



Voyage BidCo Limited

Q1 2021

Results for the three month period ended 30 June 2020

Voyage Care BondCo PLC

£215,000,000 5 7/8% Senior Secured Notes due 2023

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



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There may be various statements contained within this document that constitute "forward-looking statements". Words like "believe," "anticipate," "should," "intend," "plan," "will," "expects," "estimates," "projects," "positioned," "think," "strategy," and similar expressions identify these forward-looking statements, which involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements or industry results to be materially different from those contemplated, projected, forecasted, estimated or budgeted, whether expressed or implied, by these forward-looking statements. These forward-looking statements involve many risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements, including, without limitation, regulatory matters affecting our businesses and changes in law. These forward-looking statements speak only as of the date of this report, and we assume no obligation to update our forward-looking statements to reflect actual results, changes in assumptions or changes in factors affecting these statements.

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 (previously Viking 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 Quarterly Report.



Executive Summary

Financial highlights

The table below summarises financial information for the quarter ended 30 June 2020:

£ million	Q1 2021	Q1 2020
Revenue	66.0	65.1
EBITDA (before non-underlying items)	9.8	10.4
Operating profit	4.3	7.0
Profit for the period	(1.5)	1.5
Operating cash flow	7.0	8.6

Commentary on results

Performance during Q1 2021 vs. Q1 2020

- CQC quality scores remain very high with 96% of services achieving a Good or Outstanding rating.
- Revenue increased 1.5% to £66.0 million primarily due to growth in our Community based care division and fee increases, partially offset by the Supported Living Freehold Sale of 40 properties in September 19 along with the impact of the Covid-19 Pandemic.
- EBITDA reduced 5.6% to £9.8 million. Revenue growth was offset by increases in staff costs as a result of the impact of National Minimum Wage and National Living Wage increases being paid before we see the fee uplifts coming through during the financial year, along with the Supported Living Freehold Sale.
- Registered closing occupancy was 94.1%.
- Community based care average direct weekly care hours increased by 1,700 hours, closing at 95,700 hours.

Recent developments

- Supreme Court hearing on Royal Mencap and Sleep-ins took place on 12th - 13th February 2020. Judgement has not been delivered yet however nothing has come to our attention that would change our view that an adverse judgement is unlikely, and we continue to disclose a contingent liability of £16m.
- We are following Government guidance in relation to COVID-19, and we are an indirect beneficiary of increased Government funding to local authorities for the sector (currently £3.8Bn). The safety of our employees and the people we support, together with associated operational impacts are being well managed.



Covid-19 Update

- During the pandemic occupancy has remained robust and revenue unimpacted in our registered services although Supported Living has seen a slight reduction in revenue and a temporary, one-off reduction of approximately 4,000 hours.
- EBITDA has not seen a material impact as per the table below which shows L4L growth of £0.1m from £9.9m to £10.0m.

EBITDA Covid-19 Underlying Impact

	£ million	
	Movement	EBITDA
Q1 FY20 (Reported)		10.4
SL Property Freehold Sale		(0.5)
Q1 FY20 L4L (Adjusted for SL Freehold Sale)		9.9
Q1 FY21 L4L (Excluding Covid-19 Impact)		10.0
Reduction in Community Hours	(0.7)	
Staff Costs	(0.9)	
Agency Costs	1.2	
Other Costs	0.2	(0.2)
Q1 FY21 (Reported)		9.8

- Covid-19 related Non-Underlying items can be summarised as below

£ million	Q1 2021
Total Non-Underlying	1.5
Non Covid-19 related	0.3
Non-Underlying items Covid-19	1.3
Consisting of:	
Staff Costs	0.5
Agency Costs	0.2
PPE/Infection Control	2.5
Total Covid-19 Costs	3.2
Reimbursement	(1.9)
Non-Underlying items Covid-19	1.3
Reimbursement relating to Q1 agreed and received post Quarter End	(0.8)
ProForma Non-Underlying items Covid-19	0.5



Company Overview

We are the leading provider of registered care homes, measured in terms of beds, with a growing presence in Community based care for adults with learning disabilities and other related complex and challenging support needs across the UK. The vast majority of people we support have life-long 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.

- We supported 3,347 people as at 30 June 2020, comprising 1,893 through our registered care division and a further 1,454 through our growing Community based care service division.
- The typical person we support in each of our divisions is between the ages of 18 and 65 and has high dependency needs. Our registered care division typically provides at least two support staff members for every three individuals. This level of support is reflected in our average weekly fee of £1,748 per person for the twelve months ended 30 June 2020. Our Community based care division, as at 30 June 2020, delivered approximately 95,700 hours of direct care per week. The provision of support averaged approximately 66 hours per week per person at a direct average hourly rate of £18.78 for the last twelve months ended 30 June 2020.
- Our 'person centred' approach to care ensures that we deliver quality, bespoke care packages tailored to the complex, high acuity care needs of the people we support. Quality scores remain high, with 96% of services inspected achieving a rating of Good or Outstanding following inspection. In Wales and Scotland, all of our services are 'compliant' with their respective inspection regimes.
- With approximately 11,300 staff, we strive to meet the requirements of each person we support and develop bespoke care packages tailored to their needs.

Our services

Our focus on quality of care services is core to all of our operations. The learning disability sector in which we operate is both highly regulated and fragmented. We are one of the few larger providers operating exclusively in this sector and specialising in providing care support for people with complex, high acuity support needs.

