments.

Liquidity and capital resources

Our principal sources of liquidity are our existing cash and cash equivalents, cash generated from operations and any borrowings under our Revolving Credit Facility. Our principal uses of cash are to fund capital expenditures, provide working capital, meet debt service requirements and finance our strategic plans, including possible acquisitions. We believe that our operating cash flows and borrowing capacity under the Revolving Credit Facility is sufficient to meet our requirements and commitments for the coming year.

At 31 March 2018 and 31 March 2017, our cash balances were £16.9 million and £21.0 million, respectively.

Net debt as at 31 March 2018 was £249.3 million, comprising £250.0 million of borrowings under the existing Senior Secured Notes and Second Lien Notes, £15.0 million borrowings under the Revolving Credit Facility and £16.9 million of cash. Within the £16.9 million cash balance is £1.2 million of restricted cash which is excluded from cash for the purposes of calculating the net debt.

Net debt as at 31 March 2017 was £252.2 million, comprising £272.0 million of borrowings under the existing Senior Secured Notes and Second Lien Notes, no borrowings under the Revolving Credit Facility, £21.0 million of cash and £0.2 million of unamortised original issue discount on the existing Second Lien Notes. Within the £21.0 million cash balance is £1.5 million of restricted cash which is excluded from cash for the purposes of calculating the net debt.

Consolidated Cash flow statement

£ million	**FYE 2018**	**FYE 2017**	**% Change**
EBITDA before non-underlying items	36.7	38.7	(5.2%)
Maintenance capex	(8.2)	(8.0)	2.5%
Operating cash flow	**28.4**	**30.7**	**(7.5%)**
Cash conversion %	*77.6%*	*79.4%*	*(1.8%)*
Non-underlying items (1)	0.1	(0.2)	nm
Working capital	(1.8)	(2.7)	(33.3%)
Capital expenditure (2)	(6.0)	(2.3)	nm
Interest	(14.5)	(21.0)	31.0%
Taxation	(0.5)	(0.1)	nm
FCF before acquisitions and financing	**5.8**	**4.4**	**31.8%**
Acquisition (3)	(17.8)	(0.2)	nm
Acquisition integration costs	(0.3)	0.0	nm
Acquisition capex	0.0	0.0	nm
FCF before financing	**(12.3)**	**4.1**	**nm**
Net cash flow used in financing activities	8.2	(0.8)	nm
Movement in cash for the period	**(4.1)**	**3.3**	**nm**
Opening cash and cash equivalents	21.0	17.7	(18.6%)
Closing cash and cash equivalents	**16.9**	**21.0**	**(19.5%)**
Other financial metrics			
Development capex (£m)	4.7	1.6	nm
Maintenance capex, excluding IT spend (£m)	6.1	6.9	11.6%
Maintenance capex, excluding IT spend (% revenue)	2.7%	3.3%	(0.6%)
Maintenance capex, excluding IT spend (£k pa per registered bed)	3.3	3.7	11.7%

(1) Excludes cash flows in relation to acquisition integration costs
(2) Net of disposal proceeds and includes the purchase of motor vehicles, service related capital expenditure (non-maintenance) and capital expenditure with respect to supporting our head office function. Excludes cash flows in relation to acquisition capex
(3) Includes net overdraft acquired with subsidiaries

Operating cash flow

- FYE 2018 operating cash flow decreased by £2.3 million, or 7.5% to £28.4 million from £30.7 million for FYE 2017, primarily due to a £2.0 million decrease in adjusted EBITDA before non-underlying items and £0.3 million increase of spend on maintenance capex.

Non-underlying items

- FYE 2018 non-underlying items decreased by £0.3 million, to £0.1 million inflow from £0.2 million cost for FYE 2017. Non-underlying items during FYE 2018 primarily relate to VAT receipts on our day-care services. FYE 2017 non-underlying items primarily related to one-off costs in relation to restructuring our workforce, external consultancy fees and certain fees associated with our recently completed refinancing transaction. FYE 2017 non-underlying items were partially offset by receipts in respect to VAT on our Day Care business.

Working capital

- FYE 2018 working capital outflow reduced by £0.9 million to £1.8 million from £2.7 million for FYE 2017, primarily due to unfavorable movements in and trade receivables, offset by favourable movements in accruals and trade payables.

Capital expenditure

- FYE 2018 capital expenditure increased by £3.7 million, to £6.0 million from £2.3 million for FYE 2017, primarily due to the Barnard Road, Lorenzo Drive and Wimblington Road developments.

Capital expenditure primarily comprises build costs and other professional expenses in connection with new builds, conversions of existing properties, and the purchase of motor vehicles. Maintenance capital expenditure (which is recorded separately) primarily comprises purchases of new replacement equipment and fixtures. Our future capital (development) expenditure amounts will be discretionary, and we may adjust in any period according to our strategy to continue to selectively expand capacity and evaluate opportunities that enhance our profitability. We intend to finance all of our projected capital expenditure through a combination of cash flows from operations and borrowings under our Revolving Credit Facility where necessary.

Interest

- FYE 2018 interest cost decreased by £6.5 million, or 31% to £14.5 million from £21.0 million when compared to FYE 2017, this is due to the refinancing in May.

Taxation

- FYE 2018 taxation increased by £0.4 million, to £0.5 million from £0.1 million when compared to FYE 2017.

Acquisition

- FYE 2018 spends on acquisitions increased by £17.6 million, to £17.8 million from £0.2 million when compared to FYE 2017. During FYE 2018 we purchased Focused Healthcare and during FYE 2017 we paid £0.2 million deferred consideration in relation to our acquisition of Primary Care in June 2016.

Acquisition Integration

- For FYE 2018 there were costs of £0.3 million in regards to the acquisition of Focused Healthcare.

Net cash flow used in financing activities

- For FYE 2018 our net cash flow used in financing activities was £8.2 million compared to £0.8m outflow for FYE 2017 due to movement on the RCF facility and refinancing activity.

Contractual obligations

The following table summarises our material contractual obligations at 31 March 2018. The following table shows the total amount payable and excludes any future interest payments that we would be required to make. The table also excludes any amount that is available under the Revolving Credit Facility and any interest payable.

£ million	Within 1 year	Between 2 and 5 years	More than 5 years	Total
Senior Secured Notes (1)	-	-	215	215
Second Lien Notes (2)	-	-	35	35
Revolving Credit Facility (3)	15			15
Sub-total	15	-	250	265
Operating lease obligations (4)	3.1	9.7	16.9	29.7
Total	**18.1**	**9.7**	**266.9**	**294.7**

(1) Represents the aggregate principal amount of the existing Senior Secured Notes
(2) Represents the aggregate principal amount of the existing Second Lien Notes
(3) The Revolving Credit Facility was partially drawn over a term of less than 1 year
(4) Operating lease obligations include motor vehicle and property lease costs payable

Consolidated Statement of Financial Position

£m	Mar-17	Mar-18 (audited)	Variance %
Non-Current Assets	398.6	411.3	3.2%
Current Assets			
Trade and Other Receivables, Prepayments	18.9	23.1	22.0%
Cash at bank and in hand	21.0	16.9	(19.6%)
Assets classified as held for sale	1.0	1.8	76.2%
Total Assets	**439.6**	**453.2**	**(3.1%)**
Non-current liabilities			
Loan Notes	267.8	242.0	9.6%
Tax Liabilities	11.2	10.8	3.5%
Accruals and Deferred Income	2.7	3.4	(26.5%)
Provisions for liabilities and charges	3.5	3.8	(10.2%)
Current Liabilities	42.5	62.6	(47.4%)
Equity	112.0	130.6	(16.6%)
Total Equity and Liabilities	**439.6**	**453.2**	**(3.1%)**

** Debtors in FYE 2018 include £1.0 million of intercompany loans (FYE 2017: £0.7 million), and current liabilities in FYE 2018 include £2.1 million of intercompany loans (FYE 2017: £2.1 million)*

Key Business Divisions

£ million	Revenue FYE 2018	Revenue FYE 2017	Revenue % Change
Registered	159.6	155.1	2.9%
Community Based Care	64.6	53.4	21.0%
Daycare	4.8	4.5	6.6%
Total	**229.0**	**213.0**	**7.5%**

Other financial metrics	**FYE 2018**	**FYE 2017**	**Change**
Average Registered occupancy	1,876	1,879	(3)
Average Registered occupancy %	91.4%	90.4%	0.9%
Average Weekly Community Based hours	75,600	68,500	7,100

Voyage BidCo Limited

Annual Report and Consolidated Financial Statements

Registered number 05752534

For the year ended 31 March 2018

Voyage BidCo Limited
Annual Report and Consolidated Financial Statements
For the year ended 31 March 2018

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Voyage BidCo Limited
Strategic Report
For the year ended 31 March 2018

The Directors present their Strategic Report for the year ended 31 March 2018.

Principal activity
Voyage Care provides a wide range of services for individuals with learning disabilities, brain injuries and other related complex and challenging support needs in the UK. The care solutions provided range from Registered Care in specially adapted homes to Community Based Care, where support is provided in a person's own home. The focus continues to be on the needs of those we support.

Strategy and business model
Voyage Care's objective is to deliver great quality care underpinned by commercial success and the year under review has seen further progress towards our aim of strengthening our position as a market leader in all areas of high quality care services for the people we support.

To deliver the Group's strategy emphasis is placed on the quality of care provided. The continuing drive to maintain high quality will strengthen the Group's ability to retain existing business, win tenders, increase the number of people we support within framework agreements, attract individual clients with personal budgets and place the Group in a favourable position to take over failing services, all of which contributes towards the Group's objectives.

During the year under review, the group maintained a market leading quality score with 93% of services holding a rating of Good or Outstanding following inspection from the Care Quality Commission (CQC) (2017: 96%). Additionally 100% of homes and services registered in Scotland and Wales were found to be compliant when inspected by their regulators (2017: 100%). A selection of the ways this has been achieved are outlined below:

- The breadth of service capability, from domiciliary to various types of residential care, ensures that we can always offer a care pathway tailored to the specific needs of the individual, thereby helping to achieve a better outcome for both the people we support and for funders;
- Individual care and support plans are reviewed and amended on a regular basis to address changing support needs and to ensure that an appropriate level of personalised care is provided for each individual;
- Typically, a considerable amount of care is provided to each person we support due to their high acuity care needs. This approach provides the Group with a competitive advantage compared to other care providers in the private sector; and
- The Group operates its own quality assurance function to ensure that quality standards are continually driven forward.

Quality is monitored by the Board via the Group's Quality, Safety and Risk Committee which is discussed further in the Directors' Report.

Business review
Voyage Care remains the leading provider of Registered Care services by revenue and by placements and has an established presence in Community Based Care services. The Group supported 3,227 (2017: 3,030) people as at 31 March 2018, comprising 1,885 (2017: 1,877) through its Registered Care services and a further 1,342 (2017: 1,153) supported through its Community Based Care services.

Over the year the Group's Registered Care services' occupancy increased 2.9% to 92.4% (2017: 89.5%) and the Group's Community Based Care services delivered approximately 8,800 additional weekly hours of care to 79,100 weekly hours of care (2017: 70,300). On 22 August 2017, the Group acquired 94% of the issued share capital of Focused Healthcare Limited, a London based care provider for children and young people with acute care requirements and complex, often life-limiting health conditions (see note 31 for full details). The acquisition of Focused Healthcare Limited contributed 5,200 of these additional weekly hours of care in Community Based Care services. The average weekly fee for Registered Care services increased £80 to £1,674 (2017: £1,594) per person and Community Based Care services average revenue per hour increased £1.57 to £16.47 (2017: £14.90) for the year ended 31 March 2018.

The typical person we support has high dependency needs, allied medical needs, is highly likely to present challenging behaviour, may have difficulty communicating verbally and/or may cause harm to themselves or a member of the community without appropriate care. As at 31 March 2018, approximately 73% (2017: 77%) of the people we support in the Registered Care services had been in the Group's care for more than five years and some of the people we support have been with Voyage Care for more than 20 years. Approximately 36% (2017: 36%) of the people we support in the Registered Care services division were 40 years of age or younger, and 78% (2017: 79%) were 60 years of age or younger, which contributes to a long average length of stay in those services. Approximately 36% (2017: 42%) of the people we support in the Community Based Care services were 40 years of age or younger, and 79% (2017: 81%) were 60 years of age or younger, which contributes to a long average length of stay in those services.

Of the care we provide, 95% is paid for by Local Authorities and Clinical Commissioning Groups (''CCGs'') and, as at 31 March 2018, we generated revenue from over 250 of these publicly funded purchasers across the UK. The Group's long-standing relationships with Local Authorities and CCGs are built on a strong reputation for providing quality services to the people we support.