Our business is organised into two divisions based on the type of setting in which care is provided; our Registered care division where the home is directly registered with CQC, and our Community based care division where the Community based care office is registered with the CQC and the care and support we provide is in the person's own home. Our business divisions complement the regulatory and delivery models of our services and provide flexibility to suit the needs of the people we support. Our divisions are as follows:

- ***Registered care***

We provided care to individuals in our 262 registered homes as at 30 June 2020. We hold the freehold interest in 228 of our registered homes representing 88% by number of beds, with a further 3 of our registered homes held on a long leasehold basis (each with a lease period of over 35 years remaining), with the remaining 31 of our registered homes being Leasehold properties. At 30 June 2020 we had 2,011 beds in registered properties with an average of 8 beds per property, providing a personal environment.

- ***Community based care***

Our Community based care division operated out of 41 registered Domiciliary Care Agencies (DCA) as at 30 June 2020. Typically, the people we support in 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. Included within Community based care is Focused Healthcare (unless otherwise stated within this report), which supports young individuals living with their families who require specialist care or nursing.



Presentation of financial and other information

Financial data

This Annual Report includes the consolidated financial information (unaudited) of Voyage BidCo Limited and its subsidiaries for the three month period ended 30 June 2020 ("Q1 2021") and 30 June 2019 ("Q1 2020").

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 Standard 101 (FRS101) 'Reduced Disclosure Framework' and the Companies Act 2006.

Other financial measures

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

- 'cash conversion' means EBITDA less maintenance capital expenditure divided by EBITDA;
- 'EBITDA' means earnings before non-underlying items, interest, tax, depreciation (including profit and loss on disposal of non-current assets) and amortisation;
- 'EBITDA margin' means EBITDA divided by revenue expressed as a percentage;
- 'EBITDA after non-underlying items' means EBITDA adjusted by the effects of certain non-underlying charges
- 'EBITDAR' means EBITDA before rent expense;
- 'EBITDAR margin' means EBITDA before rent expense divided by revenue expressed as a percentage;
- 'EBITDAR after non-underlying items' means EBITDA after non-underlying items and before rent expense; and
- 'Unit EBITDA' means EBITDA before overhead expenses, which we believe is a useful indicator of EBITDA on a divisional basis.

We believe that EBITDA, EBITDAR and Unit EBITDA 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 profitability.

We believe that 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 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.



The Non-IFRS 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. Caution should be exercised in comparing the Non-IFRS Metrics reported by us to such metrics or other similar metrics as reported by other companies. None of our Non-IFRS Metrics is a measurement of performance under IFRS and those measures should not be considered as an alternative to net income or operating profit determined in accordance with IFRS. The Non-IFRS 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-IFRS Metrics have limitations as analytical tools and should not be considered 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 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.

Occupancy

Occupancy presented in this Annual Report represents the total number of beds occupied in our registered care division as at the end of the relevant period unless otherwise stated.

Occupancy rates

Occupancy rates presented in this Annual Report represent the percentage of the total number of beds occupied in our registered care division as at the end of the relevant period unless otherwise stated.

Community based care

Our results of operations are impacted by the number of people supported in our Community based care division at any given time. The number of people supported in our Community based care division is presented in this Annual Report 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 care package and is dependent on the nature of the pricing agreement in place. The fee rates for our registered care division refer to the average weekly fees in a given period. The fee rates for our Community based care division refer to average hourly rates charged to a funder per carer in a given period.

Adjustments

Certain numerical information and other amounts and percentages presented in this 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

Key factors affecting our results

Revenue

Revenue in our registered care 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 our available beds and Community based care placements can have a significant effect on our results 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 hours that we are asked to provide at any given time.

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

	Q1 2021	Q1 2020	YTD 2021	YTD 2020	FYE Mar 2020
Registered beds	2,012	2,050	2,012	2,050	2,032
Community based care placements	1,601	1,654	1,601	1,654	1,719
Total	3,613	3,704	3,613	3,704	3,752

Occupancy rate

Our occupancy rates reflect the demand for our services, which is principally driven by our relationships with local authorities and NHS, reputation for quality, the ability to offer bespoke and complex care packages and flexibility to adapt the environment of our registered 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:

	Q1 2021	Q1 2020	YTD 2021	YTD 2020	FYE Mar 2020
Registered	94.1%	94.1%	94.1%	94.1%	94.3%

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 the NHS on an individual basis for each person we support.



Average weekly fees for registered beds and the average hourly rate for Community based placements for the LTM are stated below:

		LTM June	
		2020	2019
Registered	£wk	1,748	1,709
Community based Care(Direct)	£hr	18.78	18.38

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 increased in April 2019);
- 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 and minimum employer contribution rates; and
- bonus schemes, being annual and other schemes operating at any one time.

		Q1 2021	Q1 2020	YTD 2021	YTD 2020
Staff Costs *	£m	48.4	45.2	48.4	45.2
% Revenue		73.3%	69.4%	73.3%	69.4%
% Operating costs **		86.1%	82.8%	86.1%	82.8%
Staff Costs (excluding central overheads) *	£m	44.4	41.3	44.4	41.3
% Revenue		67.3%	63.4%	67.3%	63.4%
% Operating costs **		79.0%	75.6%	79.0%	75.6%

* Staff costs stated before non-underlying items

** Excludes depreciation and impairment of property, plant and equipment, profit/(loss) on disposals of non-current 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 agency costs, occupancy-related costs such as food and consumables, and non-occupancy-related costs such as rent, council tax, utilities (gas, electricity and water), property maintenance, insurance, vehicle rental and running costs.



Consolidated statement of profit & loss

£ million	Q1 2021	Q1 2020	% Change	YTD 2021	YTD 2020	% Change
Revenue	66.0	65.1	1.5%	66.0	65.1	1.5%
Staff costs	(48.4)	(45.2)	(7.0%)	(48.4)	(45.2)	(7.0%)
Agency Costs	(0.7)	(1.6)	59.6%	(0.7)	(1.6)	59.6%
Direct expenses & consumables	(1.9)	(1.9)	1.1%	(1.9)	(1.9)	1.1%
Property lease rentals	(0.1)	(0.2)	38.5%	(0.1)	(0.2)	38.5%
Other lease rentals	(0.3)	(0.3)	(5.5%)	(0.3)	(0.3)	(5.5%)
Other external charges	(4.8)	(5.4)	10.4%	(4.8)	(5.4)	10.4%
EBITDA	9.8	10.4	(5.6%)	9.8	10.4	(5.6%)
Non-underlying items	(1.5)	(0.4)	nm	(1.5)	(0.4)	nm
EBITDA after non-underlying items	8.3	10.1	(17.1%)	8.3	10.1	(17.1%)
Depreciation & impairment	(3.4)	(3.7)	9.0%	(3.4)	(3.7)	9.0%
Profit/(Loss) on disposal of non-current assets	(0.1)	1.2	nm	(0.1)	1.2	nm
Amortisation of intangible assets	(0.7)	(0.6)	(3.2%)	(0.7)	(0.6)	(3.2%)
Operating profit	4.3	7.0	(38.9%)	4.3	7.0	(38.9%)
Finance income	0.0	0.0	(40.5%)	0.0	0.0	(40.5%)
Finance expense	(5.1)	(4.9)	(4.0%)	(5.1)	(4.9)	(4.0%)
Profit/(Loss) before taxation	(0.9)	2.1	nm	(0.9)	2.1	nm
Taxation	(0.7)	(0.6)	(15.1%)	(0.7)	(0.6)	(15.1%)
Profit/(Loss) for the period	(1.5)	1.5	nm	(1.5)	1.5	nm
Other financial metrics						
Staff costs (excluding central overheads)	44.4	41.3	(7.7%)	44.4	41.3	(7.7%)
Overhead expenses & bonus	5.4	5.4	0.2%	5.4	5.4	0.2%
Unit EBITDA	15.3	15.9	(3.7%)	15.3	15.9	(3.7%)
Unit EBITDA margin %	23.2%	24.4%	(1.2%)	23.2%	24.4%	(1.2%)
EBITDA margin %	14.8%	16.0%	(1.2%)	14.8%	16.0%	(1.2%)
EBITDAR	10.0	10.6	(6.2%)	10.0	10.6	(6.2%)
EBITDAR margin %	15.2%	16.3%	(1.1%)	15.2%	16.3%	(1.1%)
EBITDAR after non-underlying items	8.5	10.3	(17.6%)	8.5	10.3	(17.6%)
EBITDAR after non-underlying items margin %	12.9%	15.8%	(2.9%)	12.9%	15.8%	(2.9%)

Revenue

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

- Q1 2021 revenue increased by £0.9 million, or 1.5% to £66.0 million from £65.1 million for Q1 2020, primarily due to like-for-like growth (£2.0 million or 3.1%) and fee increases (£1.7 million or 2.6%), being partially offset by the Covid-19 Pandemic reduction in activity (£2.3 million or -3.5%) and the SL Freehold Sale (£0.5m or -0.8%).

Staff costs

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

- Staff costs (excluding overheads) for Q1 2021 increased by £3.1 million, or 7.7% to £44.4 million (which represented 67.3% of revenue) from £41.3 million (which represented 63.4% of revenue) for Q1 2020, primarily due to staff required to support the growth in our business (£1.6 million), increases in staff costs as a result of National Minimum Wage increase (£2.2 million), offset by the reduction in staff costs due to reduced activity relating to the Covid-19 Pandemic (c.£0.7 million)



Agency costs

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

- Agency costs for Q1 2021 reduced by £0.9 million, or 59.6% to £0.7million from £1.6 million for Q1 2020. This is primarily due to actions taken during the Covid-19 pandemic to significantly reduce agency usage in order to protect the people we support.

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.

- Q1 2021 direct expenses and consumables remained consistent with Q1 2020, at £1.9 million.

Property lease rentals

Property lease rentals consist primarily of low-value leases, leases expiring within one month and lease payments for irrecoverable VAT that are out of scope under IFRS 16 and as such their cost remains within operating expenditure.

- Q1 2021 property lease rentals reduced by £0.1 million, to £0.1 million from £0.2 million for Q1 2020.

Other lease rentals

Other lease rentals consist primarily of motor vehicle leases. We currently lease approximately 247 vehicles, which are primarily used to transport the people we support.

- Q1 2021 other lease rentals remained the same as Q1 2020 at £0.3 million.

Other external charges

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

- Q1 2021 other external charges reduced by £0.6 million, or 10.4%, to £4.8 million from £5.4 million for Q1 2020. This is due to increases in travel cost recovery and reductions in vehicle running costs and external day care charges, partially offset by increases in insurance costs.

EBITDA

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

- Q1 2021 EBITDA reduced by £0.6 million, or 5.6% to £9.8 million from £10.4 million for Q1 2020. This reduction is due to the extra contribution generated from the growth in our business, along with fee increases, being offset by increases in staff costs as a result of certain inflationary pay rises and National Minimum Wage in April 2020 of approx. 6%, with fee increases being applied to offset this throughout the rest of the year, along with reduction in EBITDA in relation to the SL Freehold Sale (£0.5 million) along with the non-material impact of the Covid-19 pandemic.



Non-underlying items

Non-underlying items include certain one-off cash and non-cash charges which are non-recurring.

- Q1 2021 non-underlying items were £1.5 million (Q1 2020: £0.4 million). Non-underlying items for Q1 2021 were primarily driven by the additional costs due to Covid-19 (e.g. stocks of personal protective equipment) and one-off project costs to invest in head office and operational functions.

EBITDA after non-underlying items

EBITDA after non-underlying items is not a recognised performance measure under IFRS and may not be directly comparable with similar measures used by other companies.

- Q1 2021 EBITDA after non-underlying items reduced by £1.8 million, or 17.1% to £8.3 million from £10.1 million for Q1 2020.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment comprises the write off of the cost of property, plant and equipment 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.