Market environment and outlook
There appears to be a progressive shift towards Community Based Care as some Local Authorities and CCGs have stated Community Based Care services is the type of service area that they wish to grow and develop moving forward, however they also recognise the significant continuing role of Registered Care services. We therefore believe there is capacity in the market to grow both the Registered Care services and Community Based Care services. To harness this growth, the Group is investing in its head office functions to improve quality, accuracy and support for its customers to strengthen long-standing relationships and become the 'go to' care provider for Registered Care services and Community Based Care services. Investment is being made in the infrastructure of the Community Based Care services to facilitate growth in this key area.

The increase to the National Living Wage, workplace pension auto enrolment charges and apprenticeship levy, which came into effect on 6 April 2017, clearly impacts the Group's cost base and we have been successful in achieving additional funding from Local Authorities and CCGs to compensate us for these costs.

To help increase social care funding the following funding streams became available in April 2017:
- the Council Tax Precept, allowing Local Authorities to raise the precept by 3%, an increase of 1% from the 2% precept introduced in 2016, which is ring fenced for adult social care; and
- Better Care Fund, designed to help integrate NHS and social care co-funding.

Corporate Social Responsibility
Employees
Like all service companies, the key to the Group's success is the skills and capabilities of the people we employ.

The Group recognises the recruitment, training and retention of skilled employees is critical to its success. As a result, we have continued to invest in training, approximately £2.1 million in the year ended 31 March 2018 (2017: £2.1 million), in order to ensure that employees are fully up-to-date in the best ways of providing care for those we support.

In addition the Group has an in-house learning and development team which is dedicated to delivering courses on all relevant subjects, enabling the Group's employees to gain the necessary skill set, knowledge and confidence to achieve Voyage Care's high standards of care for the people we support. The Group's in-house learning and development team is also registered with Ofsted and has achieved a 'Good' rating. Recruitment from first point of contact to employment, including Disclosure and Barring Service checks, is administered by the Group's bespoke system; employee turnover is closely monitored and exit interviews performed to identify underlying trends.

The Group has a human resources department which works closely with the Group's employees to foster consultation in all matters, ensure fair pay for all and facilitate flexible working where feasible. The Group's policies ensure any discrimination will not be tolerated, either directly or indirectly, in recruitment or employment. We demonstrate the Group's commitment by promoting equal opportunities for current and potential employees, promoting an environment free from discrimination, bullying, harassment and challenging behaviour and providing support and encouragement to the Group's employees to develop their careers and increase their contribution to Voyage Care.

Voyage Care is committed to having a diverse workforce in terms of gender, background, experience and nationality at all levels within the organisation. We recognise that a diverse Senior Executive team is good for business, and remain committed to having a diverse team in terms of gender as well as diversity and experience, background, skills and knowledge.

A summary of the gender diversity throughout the Group is as follows:

	2018			**2017**		
	Female	**Male**	**Total**	**Female**	**Male**	**Total**
Director	1	8	9	1	9	10
Senior Executive	8	7	15	5	15	20
Employee	7,304	2,282	9,586	7,117	2,152	9,269
Total	**7,313**	**2,297**	**9,610**	**7,123**	**2,176**	**9,299**

Social, community and human right issues
Voyage Care integrates the people we support into the community and as a result they have developed strong bonds with their surrounding communities. The Group has direct involvement in a number of community based programmes such as fundraising. Employees are recruited locally and services use local shops for food and provisions rather than national suppliers directly delivering to the Group's services. This is both good for the community and good for the environment. These activities have helped improve the understanding in the community of what we do whilst further improving the Group's service reputation and strengthening relationships with Local Authorities.

Voyage Care has initiated a volunteering programme which allows the people we support to gain valuable work experience by assisting a number of teams within the Group's head office and by acting as quality checkers at our services. We are keen to encourage the people we support to gain the skills, experience and knowledge they need to secure work opportunities.

The Group ensures business activities are conducted in such a way that we are not complicit in the abuse of fundamental human rights. These principles are reflected in all that we do and are essential to the practices of an ethical company. Voyage Care is committed to supporting human rights through compliance with laws and regulations in all aspects and geographies of the Group's operations.

Corporate Social Responsibility *continued*

Environmental matters

The Group is not a significant carbon emitting business but we are committed to minimise the impact on the environment in all areas of the business. Energy costs are monitored centrally and the Group encourages more efficient consumption of energy, without compromising the people we support.

To minimise the impact on the environment, the Group has a number of paper saving techniques such as making procedures manuals and forms available online and the installation of electronic attendance recording systems in the Group's services. In addition, the Group limits the impact on the environment by:

- Recycling office waste and promoting recycling at services;
- Ensuring waste is disposed of responsibly in approved places; and
- Ensuring that the environment is considered in the procurement of goods and services.

Financial review

The Consolidated Financial Statements of the Group are set out from page 12. The Group has maintained a good financial performance for the year ended 31 March 2018, despite external mandatory cost increases.

Key performance indicators

The financial and non-financial KPIs set out below focus on the drivers of value that will enable the Group to achieve its strategic aims and objectives:

	2018	**2017**	**Performance**
Revenue (before non-underlying items) (£'000)	229,028	213,039	7.5%
Adjusted EBITDA (before non-underlying items) (£'000) *	36,677	38,650	(5.1%)
Services rated as Good or Outstanding by CQC (%)	93%	96%	(3.1%)
Registered occupancy (#)	1,885	1,877	8
Registered occupancy as a percentage of capacity (%)	92%	90%	2%
Registered average weekly fee (£)	£1,674	£1,594	£80
Community Based Care places (#)	1,342	1,153	189
Community Based Care average weekly care hours (#)	79,132	70,300	8,832
Community Based Care average revenue per hour (£)	£16.47	£14.90	£1.57
% staff turnover	34%	33%	1%

* Adjusted EBITDA (before non-underlying items) is calculated by adding back depreciation, amortisation and profit and loss on disposal of property, plant and equipment in the year to operating profit (before non-underlying items). Management believe adjusted EBITDA is an important reporting metric as it offers a clearer reflection of operating performance.

Consolidated income statement

	2018 £'000	**2017 £'000**
Revenue	229,028	213,023
Adjusted EBITDA before non-underlying items	36,677	38,650
Non-underlying items	(202)	(173)
Depreciation and impairment of property, plant and equipment	(16,112)	(15,038)
(Loss) / profit on disposal of assets	(27)	176
Amortisation and impairment of intangible assets	(1,751)	(871)
Operating profit	18,585	22,744
Net finance expense	(29,142)	(23,675)
Loss before taxation	(10,557)	(931)

Revenue for the Group was £229,028,000, an increase of £16,005,000 from 2017. This was primarily driven by increases to care hours and revenue per hour in Community Based Care services including the acquisition of Focused Healthcare Limited.

Adjusted EBITDA before non-underlying items was £36,677,000, a decrease of £1,973,000, primarily as a result of increases in staff costs due to the impact of National Minimum Wage, National Living Wage and increased payments to employees for sleep ins.

Operating profit was £18,585,000, a decrease of £4,159,000, primarily as a result of increases in staff costs, increases in depreciation due to higher capital expenditure and increases in amortisation due to newly identified intangible assets from the acquisition of Focused Healthcare Limited.

Net finance expenses of £29,142,000 increased £5,467,000 from 2017 as a result of the write-off of capitalised finance costs and redemption penalties following the refinancing transaction (see note 21).

Financial review *continued*

Consolidated statement of financial position

	2018 £'000	2017 £'000
Goodwill and intangible assets	52,196	34,977
Property, plant and equipment	359,153	363,630
Current assets	42,037	41,010
Current liabilities	(62,796)	(42,472)
Non-current loans and borrowings	(241,973)	(267,796)
Other non-current liabilities	(18,032)	(17,357)
Equity	(130,585)	(111,992)

Goodwill and intangible assets totalled £52,196,000, an increase of £17,219,000 from 2017. This is predominately due to goodwill and intangible assets arising on acquisition of Focused Healthcare Limited (see note 31).

Non-current loans and borrowings was £241,973,000, a decrease of £25,823,000 from 2017 primarily due to the refinancing transaction completed during the year. On 8 May 2017, the Group issued £250 million of Loan Notes comprising £215 million Senior Secured Notes due 2023 and £35 million Second Lien Notes due 2023 and used the proceeds to repay existing Senior and Second Lien Notes due to expire in 2018 (see note 21). As part of the refinancing transaction the Group received additional Shareholder Loans of £28,000,000.

Consolidated statement of cash flow

	2018 £'000	2017 £'000
Cash and cash equivalents	16,924	21,040
Net cash flows from operating activities before interest payments	34,454	35,598
Interest paid	(14,488)	(21,024)
Net cash flows from investing activities	(31,960)	(10,439)
Net cash flows from financing activities	7,878	(790)
Net (decrease)/increase in cash and cash equivalents	(4,116)	3,345

The Group generated net cash inflows from operating activities before interest payments of £34,454,000, a decrease of £1,144,000 from 2017. Net cash inflows from financing activities was £7,878,000 due to a partial drawdown of £15,000,000 on the Revolving Credit Facility net of cash outflows in relation to the refinancing transaction.

Principal risks and uncertainties

The principal risks facing the business and the controls in place to mitigate these, are as follows:

Risk	Mitigation
<u>Local Authority funding</u> The continuing financial austerity within Government increases social care funding pressures for Local Authorities. As staffing costs continue to rise through National Living Wage, workplace pension auto enrolment charges and apprenticeship levy there is a risk that the increased funding is not available to compensate for the increased costs.	Many Local Authorities have taken advantage of the 3% council tax precept, entirely dedicated to social care funding which will allow local government to raise an additional c.£4.5 billion by 2020. The Better Care Fund has been created that is designed to help integrate NHS and social care co-funding.
<u>Recruitment and retention of skilled care workers</u> The key to the Group's success is the quality of the people we employ. Losing key employees inhibits the strength of delivering consistently high quality care.	The Group has a bespoke system to deal with recruitment from first point of contact to employment, including Disclosure and Barring Service checks. Employee turnover is closely monitored through KPIs and exit interviews are performed to identify underlying trends.

Principal risks and uncertainties *continued*

Risk	Mitigation
Ensuring the provision of high quality care to the people we support The Voyage business is built on the reputation of the high quality care consistently delivered. A reduction in quality would harm the Group's reputation and have a negative impact on the lives of people we support.	An appropriate balance is maintained between care fees and payroll costs. Fees are always agreed with funders to reflect the care needs of the people we support to ensure that the appropriate level of care is provided. Payroll costs are controlled by regular review of weekly care hours, through an in-house management system. Close control of agency usage is in place including weekly reporting to senior management. High levels of training expenditure are maintained in order to ensure employees are fully up-to-date in the best ways of providing care for people we support.
Maintaining high occupancy levels and average weekly hours The Group's strategy to deliver great quality care with commercial success requires the Group to have a robust financial performance. To achieve appropriate revenue performance, occupancy levels, hours delivered and the associated fees, must be maintained.	Admissions, leavers, weekly fees and the progress of referrals for vacancies are formally reported to senior management on a weekly basis. The vast majority of people we support have long-life conditions and high acuity needs, which have been assessed as either "critical" or "substantial" by Local Authorities and the NHS and therefore require on-going care services to help them look after themselves. This provides us with visibility of expected care packages including occupancy and weekly care hours and provides a degree of resilience to government spending pressures.
Brexit Britain's decision to leave the European Union may lead to a more challenging environment in the short and long term due to uncertainties in the current markets and future impacts on the Group's workforce.	We continue to diligently monitor the terms of Brexit negotiations to scrutinise any impact for the Group in this time of uncertainty.

Uncertainties facing the business

The Group operates a number of sites where individual employees "sleep-in" overnight and are paid an allowance to do so. HMRC guidance on National Minimum Wage and National Living Wage (NMW) and sleep-ins had been clear in the past that it did not consider sleep-ins to be working time for the purposes of NMW. However, from 1st July 2017 the government and HMRC confirmed their interpretation of the NMW regulations in relation to sleep-in shifts had changed and insisted that sleeping time is "time work" for NMW purposes.

The correct application of NMW regulations to sleep-ins had been the subject of a number of legal decisions including that of the Employment Appeal Tribunal (EAT) in Royal Mencap Society v Tomlinson-Blake. This decision was appealed in the Court of Appeal in March 2018. Subsequent to the year-end but prior to the financial statements being signed, the Court of Appeal ruled that for the purposes of the regulations on NMW, time spent on a sleep-in shift does not count as "time work" for NMW purposes. The Court of Appeal also refused permission to appeal this judgement. It is still possible for the Supreme Court to grant permission to appeal, but the Group's legal advice is that it is unlikely that the Supreme Court will grant permission or, even if it does, that any ensuing appeal would be successful.