- Q1 2021 depreciation and impairment of property plant and equipment reduced by £0.3 million, or 9.0% to £3.4 million from £3.7 million for Q1 2020.

Profit/(Loss) on disposal of non-current assets

Profit on disposal of non-current assets represents the difference between the net disposal proceeds received and the net book value of non-current assets at the time of disposal.

- Q1 2021 the loss on the disposal of non-current assets was £0.1 million (Q1 2020: £1.2 million profit).

Amortisation of 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.

- Q1 2021 amortisation of intangible assets increased by £0.1 million, or 3.2% to £0.7 million from £0.6 million for Q1 2020.

Operating profit

Operating profit consists of earnings before interest and taxation.

- Q1 2021 operating profit reduced by £2.7 million to £4.3 million from £7.0 million for Q1 2020.

Finance income

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

- Q1 2021 interest receivable and other income remained constant at £0.0 million when compared to Q1 2020.



Finance expenses

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

- Q1 2021 interest payable and similar charges on bank loans increased by £0.2 million to £5.1 million.

Profit/(Loss) before taxation

Profit before taxation represents the result of the statement of profit and loss before provision for taxation.

- Q1 2021 loss before taxation is £0.9 million, which compares to £2.1 million profit for Q1 2020, the movement is primarily due to a reduction in EBITDA and an increase in Non-underlying items.

Taxation

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

- For Q1 2021 a taxation charge of £0.7 million was recognised compared to £0.6 million for Q1 2020.

Profit/(Loss) for the year

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

- Q1 2021 loss before taxation is £1.5 million, which compares to £1.5 million profit for Q1 2020, the movement is primarily due to reduction in EBITDA and increase in Non-underlying compared to prior year.



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 RCF. 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 RCF are sufficient to meet our requirements and commitments for the coming year.

At 30 June 2020 and 30 June 2019, our cash balances were £81.6 million and £12.5 million, respectively. This increase is due to utilising £45m of the RCF facility, along with cash generated from the Supporting Living Freehold Sale and improved working capital.

Net bank debt as at 30 June 2020 was £213.9 million, comprising £250.0 million of borrowings under the Senior Secured Notes and Second Lien Notes, £45.0 million borrowing under the RCF, partially offset by £81.6 million of cash. Within the £81.6 million cash balance is £0.5 million of restricted cash which is excluded from cash for the purposes of calculating the net debt. We are fully drawn on our £45.0 million RCF. The resulting leverage was 4.81x.

Net bank debt as at 30 June 2019 was £262.1 million, comprising £250.0 million of borrowings under the Senior Secured Notes and Second Lien Notes, £22.7 million borrowing under the RCF, partially offset by £12.5 million of cash. Within the £12.5 million cash balance was £1.9 million of restricted cash which is excluded from cash for the purposes of calculating the net debt. We had undrawn committed facilities of £22.3 million in the RCF of £45.0 million. The resulting leverage was 6.19x.

Leverage as at 30 June 2020 (calculated as defined in the legal financing documentation) was 4.81x. With the inclusion of IFRS16 lease liability, the leverage increases to 5.32x.



Consolidated statement of cash flow

£ million	Q1 2021	Q1 2020	% Change	YTD 2021	YTD 2020	% Change
EBITDA before non-underlying items	9.8	10.4	(5.8%)	9.8	10.4	(5.8%)
Maintenance capex	(2.8)	(1.8)	55.6%	(2.8)	(1.8)	55.6%
Operating cash flow	7.0	8.6	(18.6%)	7.0	8.6	(18.6%)
<i>Cash conversion %</i>	<i>71.2%</i>	<i>82.7%</i>	<i>(11.5%)</i>	<i>71.2%</i>	<i>82.7%</i>	<i>(11.5%)</i>
Non-underlying items ⁽¹⁾	(1.5)	(0.4)	nm	(1.5)	(0.4)	nm
Working capital	5.9	(0.8)	nm	5.9	(0.8)	nm
Interest	(8.2)	(8.4)	(2.4%)	(8.2)	(8.4)	2.4%
Taxation	(0.7)	(0.6)	16.7%	(0.7)	(0.6)	(16.7%)
FCF before Dev. Capex, Acquisitions and Financing	2.5	(1.5)	nm	2.5	(1.5)	nm
Development capex ⁽²⁾	(0.3)	(2.4)	(87.5%)	(0.3)	(2.4)	87.5%
Acquisition ⁽³⁾	0.0	(1.0)	nm	0.0	(1.0)	nm
Proceeds from sale	0.3	0.1	nm	0.3	0.1	nm
FCF before Financing	2.6	(4.8)	nm	2.6	(4.8)	nm
Property and vehicle lease payments (IFRS16)	(1.1)	(1.1)	0.0%	(1.1)	(1.1)	(0.0%)
Net cash flow used in financing activities	0.0	(0.3)	nm	0.0	(0.3)	nm
Movement in cash for the period	1.4	(6.2)	nm	1.4	(6.2)	nm
Opening cash and cash equivalents	80.1	18.7	nm	80.1	18.7	nm
Closing cash and cash equivalents	81.6	12.5	nm	81.6	12.5	nm
Other financial metrics						
Maintenance capex, ex. IT spend (£m)	1.7	1.3	31.3%	1.7	1.3	(31.6%)
Maintenance capex, ex. IT spend (% revenue)	2.6%	2.0%	0.6%	2.6%	2.0%	0.6%
Maintenance capex, ex. IT spend (£k pa per bed)	3.6	2.7	33.7%	3.6	2.7	(34.1%)

(1) Excludes cash flows in relation to acquisition integration costs

(2) Net of disposal proceeds and includes development capital expenditure and capital expenditure with respect to supporting our head office function. Excludes cash flows in relation to acquisition capital expenditure

(3) Includes net overdraft acquired with subsidiaries

Operating cash flow

- Q1 2021 operating cash flow reduced by £1.6 million, or 18.6% to £7.0 million from £8.6 million for Q1 2020. The reduction is due to a £1.0 million increase in Maintenance Capex (£0.6 million is IT related) and £0.6 million reduction in EBITDA before Non-underlying items.

Non-underlying items

- Q1 2021 non-underlying items increased by £1.1 million to an outflow of £1.5 million from £0.4 million when compared with Q1 2020. The increase is primarily driven by additional costs incurred as a result of Covid-19.

Working capital

- Q1 2021 working capital reduced by £6.7 million to an inflow of £5.9 million from an outflow of £0.8 million for Q1 2020. Primarily due to improved cash collection resulting in a reduction in Trade Debtors.



Interest

- Q1 2021 interest payable reduced by £0.2 million to £8.2 million from £8.4 million when compared to Q1 2020.

Taxation

- For Q1 2021 we paid £0.7 million in relation to corporation tax payments made on account (Q1 2020: £0.6 million).

Free Cash Flow before Development Capex, Acquisitions and Financing

- Q1 2021 Free Cash Flow before Development Capex, Acquisitions and Financing increased by £4.0 million to an inflow of £2.5 million from an outflow of £1.5 million in Q1 2020, primarily due to the Working Capital reduction.

Capital expenditure

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 RCF where necessary.

- Q1 2021 capital reduced by £2.1 million to £0.3 million from £2.4 million for Q1 2020.

Acquisition

- For Q1 2021 there was £0.0 million outflow on acquisitions (Q1 2020: £1.0 million for the remaining 6% share capital of Focused Healthcare, which we now wholly own).

Proceeds from sale

- For Q1 2021 there was £0.3 million cash inflow. This is an increase of £0.2 million compared to Q1 2020 which was £0.1 million.

Property and vehicle lease payments

- During Q1 2021 we made £1.1 million of lease payments under IFRS16 which is the same as for Q1 2020.

Net cash flow used in financing activities

- Q1 2021 net cash flow used in financing activities was a £0.0 million compared to a £0.3 million outflow for Q1 2020.



Contractual obligations

The following table summarises our material contractual obligations at 30 June 2020, showing the total principal amount payable and excluding any future interest payments.

£ million	0-1 year	1-2 years	2 years or more	Total
Senior Secured Notes ⁽¹⁾	-	-	215.0	215.0
Second Lien Notes ⁽²⁾	-	-	35.0	35.0
RCF	45.0			45.0
Total	45.0	0.0	250.0	295.0

(1) Represents the aggregate principal amount of the existing Senior Secured Notes

(2) Represents the aggregate principal amount of the existing Second Lien Notes

Consolidated statement of financial position

£ million	Jun-20	Jun-19	% Change
Non-Current Assets	410.2	435.6	(5.8%)
Current Assets			
Trade and Other Receivables, Prepayments	25.1	25.6	(2.0%)
Cash at bank and in hand	81.6	12.5	nm
Assets classified as held for sale	0.0	3.1	(100.0%)
Total Assets	516.9	476.7	(8.4%)
Non-current liabilities			
Loan Notes	264.2	262.2	(0.7%)
Tax Liabilities	11.1	10.9	(1.7%)
Accruals and Deferred Income	0.0	0.0	nm
Employee benefits	0.2	0.3	23.3%
Provisions for liabilities and charges	1.0	0.6	(73.3%)
Current Liabilities	103.7	67.9	(52.8%)
Equity	136.7	134.9	(1.3%)
Total Equity and Liabilities	516.9	476.7	(8.4%)

(1) Receivables in June 2020 include £1.1 million of intercompany loans (June 2019: £1.0 million), and current liabilities in June 2020 include £2.1 million of intercompany loans (June 2019: £2.1 million).

(2) Loan notes include unamortised issue costs of £4.9 million (June 2019: £6.3 million).



Key Business Divisions

£ million	Revenue			Revenue		
	Q1 2021	Q1 2020	% Change	YTD 2021	YTD 2020	% Change
Registered	43.4	42.8	1.4%	43.4	42.8	1.5%
Community Based Care	22.6	22.3	1.3%	22.6	22.3	1.4%
Total	66.0	65.1	1.4%	66.0	65.1	1.5%

£ million	EBITDA			EBITDA		
	Q1 2021	Q1 2020	% Change	YTD 2021	YTD 2020	% Change
Registered	8.0	7.8	2.6%	8.0	7.8	2.2%
Community Based Care	1.9	2.6	(26.9%)	1.9	2.6	(29.6%)
Total	9.8	10.4	(5.8%)	9.8	10.4	(5.6%)

<i>Other financial metrics</i>	Q1 2021	Q1 2020	Change	YTD 2021	YTD 2020	Change
Average Registered occupancy	1,893	1,929	(36)	1,893	1,929	(36)
Average Registered occupancy %	94.1%	94.1%	0.0%	94.1%	94.1%	0.0%
Average Direct Weekly Community Based hours	95,700	94,000	1,700	95,700	94,000	1,700
Closing Registered occupancy	1,893	1,921	(28)	1,893	1,921	(28)
Closing Registered occupancy %	94.1%	94.0%	0.1%	94.1%	94.0%	0.1%
Closing Direct Weekly Community Based hours	96,600	94,200	2,400	96,600	94,200	2,400



Property Analysis

At the 30 June 2020 the number of freehold properties held was 258, a reduction of 39 properties as at 30 June 2019. The net book value of the freehold properties was £314.1 million.

We have increased our provision of properties supporting the Community division by 40, with capacity increasing by 136 since 30 June 2019.