In the prior year, a contingent liability was disclosed to recognise the possibility of a backdated liability for sleep-ins. As a result of the judgement, there is no longer a contingent liability as management, having taken legal advice, consider the likelihood of a potential liability to be remote.

Notwithstanding the risks identified above there are no major operational uncertainties facing the business. The fragmented nature of the specialist care home and supported living market in the UK and increasing regulation continues to benefit high quality operators such as Voyage Care.

Future prospects

The Group's philosophy places the people in our care at the heart of what we do - we recognise that our reputation and success are based upon their happiness and well being and that the quality of care we provide is paramount.

Over the coming years, we anticipate growing demand for high quality care services which meet the needs of those who require support, care managers and families as the population of people requiring support continues to grow.

The Directors consider the annual report and financial statements to comply with all aspects of the Guidelines for Disclosure and Transparency in Private Equity.

By order of the Board

P Sealey
Company Secretary

Wall Island
Birmingham Road
Lichfield
Staffordshire
WS14 0QP
17 July 2018

Voyage BidCo Limited
Directors' Report
For the year ended 31 March 2018

The Directors present their annual report and the audited financial statements for the year ended 31 March 2018.

In accordance with section 414C(11) of the Companies Act, information that is required to be contained in the Directors' Report has been included in the Strategic Report, specifically in respect of the future prospects of the business.

Principal activities
The principal activity of the Company is to act as a holding company. The principal activity of the Group is the provision of high quality care and support services for people with learning disabilities, brain injuries and other complex needs.

Results and dividends
The results for the year are set out in detail on page 12.

The Directors do not recommend the payment of a dividend (2017: £Nil).

Going concern
The Group, of which the Company is a member, is funded through a combination of Shareholders' Funds, Unsecured Shareholders Loans, Senior Secured Notes and Second Lien Notes.

On 8 May 2017, the Group completed a refinancing transaction and the gross proceeds were used to redeem in full existing Senior Secured Notes and Second Lien Notes and to pay fees incurred in connection with the transaction. At 31 March 2018, the Group had £215 million of 5.875% Senior Secured Notes due 2023, £35 million of 10% Second Lien Notes due 2023 and committed to a Revolving Credit Facility of £45.0 million due 2023 which was £15.0 million drawn.

The Group has net current liabilities of £20.8 million as at 31 March 2018 (2017: £1.5 million). Notwithstanding this and the principal risks identified on page 4, the Group's trading cash forecasts, which take into account reasonably possible changes in trading activities, show that the Group will be in compliance with all covenants and will have adequate funds to meet its liabilities, including debt servicing costs, for the foreseeable future.

Taking the above into consideration and having considered reasonably possible risks and sensitivities, including the impact of the contingent liability set out in Note 33, the Directors believe it is appropriate to prepare the financial statements on a going concern basis.

Financial risk management
Refer to note 28 for disclosure of the Group's financial risk management policies and procedures.

Employee involvement
The Group has formal employee policies and procedures which are regularly reviewed and updated on matters of direct concern to employees.

Disabled persons
Full and fair consideration is given to applications for employment from disabled persons and to continuing the employment of those who become disabled while employed. The policy is to give equal opportunity for training, career development and promotion.

Private equity investors
The Group was established in 1988 to provide long-term care for people with learning disabilities as a result of the UK Government's introduction of its ''Care in the Community'' policy, aimed at moving people with learning disabilities from long-term institutions, especially hospitals, into care facilities that replicate a normal domestic dwelling. In September 2001, Duke Street, a private equity firm, acquired the business. In April 2006, the Group was acquired by HgCapital and SL Capital Partners and in November of 2007, the business was rebranded under the Voyage name. Most recently, in August 2014, the Group were acquired by investment funds managed by Partners Group and Duke Street.

Partners Group is a global private markets investment manager, serving over 1,000 institutional investors worldwide. Partners Group has approximately EUR 62 billion in assets under management across four asset classes—Private Equity, Private Real Estate, Private Debt and Private Infrastructure. Partners Group is listed on the SIX Swiss Exchange and had a market capitalisation of CHF18 billion as of 31 December, 2017. It employs more than 1,000 professionals across 19 offices worldwide. In Private Equity, Partners Group manages assets of USD 38 billion and has on behalf of its clients directly invested in more than 200 companies since inception. The investment focus in Private Equity is on companies with strong growth potential, profitability profile, cash generation and value-add opportunities in six core sectors, including Healthcare. Partners Group pursues a diversified and global relative value approach across geographies and industries. Recent European investments include Key Retirement, Cerba Healthcare and Civica.

Duke Street has an investment strategy based on supporting the long term growth of portfolio companies through investment and operational improvement initiatives. The Group were previously owned by Duke Street from 2001 to 2006. Duke Street has invested in mature, mid-market West European businesses for over 25 years and has a long and successful track record of investing in the healthcare sector, including, amongst others, investments in Medi-Globe.

The Company is ultimately majority-owned by investment funds which are managed by Duke Street LLP and Partners Group AG. As the Company is jointly controlled by Duke Street LLP and Partners Group AG, the Directors do not consider there to be an ultimate controlling party.

Directors
The Directors who held office during the year were:

Andrew Cannon
Philip Sealey
Andrew Winning (resigned 9 November 2017)

The Directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Committees of the Board
The Board has established a Quality, Safety and Risk Committee, an Audit Committee, a Remuneration Committee and an Investment Committee. The membership, purpose and responsibilities of each committee are summarised below:

Quality, Safety and Risk Committee
The functions of the Quality, Safety and Risk Committee are to provide an independent review of serious care, support and clinical incidents to ensure that, in all cases referred to the Committee, compliance with the relevant standards and regulations has been achieved, or exceptions reported. The Committee will also support and advise the Group to help provide a safe and secure care, support and clinical environment in the services, so to maximise the prospects of successful outcomes for all people we support. The Quality, Safety and Risk Committee is chaired by Alan Rosenbach (a former senior officer at the CQC) and, in addition comprises the Chief Executive, together with the Chief Operating Officer and Quality Director.

The Group also continues to operate its own quality assurance function to ensure that quality standards are continually driven forward. This well established in-house team regularly reviews each service to ensure all statutory and national guideline obligations are met and ensure delivery of continually improving care and quality standards.

Audit Committee
The purpose of the Audit Committee is to review the financial statements and controls of the Group on behalf of the Board. The Committee is responsible for being assured that the principles and policies comply with statutory requirements and with the best practices in accounting standards. The Committee will also consult with the external auditors reviewing key risk areas, seeking to satisfy itself that the internal control and compliance environment is adequate and effective and recommending to the Board the appointment and level of remuneration of the external auditors.

The Audit Committee is chaired by the Company's non-executive chairman and, in addition comprises the Chief Executive Officer and a representative of Partners Group and Duke Street, being Andrew Deakin and Jason Lawford respectively. The Chief Financial Officer is invited to attend but is not a member of the Audit Committee.

Remuneration Committee
The function of the Remuneration Committee is to provide oversight of the terms and conditions of senior employees on behalf of the Board. The Committee is responsible for making determinations on all matters concerning the remuneration of the senior managers, amending terms of the senior managers service contract and approving, if appropriate, all proposed appointments of new senior managers.

The Remuneration Committee is chaired by the Group's non-executive chairman and, in addition comprises the Chief Executive Officer and a representative of Partners Group and Duke Street, being Andrew Deakin and Charlie Troup respectively.

Investment Committee
The purpose of the Investment Committee is to review all significant investment proposals and according to their size and the judgement of the Committee, either to decide on whether they should be pursued or to make recommendations to the Board in that respect. The Committee is responsible for ensuring that the Board is informed on the status of proposals pending and approved, reviewing selected prior investments made to evaluate returns against those anticipated and annually reviewing investment strategy and considering the best use of funds against that strategy and the returns available.

The Investment Committee is chaired by the Company's Chief Financial Officer and, in addition comprises the Chief Executive Officer, Chief Operating Officer, Commercial Director and a representative of Partners Group and Duke Street, being Andrew Deakin and Jason Lawford respectively.

Statement of disclosures to auditor
The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor
Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and KPMG LLP will, therefore, continue in office.

By order of the Board

P Sealey
Company Secretary

Wall Island
Birmingham Road
Lichfield
Staffordshire
WS14 0QP
17 July 2018

Voyage BidCo Limited

Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the Group and Parent Company financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare group and parent company financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU) and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

Under company law the Directors 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 Group and Parent Company and of their profit or loss for that period. In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- for the Parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Independent auditor's report to the members of Voyage BidCo Limited

We have audited the financial statements of Voyage BidCo Limited ("the company") for the year ended 31 March 2018 which comprise the Consolidated Statement of Profit and Loss Account, Consolidated Statement of Other Comprehensive Income, Consolidated and Company Statement of Financial Position, Consolidated and Company Statement of Changes in Equity, Consolidated Statement of Cash Flow and related notes, including the accounting policies in note 3.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2018 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework* ; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern
We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Strategic report and directors' report
The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception
Under the Companies Act 2006, we are required to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Directors' responsibilities
As explained more fully in their statement set out on page 9, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the group and parent company'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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities
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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent auditor's report to the members of Voyage BidCo Limited

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Colin Brearley (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH
17 July 2018

Voyage BidCo Limited
Consolidated Statement of Profit and Loss
For the year ended 31 March 2018

	Notes	**2018**			**2017**		
		Underlying	**Non-underlying items (2)**	**Total**	**Underlying**	**Non-underlying items (2)**	**Total**
		£000	**£000**	**£000**	**£000**	**£000**	**£000**
Continuing operations							
Revenue		229,028	-	229,028	213,039	(16)	213,023
Operating expenses	10	(205,513)	(4,930)	(210,443)	(185,461)	(4,818)	(190,279)
Adjusted EBITDA (1)		36,677	(202)	36,475	38,650	(173)	38,477
Depreciation and impairment of property, plant and equipment	10	(11,384)	(4,728)	(16,112)	(10,377)	(4,661)	(15,038)
(Loss) / profit on disposal of assets	10	(27)	-	(27)	176	-	176
Amortisation of intangible assets	10	(1,751)	-	(1,751)	(871)	-	(871)
Operating profit		**23,515**	**(4,930)**	**18,585**	**27,578**	**(4,834)**	**22,744**
Finance income	11	64	-	64	55	-	55
Finance expense	12	(20,362)	(8,844)	(29,206)	(23,730)	-	(23,730)
Profit / (loss) before taxation		**3,217**	**(13,774)**	**(10,557)**	**3,903**	**(4,834)**	**(931)**
Taxation	13	(859)	2,240	1,381	853	2,134	2,987
Profit / (loss) for the year from continuing operations		**2,358**	**(11,534)**	**(9,176)**	**4,756**	**(2,700)**	**2,056**
Profit / (loss) attributable to equity holders of the parent		**2,358**	**(11,534)**	**(9,176)**	**4,756**	**(2,700)**	**2,056**

(1) Adjusted EBITDA represents earnings before interest, tax, depreciation and amortisation, impairments, profit / (loss) on disposal of assets.

(2) Further breakdown of non-underlying items analysed in note 6.