In our Registered care division at 30th June 2020, freehold properties made up 88.2% of capacity whereas in Community based care, freehold properties made up 5.7% of capacity. This in line with our strategy to utilise 3rd party capital to invest in property and capacity to drive Community based care growth.

30 June 2020	Registered		Community		Daycare	DCA	Total	
	#	Capacity	#	Capacity	#	#	#	Capacity
Freehold	228	1,773	21	70	4	5	258	1,843
Leasehold/Rental ⁽¹⁾	34	238	3	10	9	32	78	248
3rd Party Owned ⁽²⁾	0	0	297	1,150	1	4	302	1,150
Totals	262	2,011	321	1,230	14	41	638	3,241
Freehold NBV (£m) ⁽³⁾	305.7		6.4		2.0		314.1	

30 June 2019	Registered		Community		Daycare	DCA	Total	
	#	Capacity	#	Capacity	#	#	#	Capacity
Freehold	229	1,796	56	276	4	8	297	2,072
Leasehold/Rental ⁽¹⁾	39	248	12	79	10	22	83	327
3rd Party Owned ⁽²⁾	0	0	213	739	2	7	222	739
Totals	268	2,044	281	1,094	16	37	602	3,138

Movement	Registered		Community		Daycare	DCA	Total	
	#	Capacity	#	Capacity	#	#	#	Capacity
Freehold ⁽⁴⁾	(1)	(23)	(35)	(206)	0	(3)	(39)	(229)
Leasehold/Rental ⁽¹⁾	(5)	(10)	(9)	(69)	(1)	10	(5)	(79)
3rd Party Owned ⁽²⁾	0	0	84	411	(1)	(3)	80	411
Totals	(6)	(33)	40	136	(2)	4	36	103

- (1) Leasehold/Rental includes properties which are on a long term lease and properties on short term rental which have been obtained to support immediate commissioner requirements.
- (2) 3rd Party owned Supported Living properties are leased to a Registered Provider such as a Housing Association and then rented to the people we support. Rent and maintenance are usually covered by Housing Benefit claimed by the people we support.
- (3) Freehold NBV is not separately shown under DCA, as the Freehold 'DCA' offices operate from Freehold 'Community' Properties. Freehold NBV excludes assets held for sale and leasehold, encumbered and third party properties.
- (4) Freehold reduction is due to the sale of a portfolio of 40 properties, partially offset by new service openings and de-registrations from Registered Properties.

Voyage BidCo Limited

Condensed Consolidated Financial Statements (unaudited)

For the 3 month period ended 30 June 2020

Registered Number: 05752534



Voyage BidCo Limited
Condensed Consolidated Financial Statements (unaudited) continued
For the 3 month period ended 30 June 2020



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Voyage BidCo Limited
Condensed Consolidated Statement of Profit and Loss (unaudited)
For the 3 month period ended 30 June 2020



		3 months ended 30 June 2020			3 months ended 30 June 2019		
		Underlying	Non-underlying items (2)	Total	Underlying	Non-underlying items (2)	Total
	Notes	£000	£000	£000	£000	£000	£000
Continuing operations							
Revenue		66,015	-	66,015	65,053	-	65,053
Operating expenses	5	(60,238)	(1,510)	(61,748)	(58,726)	700	(58,026)
Adjusted EBITDA (1)		9,848	(1,510)	8,338	10,432	(368)	10,064
Depreciation and impairment of property, plant and equipment		(3,360)	-	(3,360)	(3,541)	(137)	(3,678)
(Loss) / profit on disposal of assets		(58)	-	(58)	42	-	42
Profit on termination of lease obligation		-	-	-	-	1,205	1,205
Amortisation of intangible assets		(653)	-	(653)	(606)	-	(606)
Operating profit		5,777	(1,510)	4,267	6,327	700	7,027
Finance income	6	16	-	16	11	-	11
Finance expense	7	(5,136)	-	(5,136)	(4,933)	-	(4,933)
Profit / (loss) before taxation		657	(1,510)	(853)	1,405	700	2,105
Taxation	8	(692)	-	(692)	(601)	-	(601)
(Loss) / profit for the period from continuing operations		(35)	(1,510)	(1,545)	804	700	1,504
(Loss) / profit attributable to equity holders of the parent		(35)	(1,510)	(1,545)	804	700	1,504

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

(2) Further breakdown of non-underlying items analysed in note 4.

(3) Total figures for the 3 month period represents year to date figures as this is the first quarter of the financial year.

Voyage BidCo Limited**Condensed Consolidated Statement of Other Comprehensive Income (unaudited)****For the 3 month period ended 30 June 2020**

	3 months ended 30 June 2020 £000	3 months ended 30 June 2019 £000
(Loss) / profit for the period	(1,545)	1,504
<i>Items that will not be reclassified to profit and loss</i>		
Remeasurements of the defined benefit liability	-	-
Total comprehensive (expense) / income attributable to equity holders of the parent for the financial period	(1,545)	1,504

Voyage BidCo Limited
Condensed Consolidated Statement of Financial Position (unaudited)
At 30 June 2020



	Notes	30 June 2020		30 June 2019		31 March 2020	
		£000	£000	£000	£000	£000	£000
<i>Non-current assets</i>							
Goodwill	9	46,581		45,452		46,581	
Intangible assets	10	5,610		5,661		5,718	
Property, plant and equipment	11	358,032		384,449		358,771	
			410,223		435,562		411,070
<i>Current assets</i>							
Trade and other receivables		25,094		25,032		27,053	
Corporation tax receivable		-		565		-	
Cash and cash equivalents		81,579		12,504		80,139	
		106,673		38,101		107,192	
Assets classified as held for sale	12	-		3,072		1,038	
			106,673		41,173		108,230
Total assets			516,896		476,735		519,300
<i>Current liabilities</i>							
Loans and borrowings	13	48,738		25,130		48,892	
Trade and other payables		33,106		26,102		30,626	
Accruals and deferred income		21,303		16,157		24,136	
Corporation tax payable		327		-		503	
Provisions	14	267		483		267	
			103,741		67,872		104,424
<i>Non-current liabilities</i>							
Loans and borrowings	13	264,165		262,212		264,536	
Tax liabilities		11,137		10,946		10,942	
Provisions	14	962		555		962	
Employee benefits		217		283		217	
			276,481		273,996		276,657
Total liabilities			380,222		341,868		381,081
Net assets			136,674		134,867		138,219

Voyage BidCo Limited

Condensed Consolidated Statement of Financial Position (unaudited) - continued

At 30 June 2020



	Notes	30 June 2020		30 June 2019		31 March 2020	
		£000	£000	£000	£000	£000	£000
Equity							
<i>Capital and reserves</i>							
Issued share capital		-		-		-	
Share premium		252,872		252,872		252,872	
Retained earnings		(116,198)		(118,005)		(114,653)	
Total equity attributable to equity holders of the parent			136,674		134,867		138,219

Company registered no. 05752534

Voyage BidCo Limited
Condensed Consolidated Statement of Changes in Equity (unaudited)
For the 3 month period ended 30 June 2020



Group	Issued share capital £000	Share premium £000	Retained earnings £000	Total parent equity £000
At 1 April 2020	-	252,872	(114,653)	138,219
<i>Total comprehensive income for the period</i>				
Loss for the period	-	-	(1,545)	(1,545)
Other comprehensive income	-	-	-	-
Total comprehensive expense for the period	-	-	(1,545)	(1,545)
At 30 June 2020	-	252,872	(116,198)	136,674

Group	Issued share capital £000	Share premium £000	Retained earnings £000	Total parent equity £000
At 1 April 2019	-	252,872	(119,509)	133,363
<i>Total comprehensive income for the period</i>				
Profit for the period	-	-	1,504	1,504
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	1,504	1,504
At 30 June 2019	-	252,872	(118,005)	134,867

Voyage BidCo Limited
Condensed Consolidated Statement of Cash Flow (unaudited)
For the 3 month period ended 30 June 2020



	3 months ended 30 June 2020 £000	3 months ended 30 June 2019 £000
Cash flows from operating activities		
(Loss) / profit for the period	(1,545)	1,504
Adjustments for:		
Depreciation and impairment of property, plant and equipment	3,360	3,678
(Loss) / profit on disposal of non-current assets	58	(42)
Profit on termination of lease obligation	-	(1,205)
Amortisation of intangible assets	653	606
Finance income	(16)	(11)
Finance expense	5,136	4,933
Taxation	692	601
Movements in working capital:		
Decrease in trade and other receivables	2,002	581
Increase / (decrease) in trade and other payables	2,480	(2,824)
(Decrease) / increase in accruals and deferred income	1,388	1,414
<i>Cash generated from operating activities</i>	<u>14,208</u>	<u>9,235</u>
Interest paid	(8,165)	(8,408)
Tax paid	(673)	(575)
Net cash generated from operating activities	<u>5,370</u>	<u>252</u>
Cash flows from investing activities		
Interest received	4	11
Payments to acquire property, plant and equipment	(2,596)	(4,189)
Payments to acquire intangible assets	(545)	(21)
Proceeds from sales of property, plant and equipment	342	103
Net cash outflow on acquisition of subsidiaries	-	(974)
Net cash used in investing activities	<u>(2,795)</u>	<u>(5,070)</u>
Cash flows from financing activities		
Proceeds from loans and borrowings	-	(300)
Property and vehicle lease payments	(1,135)	(1,064)
Net cash used in financing activities	<u>(1,135)</u>	<u>(1,364)</u>
Net increase / (decrease) in cash and cash equivalents in the period	<u>1,440</u>	<u>(6,182)</u>
Cash and cash equivalents at the beginning of the period	80,139	18,686
Cash and cash equivalents at the end of the period	<u>81,579</u>	<u>12,504</u>



1 Reporting entity

Voyage BidCo Limited (the Company) is a company incorporated in England and Wales. 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 high quality care and support services for people with learning disabilities, brain injuries and other complex needs.

2 Accounting policies

These interim financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all of the financial information required for full annual financial statements. The Group has prepared the condensed consolidated financial statements in accordance with IFRS applicable for the 3 month period ended 30 June 2020, together with comparative period data for the 3 month period ended 30 June 2019.

The financial information contained herein is unaudited and does not constitute statutory accounts as defined by Section 435 of the Companies Act 2006.

The condensed consolidated 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.

In preparing these condensed consolidated financial statements, management have made judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, revenue and expenses. Estimates and underlying assumptions are reviewed on an on-going 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 accounting policies applied in these condensed consolidated financial statements is consistent with the statutory accounts for the Company and the Group for the year ended 31 March 2020. In addition, the risks and risk management techniques identified in the statutory accounts for the Company and the Group for the year ended 31 March 2020 should be referred to in connection with these condensed consolidated financial statements as they remain applicable.

Adopted IFRS not yet applied

The following amended standards and interpretations have been endorsed by the EU but are not yet effective:

- IFRS 17 Insurance Contracts (effective date to be confirmed);
- Amendments to References to the Conceptual Framework in IFRS Standards (effective date 1 January 2020);
- Amendments to IFRS 3: Definition of a Business (effective date to be confirmed);
- Amendments to IAS 1 and IAS 8: Definition of Material (effective date 1 January 2020); and
- Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform (effective date to be confirmed).

The above standards and interpretations are not expected to have a significant impact on the Group's consolidated financial statements.