Voyage BidCo Limited
Consolidated Statement of Other Comprehensive Income
For the year ended 31 March 2018

	Notes	2018 £000	2017 £000
(Loss) / profit for the year		(9,176)	2,056
Items that will not be reclassified to profit and loss			
Remeasurements of the defined benefit liability	30	(278)	(3)
Deferred tax movement for the year	23	47	(12)
		(231)	(15)
Total comprehensive (expense) / income attributable to equity holders of the parent for the financial year		**(9,407)**	**2,041**

Voyage BidCo Limited
Consolidated Statement of Financial Position
At 31 March 2018

	Notes	2018		2017	
		£000	£000	£000	£000
Non-current assets					
Goodwill	14	44,236		32,770	
Intangible assets	15	7,960		2,207	
Property, plant and equipment	16	359,153		363,630	
			411,349		**398,607**
Current assets					
Trade and other receivables	18	21,864		18,497	
Tax assets		538		433	
Employee benefit pension assets		879		-	
Cash and cash equivalents	19	16,924		21,040	
		40,205		39,970	
Assets classified as held for sale	20	1,832		1,040	
			42,037		**41,010**
Total assets			**453,386**		**439,617**
Current liabilities					
Loans and borrowings	21	15,000		-	
Trade and other payables	22	26,806		24,465	
Accruals and deferred income		18,337		17,587	
Provisions	24	634		420	
Employee benefit pension liability		879		-	
Other financial liabilities	27	1,140		-	
			62,796		**42,472**
Non-current liabilities					
Loans and borrowings	21	241,973		267,796	
Tax liabilities	23	10,820		11,209	
Provisions	24	3,046		2,539	
Employee benefits	30	348		145	
Accruals and deferred income		3,818		3,464	
			260,005		**285,153**
Total liabilities			**322,801**		**327,625**
Net assets			**130,585**		**111,992**
Equity					
Capital and reserves					
Issued share capital	25	-		-	
Share premium	26	252,872		224,872	
Retained earnings		(122,287)		(112,880)	
Total equity attributable to equity holders of the parent			**130,585**		**111,992**

These financial statements were approved by the Board of Directors on …………………. 2018 and were signed on its behalf by:

A Cannon
Director

Company registered no. 05752534

Voyage BidCo Limited
Company Statement of Financial Position
At 31 March 2018

	Notes	2018 £000	2017 £000
Assets			
Non-current assets			
Investments	*17*	173,580	145,580
Total non-current assets		173,580	145,580
Current assets			
Trade and other receivables	*18*	408,551	379,315
Total current assets		408,551	379,315
Total assets		**582,131**	**524,895**
Liabilities			
Current liabilities			
Trade and other payables	*22*	531,741	493,691
Total current liabilities being total liabilities		531,741	493,691
Net assets		**50,390**	**31,204**
Equity			
Capital and reserves			
Called up share capital	*25*	-	-
Share premium	*26*	252,872	224,872
Profit and loss account		(202,482)	(193,668)
Equity shareholders' funds		**50,390**	**31,204**

Under section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own Statement of Profit and Loss and related notes that form part of these approved financial statements. The amount of loss after taxation for the financial year for the Company is £8,814,000 (2017: £8,628,000).

These financial statements were approved by the Board of Directors on ………………... 2018 and were signed on its behalf by:

A Cannon
Director

Company registered number 05752534

Voyage BidCo Limited
Consolidated and Company Statement of Changes in Equity

For the year ended 31 March 2017

Group	Issued share capital £000	Share premium £000	Retained earnings £000	Total parent equity £000
At 1 April 2016	-	224,872	(114,921)	109,951
Total comprehensive income for the year				
Profit for the year	-	-	2,056	2,056
Other comprehensive income	-	-	(15)	(15)
Total comprehensive income for the year	-	-	2,041	2,041
At 31 March 2017	**-**	**224,872**	**(112,880)**	**111,992**

For the year ended 31 March 2018

Group	Issued share capital £000	Share premium £000	Retained earnings £000	Total parent equity £000
At 1 April 2017	-	224,872	(112,880)	111,992
Total comprehensive income for the year				
Loss for the year	-	-	(9,176)	(9,176)
Other comprehensive income	-	-	(231)	(231)
Total comprehensive expense for the year	-	-	(9,407)	(9,407)
Transactions with owners				
Issue of ordinary share	-	28,000	-	28,000
Total transactions with owners	-	28,000	-	28,000
At 31 March 2018	**-**	**252,872**	**(122,287)**	**130,585**

For the year ended 31 March 2017

Company	Issued share capital £000	Share premium £000	Retained earnings £000	Total parent equity £000
At 1 April 2016	-	224,872	(185,040)	39,832
Total comprehensive income for the year				
Loss for the year	-	-	(8,628)	(8,628)
Other comprehensive income	-	-	-	-
Total comprehensive expense for the year	-	-	(8,628)	(8,628)
At 31 March 2017	**-**	**224,872**	**(193,668)**	**31,204**

For the year ended 31 March 2018

Company	Issued share capital £000	Share premium £000	Retained earnings £000	Total parent equity £000
At 1 April 2017	-	224,872	(193,668)	31,204
Total comprehensive income for the year				
Loss for the year	-	-	(8,814)	(8,814)
Other comprehensive income	-	-	-	-
Total comprehensive expense for the year	-	-	(8,814)	(8,814)
Transactions with owners				
Issue of ordinary share	-	28,000	-	28,000
Total transactions with owners	-	28,000	-	28,000
At 31 March 2018	**-**	**252,872**	**(202,482)**	**50,390**

Voyage BidCo Limited
Consolidated Statement of Cash Flow
For the year ended 31 March 2018

	2018 £000	2017 £000
Cash flows from operating activities		
(Loss) / profit for the year	(9,176)	2,056
Adjustments for:		
Depreciation and impairment of property, plant and equipment	16,112	15,038
Loss / (profit) on disposal of non-current assets	27	(176)
Amortisation of intangible assets	1,751	871
Finance income	(64)	(55)
Finance expense	29,206	23,730
Tax income	(1,381)	(2,987)
Movements in working capital:		
Increase in trade and other receivables	(3,780)	(1,671)
Increase in trade and other payables	1,979	2,145
Increase / (decrease) in accruals and deferred income	664	(2,817)
Decrease in provisions, employee benefits and other financial liabilities	(375)	(403)
Cash generated from operating activities	34,963	35,731
Interest paid	(14,488)	(21,024)
Tax paid	(509)	(133)
Net cash generated from operating activities	19,966	14,574
Cash flows from investing activities		
Interest received	26	50
Payments to acquire property, plant and equipment	(14,354)	(10,882)
Payments to acquire intangible assets	(112)	(237)
Proceeds from sales of property, plant and equipment	248	850
Net cash outflow on acquisition of subsidiaries	(17,768)	(220)
Net cash used in investing activities	(31,960)	(10,439)
Cash flows from financing activities		
Issue of share capital	-	-
Share premium received	28,000	-
Issue of new Loan Notes	250,000	-
Payment of transaction costs on new loans and borrowings	(13,122)	(790)
Repayment of existing Loan Notes	(272,000)	
Proceeds from loans and borrowings	15,000	
Net cash generated / (used in) financing activities	7,878	(790)
Net (decrease) / increase in cash and cash equivalents in the period	(4,116)	3,345
Cash and cash equivalents at the beginning of the period	21,040	17,695
Cash and cash equivalents at the end of the period	**16,924**	**21,040**

1 Reporting entity

Voyage BidCo Limited (the Company) is a company incorporated in England and Wales. Its parent and ultimate holding company is Voyage Care HoldCo Limited. The consolidated financial statements consolidate those of the Company and its subsidiaries (together referred to as the Group). The principal activity of the Group is the provision of the high quality care and support services for people with learning disabilities, brain injury rehabilitation and other complex needs.

2 Basis of preparation

The Group financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs).

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 (FRS 101) 'Reduced Disclosure Framework' and the Companies Act 2006.

Under section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own Statement of Profit and Loss and related notes that form part of these approved financial statements. The amount of loss after taxation for the financial year for the Company is £8,814,000 (2017: £8,628,000).

The Group and Company financial statements have been prepared under the historical cost convention except for certain financial instruments which are stated at fair value through the Statement of Profit and Loss. Non-current assets held for sale are stated at the lower of previous carrying value and fair value.

Revenue and expenses arising on trading between Group companies are eliminated on consolidation.

Going concern

The Group, of which the Company is a member, is funded through a combination of Shareholders' Funds, Unsecured Shareholders Loans, Senior Secured Notes and Second Lien Notes.

On 8 May 2017, the Group completed a refinancing transaction and the gross proceeds were used to redeem in full existing Senior Secured Notes and Second Lien Notes and to pay fees incurred in connection with the transaction. At 31 March 2018, the Group had £215 million of 5.875% Senior Secured Notes due 2023, £35 million of 10% Second Lien Notes due 2023 and committed to a Revolving Credit Facility of £45.0 million due 2023 which was £15.0 million drawn.

The Group has net current liabilities of £20.8 million as at 31 March 2018 (2017: £1.5 million). Notwithstanding this and the principal risks identified on page 4, the Group's trading cash forecasts, which take into account reasonably possible changes in trading activities, show that the Group will be in compliance with all covenants and will have adequate funds to meet its liabilities, including debt servicing costs, for the foreseeable future.

Taking the above into consideration and having considered reasonably possible risks and sensitivities, including the impact of the contingent liability set out in Note 33, the Directors believe it is appropriate to prepare the financial statements on a going concern basis.

3 Accounting policies

The following accounting policies have been applied consistently dealing with items which are considered material in relation to the companies financial statements.

Business combinations and goodwill

Acquisitions are accounted for using the acquisition method as at the acquisition date and costs incurred in relation to the acquisition are expensed and included within operating expenses.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. If the contingent consideration is not classified as equity, changes to fair value are recognised in the Statement of Profit and Loss.

Any deferred consideration payable is recognised at fair value at the acquisition date and changes to fair value are recognised in the Statement of Profit and Loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the fair value of net identifiable assets acquired and liabilities assumed. Goodwill is tested for impairment annually.

If the consideration is lower than the fair value of the net assets of the acquired subsidiary, the difference is recognised in Statement of Profit and Loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

3 Accounting policies *continued*

Intangible assets
Intangible assets with finite useful lives that are acquired separately or in a business combination are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The carrying amounts of intangible assets are reviewed annually to determine whether the assets have suffered an impairment loss. The estimated useful lives are as follows:

Customer relationships	2 - 8 years
Non-compete agreement	2 - 3 years
Brands	2 - 4 years

Purchased software that is not integral to the functionality of the related equipment is capitalised and amortised on a straight-line basis over its estimated useful life. The estimated useful life are as follows:

Computers not integral	3 years

Non-current assets held for sale and discontinued operations
Non-current assets are classified as held for sale if their carrying amount will be recovered primarily through a sale transaction rather than through continuing operational use. Reclassification will only take place if (i) the asset is available for immediate sale in its present condition; (ii) the asset will be subject to terms for a normal sale of such asset; and (iii) management are commited to the sale and expect the sale to be completed within one year from the date of classification.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

In the consolidated Statement of Profit and Loss for the year, and for the comparable period of the previous year, income and expenses for discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit / (loss) after taxes. There were no discontinued operations during the year (31 March 2017: £Nil).

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure incurred in bringing the asset into working condition for its intended use. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Depreciation is charged to the Statement of Profit and Loss on a straight line basis at rates calculated to write off the cost of each asset to its residual value over its estimated useful life. The depreciation rates in use are:

Freehold land	Nil
Freehold buildings	2%
Motor vehicles	25%
Fixtures, fittings and equipment	20%
Computers integral	33%

Gains and losses of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and are recognised net within the Statement of Profit and Loss.

Impairment of property, plant and equipment and goodwill
The carrying amounts of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the property, plant and equipment may not be recoverable.

Calculation of recoverable amount
The recoverable amount of property, plant and equipment is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss unless it arises on previously revalued property, plant and equipment. An impairment loss on revalued property, plant and equipment is recognised in the Statement of Profit and Loss if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of other comprehensive income until the carrying amount reaches the asset's depreciated historic cost.

Impairment losses recognised in respect of income-generating units are allocated first to reduce the carrying amount of any goodwill allocated to income-generating units, then to any capitalised intangible asset and finally to the carrying amount of the tangible assets in the unit on a pro rata or more appropriate basis. An income generating unit is the smallest identifiable Group of assets that generates income that is largely independent of the income streams from other assets or Group of assets.

3 Accounting policies *continued*

Provisions
Provisions are recognised when the Group has a present obligation as a result of a past event, it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are stated at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Non-derivative financial instruments
Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Trade and other receivables
Trade and other receivables are recognised at fair value less any impairment losses.

Cash and cash equivalents
Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows.

Interest-bearing borrowings
Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost less any impairment losses.

Trade and other payables
Trade and other payables are stated at cost.

Revenue
Revenue in respect of the provision of care services represents the fair value of fee income receivable for the period and is recognised in respect of the care that has been provided in the relevant period. Revenue invoiced in advance is included in deferred income, until the service is provided, whilst revenue billed in arrears is included in accrued income until billed.

Non-underlying items
The Group separately identifies and discloses certain items, referred to as non-underlying items, by virtue of size, nature and occurrence. This is consistent with the way that financial performance is measured by senior management and assists in providing a meaningful analysis of operating results by excluding items that may not be part of the ordinary activity of the business.

Leases
Assets obtained under finance lease and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Rentals under operating leases are charged to the Statement of Profit and Loss on a straight line basis over the lease term. Lease incentives received are recognised in the Statement of Profit and Loss as an integral part of the total lease expense.

The Group is required to perform dilapidation repairs on certain leased properties prior to the properties being vacated at the end of their lease term. Provision for such costs is made where legal obligation is identified and the liability can be reasonably quantified.

Financing income and expense
Financing expenses comprise interest payable on Loan Notes and Revolving Credit Facility and unwinding of the discount on provisions and consideration. In addition, transaction costs that are directly attributable to the arrangement of borrowings are capitalised and recognised in the consolidated Statement of Profit and Loss using the effective interest method.

Interest income and interest payable is recognised in the consolidated Statement of Profit and Loss as it accrues, using the effective interest method.

Taxation including deferred taxation
The charge for taxation is based on the profit or loss for the year and comprises current and deferred taxation. Income tax is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Tax currently payable is based on the taxable profit for the period. Taxable profit differs from 'profit before tax' as reported in the consolidated Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Tax is calculated using tax rates enacted or substantively enacted at the date of the Statement of Financial Position.

3 Accounting policies *continued*

Taxation including deferred taxation continued
Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

Government grants
Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants are recognised in the Statement of Profit and Loss on a systematic basis over the periods in which the Group recognises the expenditure for which the grants are intended to compensate.

Employee benefits
The assets of all pension plans are held separately from those of the Group, in separately administered funds.

Defined contribution plans
A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate company and will have no legal obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the Statement of Profit and Loss in the period during which services are rendered by employees.

Defined benefit plans
A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group’s net obligation in respect of defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any plan assets are deducted. The Group determines the net interest on the net defined benefit liability/asset for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined benefit asset.

The discount rate is the yield at the reporting date on bonds that have a credit rating of at least AA that have maturity dates approximating the terms of the Group’s obligations and that are denominated in the currency in which the benefits are expected to be paid.

Re-measurements arising from defined benefit plans comprise actuarial gains and losses, the return on plan assets and the effect of the asset ceiling. The Group recognises them immediately in other comprehensive income and all other expenses related to defined benefit plans in employee benefit expenses in the Statement of Profit or Loss.

The calculation of the defined benefit obligations is performed by a qualified actuary using the projected unit credit method. When the calculation results in a benefit to the Group, the recognised asset is limited to the present value of benefits available in the form of any future refunds from the plan or reductions in future contributions and takes into account the adverse effect of any minimum funding requirements.

Investment in subsidiaries
Investments in subsidiaries are stated at fair value less provisions for impairment.

Segment reporting
Segment results that are reported to the Group's Board of Directors include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, finance costs and tax assets and liabilities.

FRS 101 disclosure exemptions
As the consolidated financial statements of the Group include the equivalent disclosures, the Company has taken the exemption under FRS 101 available in respect of the following disclosures:

- a cash flow statement;
- the effects of new but not yet effective IFRSs; and
- disclosures in respect of transactions with wholly owned subsidiaries.

3 Accounting policies *continued*

Adoption of new and revised standards

The following standards and interpretations were adopted in the current period as they were mandatory for the year ended 31 March 2018 but either had no material impact on the result or net assets of the Group or were not applicable:

• IAS 7 'Statement of cash flows' - amendments relating to the Disclosure Initiative;

• IAS 12 'Income taxes' - amendments relating to recognition of deferred tax assets for unrealised losses; and

• Annual improvements to IFRS 2014 - 2016 cycle (amendments to IFRS 12).

Adopted IFRS not yet applied

The following standards and interpretations have been published, endorsed by the EU, and are available for early adoption, but have not yet been applied by the Group in these financial statements.

• IFRS 9 'Financial instruments' effective for accounting periods commencing on or after 1 January 2018. The Group has initiated an assessment of the impact of IFRS 9 but it is expected the adoption will not materially impact the Group's results or financial position. Management have formed this opinion with reference to the Group's current financial instruments;

• IFRS 15 'Revenue from contracts with customers' effective for accounting periods commencing on or after 1 January 2018. The Group has initiated an assessment of the impact of IFRS 15 but it is expected the adoption will not materially impact the Group's results or financial position. Management have formed this opinion as the majority of the Group's revenue is recognised in respect of care that has been provided in the relevant period; and

• IFRS 16 'Leases' effective for accounting periods commencing on or after 1 January 2019. The Group has initiated an assessment of the impact of IFRS 16 and expect the adoption will have a material impact on the Group's results and financial position. The exact financial impact of IFRS 16 is not yet known, and management are assessing the impact and determining the processes, systems and procedures which will be required and whether or not the standard will be implemented on a full or retrospective basis.

The following standards and interpretations have been published but not yet endorsed by the EU. The Group does not believe the adoption of these standards or interpretations would have a material impact on the consolidated results or financial position of the Group:

• IFRIC 22 Foreign Currency Transactions and Advance Consideration (effective date to be confirmed);

• Amendments to IAS 40: Transfers of Investment Property (effective date to be confirmed);

• Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective date to be confirmed); and

• Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (effective date to be confirmed).

4 Accounting estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis and any revisions to these estimates are recognised in the period in which the estimates are revised and in any future period affected.

The key assumptions which have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Operating Segments

The Group's management consider the acquisition of Focused Healthcare as a separate operating segment. Although the Group and Focused Healthcare provide complementary specialist care and support services, Focused Healthcare concentrates on providing specialist care to children and young people whereas Voyage Care predominantly provides specialist care to adults. In addition, Focused Healthcare will continue to operate independently from the Group retaining its own head office function.

4 Accounting estimates and judgements *continued*

Impairment of goodwill
Determining whether goodwill is impaired requires a judgement as to the determination of the CGUs and an estimation of the value in use of the cash generating units (CGUs) to which goodwill has been allocated. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the CGUs, and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at 31 March 2018 was £44,236,000 (2017: £32,770,000) (see note 14).

Customer relationships, Non-compete agreements and Brands
Management assess each acquisition to identify intangible assets that were acquired as part of the transaction. The estimation of future economic benefits generated from acquired customer relationships, non-compete agreements and brands, and the determination of the related amortisation profile, involves a significant degree of judgement based on managements estimation of future revenue, profit, customer attrition rates, and the useful lives of the assets. Changes in the estimates made by management could result in a large, but not material, reclassicfication between assets and goodwill. The valuation methods used to value each identifiable intangible asset is multiple excess earnings, estimated avoided loss on profits and relief royalty. The useful economic life estimate ranges from 2 to 8 years and annual reviews are performed to ensure the recoverability of the intangible assets (see note 15).

Assets held for sale
Determining whether an asset is classified as held for sale requires management to determine whether the conditions identified in 'IFRS 5 Non-current assets held for sale' are met. Management believe a significant degree of judgement is required to determine whether the sale is highly probable and whether the sale will be completed within 12 months of the classification as held for sale. In addition, management are required to estimate the expected net realisable value of the assets held for sale. As at 31 March 2018, the assets classified as held for sale are £1,832,000 (2017: £1,040,000) (see note 20).

Impairment of trade receivables
Determining the extent of the provision requires judgement as to whether certain trade receivables are deemed doubtful although not definitely irrecoverable. The impairment is calculated on specific trade receivables identified by examining aged receivable analyses.

Potential liability in relation to sleep in shifts
In the prior year, management disclosed a contingent liability in respect of a possible liability to pay arrears to employees for sleep-in shifts. Management have reviewed the position in light of the Court of Appeal Judgement in Royal Mencap Society v Tomlinson Blake where the Court found in favour of Royal Mencap. This means that for the purposes of the regulations on National Minimum Wage (NMW), time spent asleep on a “sleep-in” shift does not count as “time work” for NMW purposes. The Court of Appeal also refused permission to appeal this judgement. It is still possible for the Supreme Court to grant permission to appeal, but the Group’s legal advice is that it is unlikely that the Supreme Court will grant permission or, even if it does, that any ensuing appeal would be successful.

As a result of the judgement there is no longer a contingent liability as management, on the basis of legal advice, consider the likelihood of a potential liability to be remote.

5 Operating segments

Information reported to senior management for the purposes of resource allocation and assessment of performance of each segment focuses on the type of care services provided by the Group. The Voyage Care Group operates solely within the UK therefore no geographical segment reporting has been disclosed. The primary business segments stated below are based on the Group's management and internal reporting structure.

- Registered: supporting individuals in our specially adapted homes;
- Community Based Care: supporting individuals in their own home promoting independence; and
- Focused Healthcare: supporting young individuals living with their families who require specialist care or nursing.

On 22 August 2017, the Group acquired the majority of the share capital of Focused Healthcare Limited. Although the Group and Focused Healthcare provide complementary specialist care and support services a new operating segment has been identified primarily due to Focused Healthcare concentrating on providing specialist care to children and young people and Voyage Care predominantly providing specialist care to adults. In addition, Focused Healthcare will continue to operate independently from the Group retaining its own head office function.

Other income and expenditure relates to those items not directly attributable to an operating segment.

The reported segmental information represents income and expenditure generated from external customers and external suppliers only. There were no inter-segment transactions reported during the current year (2017: £Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment profits represents adjusted EBITDA earned by each segment without allocation of non underlying items as well as finance costs which is in conjunction with the information reported to senior management.

	Segment results			
For the year ended 31 March 2018	**Registered**	**Community Based Care**	**Focused Healthcare**	**Group**
	£000	**£000**	**£000**	**£000**
Revenue	159,715	63,278	6,035	**229,028**
Adjusted EBITDA (before non-underlying items)	**30,466**	**4,141**	**2,070**	**36,677**
Non-underlying items				(202)
Adjusted EBITDA (after non-underlying items)				**36,475**
Depreciation and impairment of property, plant and equipment				(16,112)
Loss on disposal of assets				(27)
Amortisation of intangible assets				(1,751)
Net finance expense				(29,142)
Taxation				1,381
Loss for the period				**(9,176)**

	Segment results			
For the year ended 31 March 2017	**Registered**	**Community Based Care**	**Focused Healthcare**	**Group**
	£000	**£000**	**£000**	**£000**
Revenue	155,136	57,903	-	**213,039**
Adjusted EBITDA (before non-underlying items)	**32,797**	**5,853**	**-**	**38,650**
Non-underlying items				(173)
Adjusted EBITDA (after non-underlying items)				**38,477**
Depreciation and impairment of property, plant and equipment				(15,038)
Profit on disposal of assets				176
Amortisation of intangible assets				(871)
Net finance expense				(23,675)
Taxation				2,987
Profit for the period				**2,056**

6 Non-underlying items

The Group separately identifies and discloses certain items, referred to as non-underlying items, by virtue of size, nature and occurrence. This is consistent with the way that financial performance is measured by senior management and assists in providing a meaningful analysis of operating results by excluding items that may not be part of the ordinary activity of the business.

The following table details the non-underlying items that have been incurred in the reporting periods:

		2018 £000	2017 £000
Continuing operations			
Non-underlying items:	**Note**		
Restructuring costs	a	562	515
Integration and acquisition costs	b	338	51
Consultancy fees	c	82	138
Impairment of property, plant and equipment	d	4,728	4,661
Project costs	e	262	66
Day Care income	f	(1,042)	(719)
Refinancing transaction	g	8,844	122
Taxation	h	(2,240)	(2,134)
		11,534	2,700

The key elements of the expenditure for both periods are set out below:

(a) *Restructuring costs*
For the year ended 31 March 2018, the Group incurred remuneration costs of £562,000 in relation to restructuring its workforce (31 March 2017: £515,000).

(b) *Integration and acquisition costs*
For the year ended 31 March 2018, the Group incurred transaction costs of £338,000 in relation to the acquisition of Focused Healthcare Limited (see note 31). For the year ended 31 March 2017, the Group incurred integration costs of £51,000 in relation to the transfer and operation of a number of services.

(c) *Consultancy fees*
For the year ended 31 March 2018, the Group incurred costs of £82,000 in relation to professional advice and consultancy (31 March 2017: £138,000).

(d) *Impairment of property, plant and equipment*
For the year ended 31 March 2018, the Group recognised an impairment charge for certain property, plant and equipment due to the carrying amount of assets exceeding its recoverable amount. As a result an impairment charge of £4,728,000 was incurred (31 March 2017: £4,661,000).

(e) *Project costs*
The Group is undertaking a programme to improve the quality, accuracy and support for its customers by investing in its head office and operational function, as a result fees of £262,000 were incurred (31 March 2017: £66,000).

(f) *Day Care income*
For the year ended 31 March 2018, the Group was in receipt of funds in relation to backdated VAT on its Day Care business of £1,042,000 (31 March 2017: £719,000).

(g) *Refinancing transaction*
For the year ended 31 March 2018, the Group completed a refinancing transaction to redeem its previous Senior Secured Notes and Second Lien Notes (see note 21), as a result a redemption penalty of £4,983,000 was incurred and unamortised transaction costs of £3,861,000 were expensed. For the year ended 31 March 2017, the Group initiated a refinancing transaction to redeem its previous Senior Secured Notes and Second Lien Notes, as a result professional fees of £122,000 were incurred.

(h) *Taxation*
During the year ended 31 March 2018, a taxation credit of £2,240,000 arose as a result of certain non-underlying items stated in the above table (2017: £2,134,000).

7 Staff numbers

The average number of persons employed by the Group (including Directors) during the year were as follows:

	Number of employees	
	2018	**2017**
Administration	382	341
Care staff	9,224	8,744
	9,606	9,085

8 Directors' remuneration

Remuneration paid to the Directors in respect of their services to the Company and other member companies of the Group:

	2018 £000	**2017** £000
Remuneration	708	679
Compensation on loss of office	240	-
Pension contributions	82	87
	1,030	766

The remuneration of the highest paid director was £416,000 (2017: £340,000) and pension contributions of £60,000 (2017: £55,000) were made to a money purchase scheme on their behalf.

Three of the Directors active in the year accrued benefits under money purchase pension schemes (2017: three Directors).

9 Auditor's remuneration

	2018 £000	**2017** £000
Audit of the Group financial statements	10	10
Audit of financial statements of subsidiaries	139	106
Audit related fees	149	116
Taxation compliance services	-	104
Other tax advisory services	61	68
Internal audit services	8	92
Corporate finance services	236	102
Non-audit fees	305	366
Total audit and non-audit fees	454	482

10 Operating profit before taxation

	2018 £000	2017 £000
Operating profit before taxation is stated after charging:		
Continuing operations		
Direct expenses and consumables	8,102	8,310
Staff costs:		
Wages and salaries	141,869	128,005
Social security costs	9,708	8,619
Other pension costs	1,430	1,466
Operating lease rentals:		
Other lease rentals (see note 29)	3,938	3,452
Plant and machinery (see note 29)	1,086	1,475
Depreciation	11,384	10,377
Impairment of property, plant and equipment	4,728	4,661
Loss / (profit) on disposal of assets	27	(176)
Amortisation of intangible assets	1,751	871
Other external charges	27,462	23,938
Receipts in respect of VAT on the Group's Day Care activities (see note 6)	(1,042)	(719)
	210,443	190,279

11 Finance income

	2018 £000	2017 £000
Continuing operations		
Bank interest receivable	64	55

12 Finance expense

	2018 £000	2017 £000
Continuing operations		
Bank interest including RCF non-utilisation fees	940	660
Loan notes interest	18,300	22,591
Unwinding of discount on provisions (see note 24)	1,026	294
Other finance costs	96	185
Redemption penalty in respect of the Group's refinancing transaction (see note 21)	4,983	-
Unamortised transaction costs in relation to the Group's existing loan notes (see note 21)	3,861	-
	29,206	23,730

Loan notes interest comprises interest on loan notes of £16,808,000 (2017: £19,930,000) and amortisation of issue costs and original issue discount on new and previous loan notes of £1,149,000 and £343,000 respectively (2017: £Nil and £2,661,000 respectively).

13 Taxation

Recognised in the Statement of Profit and Loss	**2018 £000**	**2017 £000**
Analysis of charge in year		
Current tax:		
UK corporation tax on profits of the period	224	-
Adjustments in respect of previous periods	-	5
	224	5
Deferred tax:		
Origination and reversal of timing differences	(1,149)	(1,929)
Effect of tax rate change on opening balance	-	254
Adjustments in respect of prior periods	(456)	(1,317)
	(1,605)	(2,992)
Tax on (loss) / profit on ordinary activities	(1,381)	(2,987)

Recognised directly in the Statement of Other Comprehensive Income	**2018 £000**	**2017 £000**
Current tax recognised directly in other comprehensive income	-	-
Deferred tax recognised directly in other comprehensive income	(47)	(12)
	(47)	(12)

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2018 £000	**2017 £000**
(Loss) / profit on ordinary activities before taxation	(10,557)	(931)
Current tax at 19% (2017: 20%)	(2,006)	(186)
Effects of:		
Expenses not deductible for tax purposes	1,743	28
Fixed asset depreciation / impairment charges in excess of allowances	18	379
Adjustments to brought forward values	-	-
Losses eliminated	-	-
Capital losses movement	-	3
Transfer pricing adjustment	(18)	-
Group relief received at no cost	(737)	(1,193)
Adjustments in respect of prior periods	(456)	(1,312)
Timing differences not recognised on the computation	-	-
Effect of UK tax rate changes	135	(706)
Deferred tax not recognised	(60)	-
Total tax credit (see above)	(1,381)	(2,987)

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. Further reduction to 18% (effective 1 April 2020) was also substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Group's future current tax charge accordingly. The deferred tax asset/liability at 31 March 2018 has been calculated based on these rates.

14 Goodwill

	Goodwill £000
Cost	
At 1 April 2017	41,326
Acquisitions	11,466
At 31 March 2018	52,792
Accumulated impairment charge	
At 1 April 2017 and 31 March 2018	8,556
At 31 March 2018	44,236
At 31 March 2017 and 1 April 2017	32,770

On 22 August 2017, the Group acquired the majority of the share capital of Focused Healthcare Limited. Goodwill of £11,466,000 has been capitalised and allocated against a new cash generating unit, Focused Healthcare (see note 31).

The Group review goodwill for impairment on an annual basis or more frequently if there are indications that goodwill might be impaired.

A goodwill impairment charge of £Nil occurred during the year ended 31 March 2018 (2017: £Nil).

Impairment testing
Goodwill acquired in a business combination is allocated to cash generating units (CGUs) that are expected to benefit from that business combination.

Goodwill has been allocated to three identifiable CGUs, Registered services, Community Based Care services and Focused Healthcare. The CGUs to which goodwill is allocated are presented below:

	Goodwill	
	2018 £000	2017 £000
Registered	16,244	16,244
Community Based Care	16,526	16,526
Focused Healthcare	11,466	-
	44,236	32,770

The recoverable amount was determined by the greater of net realisable value and value in use. In assessing value in use, the expected future cash flows were discounted to their present value using a pre-tax discount rate of 8.37% for the Registered, Community Based Care CGUs and 10.37% for the Focused Healthcare CGU (2017: 7.30%, 7.52% and Nil% respectively). The pre-tax discount rate reflects current market assessments of the rate of return expected on an equally risky investment.

Key assumptions for the value in use calculations are those regarding level of occupancy, weekly fees, volume of chargeable hours, costs, discount rates, growth rates and period on which forecasts are based. The cash flow projections were based on financial budgets approved by the Board of Directors for the forthcoming year and forecasts for up to five years which are based on assumptions of the business, industry and economic growth. A terminal value is placed on the value of the annual cash flows in year five.

Registered
The recoverable amount of this CGU was based on value in use using the assumptions stated above and a terminal growth rate of 1.00% (2017: 2.00%). The recoverable amount of £436.6 million (2017: £476.6 million) exceeded its carrying amount by approximately £110.7 million (2017: £142.7 million) and no impairment was required (2017: no impairment).

Community Based Care
The recoverable amount of this CGU was based on value in use using the assumptions stated above and a terminal growth rate of 2.50% (2017: 5.00%). The recoverable amount of £92.7 million (2017: £287.2 million) exceeded its carrying amount by approximately £46.1 million (2017: £249.2 million) and no impairment was required (2017: no impairment).

Focused Healthcare
The recoverable amount of this CGU was based on value in use using the assumptions stated above and a terminal growth rate of 3.00%. The recoverable amount of £78.5 million exceeded its carrying amount by approximately £62.7 million.

14 Goodwill *continued*

Sensitivities

Whilst the impairment testing did not give rise to an impairment, management note that the calculations are sensitive to certain assumptions. The below table sets out each assumption and states the increase in percentage points each assumption requires before the carrying amount equals its recoverable.

Changes required for carrying amount to equal recoverable amount (percentage points movement):

	2018	2017
Registered		
Discount rate	+2.17%	+2.48%
Budgeted revenue growth per year	(3.79%)	(1.00%)
Budgeted staff costs per year	+6.55%	+1.68%
Community Based Care		
Discount rate	+4.87%	+16.97%
Budgeted revenue growth per year	(3.00%)	(3.28%)
Budgeted staff costs per year	+3.69%	+3.51%
Focused Healthcare		
Discount rate	+23.54%	-
Budgeted revenue growth per year	(33.68%)	-
Budgeted staff costs per year	+60.02%	-

Management are confident that the assumptions used for assessing goodwill are appropriate at the time of the review but acknowledge it is possible circumstances may change.

15 Intangible assets

	Software costs £000	Customer relationships £000	Non-compete agreements £000	Brands £000	Total £000
Cost					
At 1 April 2016	1,264	3,062	463	27	4,816
Additions	237	-	-	-	237
At 31 March 2017	1,501	3,062	463	27	5,053
At 1 April 2017	1,501	3,062	463	27	5,053
Acquisition (see note 31)	-	6,465	654	273	7,392
Additions	112	-	-	-	112
At 31 March 2018	1,613	9,527	1,117	300	12,557
Amortisation					
At 1 April 2016	922	771	255	27	1,975
Provided during the year	250	467	154	-	871
At 31 March 2017	1,172	1,238	409	27	2,846
At 1 April 2017	1,172	1,238	409	27	2,846
Provided during the year	204	1,253	253	41	1,751
At 31 March 2018	1,376	2,491	662	68	4,597
Net book value					
At 31 March 2018	237	7,036	455	232	7,960
At 31 March 2017 and 1 April 2017	329	1,824	54	-	2,207
At 1 April 2016	342	2,291	208	-	2,841

On 22 August 2017, the Group acquired the majority of the share capital of Focused Healthcare Limited. Intangible assets of £7,392,000 has been capitalised and allocated against a new cash generating unit, Focused Healthcare (see note 31).

Intangible assets have been calculated on the basis of multiple excess earnings, estimated avoided loss of profits and relief royalty. The amortisation charge is recognised in the Statement of Profit and Loss.

16 Property, plant and equipment

	Freehold land and buildings £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Total £000
Cost				
At 1 April 2016	383,641	67,160	6,311	457,112
Additions	3,845	7,172	1,471	12,488
Transfer from assets held for sale	6,561	-	-	6,561
Assets classified as held for sale	(3,428)	-	-	(3,428)
Disposals	(12)	(151)	(348)	(511)
At 31 March 2017	390,607	74,181	7,434	472,222
At 1 April 2017	390,607	74,181	7,434	472,222
Acquisitions (see note 31)	-	33	-	33
Additions	2,510	8,723	1,437	12,670
Assets classified as held for sale	(4,159)	-	-	(4,159)
Disposals	(35)	(814)	(130)	(979)
At 31 March 2018	388,923	82,123	8,741	479,787
Depreciation and impairment				
At 1 April 2016	43,665	45,761	2,227	91,653
Charge for the year	1,687	7,178	1,512	10,377
Impairment	4,661	-	-	4,661
Transfer from assets held for sale	5,118	-	-	5,118
Assets classified as held for sale	(2,807)	-	-	(2,807)
Depreciation on disposals	-	(127)	(283)	(410)
At 31 March 2017	52,324	52,812	3,456	108,592
At 1 April 2017	52,324	52,812	3,456	108,592
Charge for the year	1,635	7,942	1,807	11,384
Impairment	4,728	-	-	4,728
Assets classified as held for sale	(3,200)	-	-	(3,200)
Depreciation on disposals	(2)	(783)	(85)	(870)
At 31 March 2018	55,485	59,971	5,178	120,634
Net book value				
At 31 March 2018	333,438	22,152	3,563	359,153
At 31 March 2017 and 1 April 2017	338,283	21,369	3,978	363,630
At 1 April 2016	339,976	21,399	4,084	365,459

The impairment charge of £4,728,000 relates to seven freehold properties, of which two have been transferred to assets held for sale. The remaining five have been identified for disposal but do not yet meet the criteria for transfer to assets held for sale (2017: impairment charge of £4,661,000 relating to five freehold properties, of which, two were in the process of being disposed). The seven freehold properties identified as requiring impairment during the year have been written down to their respective net realisable values.

Included within freehold land and buildings is freehold land totalling £73,110,000 (2017: £69,689,000) which is not depreciated and costs of £6,786,000 (2017: £2,859,000) in respect of properties in the course of being converted into care homes which are not depreciated until the properties in question are brought into use.

The properties reported in the above table are subject to a registered debenture that forms security related to the Group's loans and borrowings.

17 Investments

Company	**Investments in subsidiary undertakings £000**
As at 31 March 2017	145,580
Additions	28,000
As at 31 March 2018	173,580

On 8 May 2017, the Company invested £28,000,000 in acquiring 1 "A" Ordinary share in Voyage Care BondCo PLC.

The subsidiary undertakings of the Company, all of which are registered in Great Britain, are summarised as follows:

Subsidiary	**Nature of business**	**Country of incorporation**	**Holding**	**Proportion held %**
Voyage Healthcare Group Limited	Intermediate holding company	England	Ordinary	100
Voyage Care Limited *	Intermediate holding company	England	Ordinary	100
Voyage 1 Limited *	Community care	England	Ordinary	100
Voyage 2 Unlimited *	Community care	England	Ordinary	100
Voyage Limited *	Community care	England	Ordinary	100
Voyage Specialist Healthcare Limited *	Community care	England	Ordinary	100
Voyage Care BondCo PLC *	Investment company	England	Ordinary	100
Solor Care (South West) Limited *	Community care	England	Ordinary	100
Solor Care London Limited *	Community care	England	Ordinary	100
Solor Care South East (2) Limited *	Community care	England	Ordinary	100
Solor Care West Midlands Limited *	Community care	England	Ordinary	100
Solor Care Holdings (2) Limited *	Intermediate holding company	England	Ordinary	100
Solor Care Limited *	Community care	England	Ordinary	100
Solor Care South East Limited *	Community care	England	Ordinary	100
Solor Care Holdings (3) Limited *	Intermediate holding company	England	Ordinary	100
Solor Care Group Limited *	Community care	England	Ordinary	100
Evesleigh (East Sussex) Limited *	Community care	England	Ordinary	100
Evesleigh Care Homes Limited *	Community care	England	Ordinary	100
Primary Care UK Limited *	Community care	England	Ordinary	100
Skills for Living Limited *	Community care	England	Ordinary	100
Redcliffe House Limited *	Community care	England	Ordinary	100
The Cedars (Mansfield) Limited *	Community care	England	Ordinary	100
Focused Healthcare Limited *	Community care	England	Ordinary	100

* Held by a subsidiary undertaking

The registered address of the Company and its subsidiary undertakings stated above is Wall Island, Birmingham Road, Lichfield, Staffordshire. WS14 0QP.

18 Trade and other receivables

	2018		2017	
	Group £000	Company £000	Group £000	Company £000
Trade receivables	21,798	-	16,236	-
Impairment of receivables	(2,533)	-	(2,203)	-
Trade receivables (net)	19,265	-	14,033	-
Other receivables	655	-	2,636	-
Prepayments	939	-	1,160	-
Intercompany receivables	1,005	408,551	668	379,315
	21,864	408,551	18,497	379,315

Intercompany receivables have no fixed repayment date, but are classified as short term loans.

Credit risk exposures in relation to customers is limited given that the majority of the Group's turnover is attributable to publicly funded local purchasers. The Group has no significant concentrations of credit risk, with the exposure spread over a large number of Local Authorities and CCGs.

The Group has recognised a provision for impaired receivables by considering receivables with a balance due over 90 days.

The Group has £1,499,000 (2017: £1,314,000) trade receivables that are past due but not impaired. This balance is deemed recoverable as it primarily relates to publically funded local purchasers as mentioned above for whom the Group have strong relations and there is no history of default.

The ageing analysis of these receivables is as follows:

	2018 £000	2017 £000
Between 91 - 120 days	743	541
Between 121 - 150 days	596	485
Greater than 150 days	160	288
	1,499	1,314

Movement in the provision for impaired receivables:

	2018 £000	2017 £000
At 1 April	(2,203)	(2,672)
(Increase) / decrease in provision for impaired receivables	(330)	469
At 31 March	(2,533)	(2,203)

19 Cash and cash equivalents

	2018 £000	2017 £000
Cash and cash in hand	16,763	20,863
Cash held on behalf of people we support	161	177
	16,924	21,040

Cash and cash equivalents includes cash held on behalf of people we support. All interest earned on these funds is returned back to the people we support and are not included in the Statement of Profit and Loss. An equivalent liability of £161,000 (2017: £177,000) exists for this amount and is included in note 22.

20 Non-current assets classified as held for sale

Management have committed to a plan to sell a number of properties through a sale transaction rather than through continuing operational use. Accordingly, the properties are being presented as assets held for sale. Efforts to sell the non-current assets have started and a sale is expected to be completed within one year from the date of classification.

As at 31 March 2018, the assets classified as held for sale are £1,832,000 (2017: £1,040,000).

21 Loans and borrowings

	2018 £000	2017 £000
Bank loans	15,000	-
Loan notes	241,973	267,796
	256,973	267,796

Loan notes include unamortised issue costs and original issue discount of £8,027,000 (2017: £4,204,000).

As at 31 March 2018 there was accrued interest of £6,721,000 (2017: £3,312,000) included within accruals disclosed within current liabilities in the Statement of Financial Position but excluded from this note.

Total debt can be analysed as falling due:

	2018 £000	2017 £000
In one year or less	15,000	-
Between one and five years	241,973	267,796
	256,973	267,796

Loan notes

On 8 May 2017, the Group completed a refinancing transaction and the gross proceeds were used to redeem in full existing Senior Secured Notes of £222 million and Second Lien Notes £50 million. As part of the transaction, an early redemption penalty of £4,983,000 was incurred and the remaining unamortised debt costs of £3,861,000 on the existing Loan Notes were released (see note 12).

The Group issued £250 million of Loan Notes comprising £215 million Senior Secured Notes due 2023 and £35 million Second Lien Notes due 2023. In addition, the Group is now party to a £45 million Revolving Credit Facility due 2023. Debt issue costs of £9,176,000 were incurred and have been offset against the new Loan Notes.

The interest rate and repayment terms of these loan notes are as follows:

Debt instrument	Currency	Loan balance £000	Interest rate	Repayment terms
Senior Secured Loan Notes	GBP	215,000	5 7/8%	May-23
Second Lien Notes	GBP	35,000	10.00%	Nov-23
Revolving Credit Facility				
Utilised	GBP	15,000	LIBOR +3.25%	Feb-23
Non utilised	GBP	30,000	1.1%	Feb-23

22 Trade and other payables

	2018		2017	
	Group £000	Company £000	Group £000	Company £000
Trade payables	6,571	-	6,160	-
Other taxes and social security costs	5,002	-	4,404	-
Other payables	13,016	-	11,668	-
Amounts due to related parties	2,056	531,741	2,056	493,691
Client money payable (see note 19)	161	-	177	-
	26,806	531,741	24,465	493,691

Amounts due to related parties have no fixed repayment date, but are classified as short term loans.

The Group has policies in place to ensure all payables are paid within the agreed credit terms.

23 Deferred tax assets and liabilities

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 17% (2017: 17%).

Group

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2018 £000	2017 £000	2018 £000	2017 £000	2018 £000	2017 £000
Property, plant and equipment	2,579	3,306	(16,336)	(17,968)	(13,757)	(14,662)
Intangible assets	242	272	(1,313)	(274)	(1,071)	(2)
Employee benefits	59	25	-	-	59	25
Un-utilised losses	3,687	3,699	-	-	3,687	3,699
Other	262	52	-	(321)	262	(269)
Deferred tax assets / (liabilities)	6,829	7,354	(17,649)	(18,563)	(10,820)	(11,209)
Offset of tax	(6,829)	(7,354)	6,829	7,354	-	-
Net deferred tax assets / (liabilities)	-	-	(10,820)	(11,209)	(10,820)	(11,209)

Movements in deferred tax during the year:

	At 1 April 2017 £000	Recognised in: Profit and loss £000	Changes in OCI £000	Acquisition of subsidiaries £000	At 31 March 2018 £000
Property, plant and equipment	(14,662)	911	-	(6)	(13,757)
Intangible assets	(2)	188	-	(1,257)	(1,071)
Employee benefits	25	(13)	47	-	59
Un-utilised losses	3,699	(12)	-	-	3,687
Other	(269)	531	-	-	262
Deferred tax liabilities	(11,209)	1,605	47	(1,263)	(10,820)

Movements in deferred tax during the prior year:

	At 1 April 2016 £000	Recognised in: Profit and loss £000	Changes in OCI £000	At 31 March 2017 £000
Property, plant and equipment	(20,116)	5,454	-	(14,662)
Intangible assets	(450)	448	-	(2)
Employee benefits	37	-	(12)	25
Un-utilised losses	2,172	1,527	-	3,699
Other	4,168	(4,437)	-	(269)
Deferred tax liabilities	(14,189)	2,992	(12)	(11,209)

Deferred tax assets have been recognised in respect of all tax losses and other temporary differences giving rise to deferred tax assets where management believe it is probable that these assets will be recovered.

Deferred tax assets totalling £1,074,960 have not been recognised as it is improbable that sufficient taxable profits will arise in the related entities against which the assets can be utilised.

24 Provisions

Group	2018 £000	2017 £000
Current	634	420
Non-current	3,046	2,539
Onerous leases and dilapidations	3,680	2,959

The movement in provisions were:	Onerous leases and dilapidations £000
At 1 April 2017	2,959
Amounts recognised / reversed in the year	22
Utilisation of provision	(327)
Unwinding of discounted amount (see note 12)	1,026
At 31 March 2018	3,680

The Group's onerous leases and dilapidations provision are determined by discounting expected cash outflows at a pre-tax rate that reflects current market assessments of the time value of money. As at 31 March 2018, a pre-tax discount rate of 1.50% was applied which is equal to the Governments risk free rate (31 March 2017: Pre-tax discount rate of 6.43% reflecting the market rate on external loans and borrowings). The provisions recognised will unwind over the term of each lease.

25 Share capital

Group and Company	2018 £000	2017 £000
Allotted, called up and fully paid:		
4 ordinary shares of £1.00 each (2017: 3 ordinary shares)	-	-
	-	-

On 8 May 2017, 1 ordinary share of £1.00 was issued for a consideration of £28,000,000 (see note 26).

The ordinary shares entitle the holders to vote at general meetings of the Company, and to receive by way of dividend any profits of the Company available for distribution. On winding up of the Company the balance of assets, subject to special rights attached to any other class of shares, will be distributed among the ordinary shareholders.

26 Share premium

Group and Company	2018 £000	2017 £000
At 1 April 2017	224,872	224,872
Premium on shares issued in the financial year (see note 25)	28,000	-
At 31 March 2018	252,872	224,872

27 Financial instruments

The fair values of all assets and liabilities by class together with their carrying amounts shown in the balance sheet are as follows:

	Carrying amount				Fair value
	Financial Liabilities at FV £000	Loans and receivables £000	Other financial £000	Total £000	Total £000
For the year ended 31 March 2018					
Financial assets measured at fair value					
Trade and other receivables	-	20,925	-	20,925	20,925
Cash and cash equivalents	-	16,924	-	16,924	16,924
	-	37,849	-	37,849	37,849
Financial liabilities not measured at fair value					
Deferred consideration (see note 31)	1,140	-	-	1,140	1,140
Financial liabilities not measured at fair value					
Senior Secured Loan Notes	-	-	208,125	208,125	215,886
Second Lien Loan Notes	-	-	33,848	33,848	34,869
Revolving Credit Facility	-	-	15,000	15,000	15,000
Trade and other payables	-	-	26,806	26,806	26,806
	1,140	-	283,779	284,919	293,701
For the year ended 31 March 2017					
Financial assets measured at fair value					
Trade and other receivables	-	17,337	-	17,337	17,337
Cash and cash equivalents	-	21,040	-	21,040	21,040
	-	38,377	-	38,377	38,377
Financial liabilities not measured at fair value					
Senior Secured Loan Notes	-	-	218,981	218,981	220,046
Second Lien Loan Notes	-	-	48,815	48,815	49,205
Trade and other payables	-	-	24,465	24,465	24,465
	-	-	292,261	292,261	293,716

Loan notes include unamortised issue costs and original issue discount of £8,027,000 (2017: £4,204,000).

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: unadjusted quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either as a direct price or indirectly derived from prices.
- Level 3: inputs for the asset or liability that are not based on observable market data.

Financial liabilities measured as fair value

At 31 March 2018

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Deferred consideration	-	-	1,140	1,140
	-	-	1,140	1,140

At 31 March 2017

There were no financial instruments carried at fair value as at 31 March 2017.

28 Financial risk management

Voyage Care’s activities and debt financing expose it to a variety of financial risks, the most significant of which are interest rate risk, price risk, credit risk and liquidity risk. Voyage Care’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on Voyage Care’s financial performance. Further detail is provided below:

Interest rate risk
At 31 March 2018, the Group had £215 million of 5 7/8% Senior Secured Notes due May 2023 and £35 million of 10% Second Lien Notes due November 2023 in issue. These Notes are fixed interest rate instruments and as such are not exposed to fluctuations in interest rates. A significant change in interest rates could have a material adverse impact on the fair value of the Group’s borrowings. However, the Group records these Notes at the amortised cost and therefore the Group’s future performance would not be impacted by any future rate changes.

In addition the Group had access to a £45.0 million Revolving Credit Facility (RCF) which expires February 2023. The RCF bears interest on non-utilised balances at a fixed rate of 1.1% and bears interest on utilised balances at LIBOR plus 3.25%. The Group has £15.0 million drawn under the RCF and accepts the interest rate risk of a material change in market rates.

In order to maximise interest receivable surplus cash is deposited on a daily basis in a high interest variable account which is linked to LIBOR.

Price risk
Voyage Care is not exposed to commodity price risk but as a provider of services is subject to both general and industry specific wage pressures, including legislative changes concerning the national living and national minimum wage level.

Contracts with Local Authorities and CCGs account for almost our entire revenue. There is a risk that budget constraints, public spending cuts and other financial pressures could cause such publicly funded purchasers to spend less money on the type of service that we provide. We continue to diligently monitor any impact for the Group in our negotiations with publicly funded purchasers.

Credit risk
Credit risk arises from cash and cash equivalents and trade receivables. Credit exposures in relation to customers is low given that the majority of our revenue is attributable to publicly funded purchasers. Voyage Care has no significant concentrations of credit risk, with the exposure spread over a large number of Local Authorities and CCGs.

Liquidity risk
Voyage Care’s operational cash flow is largely stable and predictable given the contractual and recurring nature of the core business activity. Voyage Care manages its exposure to liquidity risk by preparing short term and long term cash flow forecasts reflecting known commitments and anticipated projects.

Borrowing facilities are arranged as necessary to finance projected requirements, including capital expenditure and acquisitions. Adequate headroom is maintained for general corporate purposes including working capital.

The Group’s RCF is subject to covenants which if breached may be cured with cash proceeds of a new investment. At the year end the Group was not in breach of any financial covenants.

The following table shows the Group's exposure to liquidity risk as at 31 March 2018 regarding the Loan Notes and Revolving Credit Facility:

	Carrying amount	Total	0-1 year	1-2 years	2 years or more
	£000	£000	£000	£000	£000
Senior Secured Loan Notes	208,125	215,000	-	-	215,000
Second Lien Notes	33,848	35,000	-	-	35,000
Revolving Credit Facility *	15,000	15,000	15,000	-	-
	256,973	265,000	15,000	-	250,000

* The Revolving Credit Facility was partially drawn over a term of less than 1 year

Capital management
The Group's policy is to maintain a strong capital base so as to uphold investor, creditor and market confidence and to sustain future development of the business. The Board seek to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a comprehensive capital position. There are financial covenants linked to certain borrowings, as set out in the Liquidity risk section, and the Group comfortably complied with these covenants for the years ended 31 March 2018 and 31 March 2017.

There were no changes in the Group's approach to capital management during the year.

29 Commitments

The Group had commitments under non-cancellable operating leases as follows:

	2018		2017	
	Land and buildings	**Other assets**	**Land and buildings**	**Other assets**
	£000	**£000**	**£000**	**£000**
Operating leases which expire:				
Within one year	2,940	193	2,927	667
Between two and five years	9,709	26	8,377	191
Five years	16,862	-	17,780	-
	29,511	219	29,084	858

During the year £5,024,000 was recognised as an expense in the Statement of Profit and Loss in respect of operating leases (2017: £4,927,000).

30 Pension schemes

The Group contributes to a number of pension schemes for its employees. Details of these schemes are as follows:

The Group contributes on a defined contribution basis to the Peoples Pension under Auto-enrolment, a Group Personal Pension Plan and personal pension plans for certain managers.

The Group contributes to the National Health Service pension scheme and a Local Government Scheme for certain employees, whereby the Group is required to make contributions into these schemes at a percentage, as notified by the NHS pension scheme administrator and Local Government Scheme administrator, of the relevant employees' salary. The assets of these pension schemes are managed independently of the Group. Employer contribution rates are 14.4% and 19% of pensionable salaries respectively.

The Group also participates in a Group funded defined benefit scheme, the Voyage Retirement Benefit Scheme, for certain employees. Contributions into this scheme are made in accordance with the advice of the Royal London Group, independent actuaries. The latest actuarial valuation was performed on 1 April 2017 using the projected unit method. The principal assumptions adopted in the valuation were that the discount factor would be 2.5% per annum compound and the real rate of investment over salary growth would be 0.00% per annum compound.

At the date of the latest actuarial valuation at 1 April 2017, the market value of the assets of the scheme was £1,407,000 and the actuarial value of the assets was sufficient to cover 78% of the benefits that had accrued to members, after allowing for expected future increase in earnings.

The pension cost for the Group in 2018 was £1,430,000 (2016: £1,466,000). An amount of £658,000 (2017: £182,000) is included in accruals which represents the excess accumulated pension cost over the payment of contributions to the various schemes.

IAS 19 valuation
The pension valuation for the Voyage Retirement Benefit Scheme at 1 April 2017 has been updated by the actuary on a IAS 19 basis as at 31 March 2018. The major assumptions used in this valuation were:

	2018	2017
	%	**%**
Rate of increase in salaries	0.0	4.4
Rate of increase in pensions in payment	3.3	3.4
Discount rate	2.5	2.5
Inflation assumption	3.3	3.4

The assumptions relating to longevity underlying the pension liabilities at the Statement of Financial Position date are based on standard actuarial mortality tables and include an allowance for future improvements in longevity. The assumptions are equivalent to expecting a 65-year old to live for a number of years as follows:

Current pensioner aged 65: 21.4 years (male), 23.3 years (female).

Future retiree upon reaching 65: 21.6 years (male), 23.7 years (female).

The assumptions used by the actuary are the best estimate chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Scheme assets / (liabilities)
The fair value of the scheme's assets / (liabilities), which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Value at 31 March 2018 £000	Value at 31 March 2017 £000
Fair value of plan assets		
Fair value of plan assets	1,206	1,407
Present value of scheme liabilities	(1,132)	(1,259)
Net defined benefit asset	74	148
Effect of asset ceiling / minimum funding requirement	(422)	(293)
Net recognised defined benefit liability	**(348)**	**(145)**

30 Pension schemes *continued*

Movements in present value of defined benefit obligation:

	2018 £000	2017 £000
At 1 April	1,259	982
Current service cost	3	10
Interest expense	31	33
Remeasurement arising from:		
Financial	(18)	254
Demographic	(21)	-
Experience	180	(20)
Contributions by members	-	-
Benefits paid	(302)	-
At 31 March	1,132	1,259

Movements in fair value of plan assets:

	2018 £000	2017 £000
At 1 April	1,407	1,133
Interest income	35	39
Actual return on plan assets, excluding interest income	(15)	150
Contributions:		
By employer	81	85
By members	-	-
Benefits paid	(302)	-
At 31 March	1,206	1,407

Analysis of amounts recognised in the Statement of Profit and Loss:

	2018 £000	2017 £000
Current service cost	3	10
Interest on present value of defined benefit obligation	31	33
Interest on fair value of plan assets	(35)	(39)
	(1)	4

Analysis of amounts recognised in Other Comprehensive Income:

	2018 £000	2017 £000
Remeasurement of defined benefit obligation	141	234
Return on plan assets, excluding amounts included in net interest	15	(150)
Change in effect of the asset ceiling, excluding amounts included in net interest	122	(81)
	278	3

History of plans

The history of the plans for the current and prior periods is as follows:

Statement of Financial Position	2018 £000	2017 £000	2016 £000	2015 £000	2014 £000
Present value of scheme liabilities	(1,132)	(1,259)	(982)	(1,011)	(818)
Fair value of scheme assets	1,206	1,407	1,133	1,069	1,000
Surplus / (deficit)	74	148	151	58	182

The Company expects to contribute approximately £81,000 (2017: £77,000) to its defined benefit plans in the next financial year.

31 Focused Healthcare acquisition

On 22 August 2017, the Group acquired 94% of the issued share capital of Focused Healthcare Limited along with a put and call option for the remaining 6%. The Company is a London based care provider for children and young people with acute care requirements and complex, life-limiting health conditions.

The final fair value of the assets acquired and the resulting goodwill is set out below:

	Book value	Fair value adjustment	Fair value
	£000	£000	£000
Intangible assets	-	7,392	7,392
Property, plant and equipment	33	-	33
Trade and other receivables	1,762	(33)	1,729
Cash in hand, bank	2,299	-	2,299
Deferred tax	(6)	(1,257)	(1,263)
Trade and other payables	(16)	-	(16)
Accruals and deferred income	(220)	(34)	(254)
Corporation tax	(179)	-	(179)
	3,673	6,068	
Net assets			**9,741**
Goodwill (see note 14)			11,466
			21,207
Satisfied by:			
Cash			18,914
Contingent consideration			1,153
Deferred consideration			1,140
Total cost of acquisition			**21,207**

The acquisition cost comprises initial cash consideration of £18,914,000 contingent consideration of £1,153,000 which is linked to the future trading performance of the business and a put and call option of £1,140,000 for the remaining 6% of the issued share capital which is linked to the market value of the Focused Healthcare Limited at the exercise date.

A fair value adjustment for intangible assets has been identified as its is expected future economic benefits will be generated from acquired customer relationships, non-compete agreements and brands. The identified intangible assets have been calculated on the basis of multiple excess earnings, estimated avoided loss of profits and relief royalty and will be amortised on a straight line basis over their estimated useful life.

The fair value adjustment to accruals and deferred income is to create a provision for potential staff related costs.

The fair value of assets acquired includes trade and other receivables with a fair value of £1,729,000 and a gross contractual value of £1,762,000.

For the year ended 31 March 2018 the business contributed revenue of £6,035,000 and a profit after tax of £2,089,000. The revenue and profit after tax is reported within the Group's results for the 7 month period from 22 August 2017. If the acquisition of Focused Healthcare Limited had been completed on the first day of the financial year, Group revenues for the year would have been £232,701,000 and Group loss after tax would have been £8,268,000.

The Group incurred acquisition costs of £338,000 which have been expensed as a non-underlying item in the Statement of Profit and Loss (see note 6).

32 Related party transactions

As permitted by IAS 24 "Related party disclosures", the Company has taken advantage of the exemption for wholly owned subsidiaries not to disclose related party transactions with Group entities.

During the year, the following transactions took place between the Group and its other related parties:

- Consultancy fees of £300,000 (2017: £300,000) were paid and £Nil (2017: £Nil) was accrued and expenses of £Nil (2017: £Nil) were paid to Duke Street LLP.
- Consultancy fees of £300,000 (2017: £300,000) were accrued and expenses of £Nil (2017: £Nil) were paid to Partners Group AG.
- On 12 October 2017, Partners Group AG acquired Chambertin (Holdings) Limited and its subsidiaries. Civica UK Limited, a subsidiary of Chambertin (Holdings) Limited supplied software solutions including licence fees to the Voyage Care Group; fees of £331,000 were paid and £Nil was outstanding as at 31 March 2018.

33 Controlling party

The Company's immediate parent undertaking is Voyage HoldCo 2 Limited which is registered in England and Wales.

The Company's ultimate parent undertaking is Voyage Care HoldCo Limited which is registered in England and Wales.

Copies of the Group financial statements of Voyage Care HoldCo Limited may be obtained from:

The Company Secretary
Voyage Care HoldCo Limited
Wall Island
Birmingham Road
Lichfield
Staffordshire
WS14 0QP

34 Capital commitment

During the year, the Group exercised an option to purchase a number of leasehold properties that, as at the year end, had not completed. The purchase consideration is subject to an independent valuation and current estimates range from £6,350,000 to £10,505,000.

35 Events subsequent to the balance sheet date

After 31 March 2018 but before the signing of these financial statements, the Court of Appeal unanimously allowed Royal Mencap's appeal in the case of Royal Mencap Society v Tomlinson-Blake. Accordingly, for the purposes of the regulations on National Minimum Wage (NMW), time spent asleep on a "sleep-in" shift does not count as "time work" for NMW purposes.

In the prior year, a contingent liability was disclosed to recognise the possibility of a backdated liability for sleep-ins. As a result of the judgement, there is no longer a contingent liability as management, having taken legal advice, consider the likelihood of a potential liability to be remote.