2 Accounting policies - continued

Going concern

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons:

The Group, of which the Company is a member, is funded through a combination of Shareholders' Funds, Unsecured Shareholders Loans, Senior Secured Notes, Second Lien Notes and cash generated through operating profits. These comprised £215 million of 5.875% Senior Secured Notes and £35 million of 10% Second Lien Notes, due in 2023, and a Revolving Credit Facility of £45.0 million, due 2023, of which £45.0 million was drawn at 30 June 2020. The Directors are mindful of the due date of the external financing arrangements and recognise the need to review refinancing or capital structure options at an appropriate time. The Investor and Management Fixed Rate Unsecured Loan Notes are payable at the earlier of an exit or September 2024.

The Directors have prepared a 5-year budget from April 2020, together with detailed 'worse case' cash flow forecasts through to 31 March 2022, which reflect severe but plausible downsides. This indicates that, the group will have sufficient funds to meet its liabilities as they fall due for that period. Whilst the UK's economic outlook resulting from the global COVID-19 pandemic remains uncertain, the Directors have considered the impact to the Group by conducting extensive scenario analysis on the Group's profitability, the availability of cash to meet liabilities as they fall due and its compliance with the debt covenant. Additionally, the Directors continue to assess the ability to refinance in each scenario.

Taking the above into consideration, [the impact of the contingent liability set out in Note 16] and the principal risks of the Group, the Directors believe that there are no material uncertainties to the Group's ability to operate as a going concern and to continue realising its assets and discharging its liabilities in the normal course of business. Therefore it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

3 [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 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; and
- Community Based Care: supporting individuals in their own home promoting independence.

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 period (2019: £Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2. 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.



3 [Operating segments - continued]

	<i>Segment results</i>		
	Registered	Community Based Care	Group
	£000	£000	£000
For the 3 month period ended 30 June 2020			
Revenue	43,429	22,586	66,015
Adjusted EBITDA (before non-underlying items)	7,986	1,862	9,848
Non-underlying items			(1,510)
Adjusted EBITDA (after non-underlying items)			8,338
Depreciation of property, plant and equipment			(3,360)
Loss on disposal of assets			(58)
Amortisation of intangible assets			(653)
Net finance expense			(5,120)
Taxation			(692)
Loss for the period			(1,545)

	<i>Segment results</i>		
	Registered	Community Based Care	Group
	£000	£000	£000
For the 3 month period ended 30 June 2019			
Revenue	42,783	22,270	65,053
Adjusted EBITDA (before non-underlying items)	7,791	2,641	10,432
Non-underlying items			(368)
Adjusted EBITDA (after non-underlying items)			10,064
Depreciation and impairment of property, plant and equipment			(3,678)
Profit on disposal of assets			42
Profit on termination of lease obligation			1,205
Amortisation of intangible assets			(606)
Net finance expense			(4,922)
Taxation			(601)
Profit for the period			1,504



4 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 period:

		3 months ended 30 June 2020 £000	3 months ended 30 June 2019 £000
<i>Non-underlying items:</i>	Note		
Restructuring costs	a	-	206
Impairment of property, plant and equipment	b	-	137
Project costs	c	30	162
Purchase of long-term lease	d	-	(1,205)
COVID-19 related expenditure	e	1,249	-
Consultancy fees	f	231	-
		<u>1,510</u>	<u>(700)</u>

The key elements of the expenditure for both years is set out below:

(a) *Restructuring costs*

For the 3 month period ended 30 June 2020, the Group incurred remuneration costs of £Nil in relation to restructuring its workforce (3 month period ended 30 June 2019: £206,000).

(b) *Impairment of property, plant and equipment*

For the 3 month period ended 30 June 2020, the Group recognised an impairment charge due to the carrying amount of an asset exceeding its recoverable amount. As a result no impairment charge was incurred (3 month period ended 30 June 2019: £137,000).

(c) *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 including the implementation of an operational ERP system, as a result for the 3 month period ended 30 June 2020 fees of £30,000 were incurred (3 month period ended 30 June 2019: £162,000).

(d) *Purchase of long-term lease*

For the 3 month period ended 30 June 2019, the Group acquired the freehold of a leasehold property and as a result of disposing a right of use asset and derecognising a lease liability a profit of £1,205,000 was generated (3 month period ended 30 June 2020: £Nil).



4 Non-underlying items - continued

(e) COVID-19 related expenditure

The Group incurred additional costs in relation to dealing with the impact of the global pandemic caused by the COVID-19 outbreak. For the 3 month period ended 30 June 2020, costs, net of recoveries from customers, totalled £1,249,000 (3 month period ended 30 June 2019: £nil).

(f) Consultancy fees

For the 3 month period ended 30 June 2020, the Group incurred costs of £231,000 in relation to professional advice and consultancy services (3 month period ended 30 June 2019: £Nil).

5 Operating profit before taxation

3 months ended 30 June 2020 £000	3 months ended 30 June 2019 £000
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Operating profit before taxation is stated after charging:

Continuing operations

Direct expenses and consumables	3,145	1,901
Staff costs:		
Wages and salaries	44,329	41,958
Social security costs	3,071	2,707
Other pension costs	839	789
Operating lease rentals:		
Other lease rentals	123	200
Plant and machinery	103	83
Depreciation	3,360	3,541
Impairment of property, plant and equipment	-	137
Loss/ (profit) on disposal of assets	58	(42)
Profit on termination of lease obligation	-	(1,205)
Amortisation of intangible assets	653	606
Other external charges	6,067	7,351
	<u>61,748</u>	<u>58,026</u>



6 Finance income

	3 months ended 30 June 2020 £000	3 months ended 30 June 2019 £000
<i>Continuing operations</i>		
Bank interest receivable	16	18

7 Finance expense

	3 months ended 30 June 2020 £000	3 months ended 30 June 2019 £000
<i>Continuing operations</i>		
Bank interest including RCF non-utilisation fees	453	279
Loan notes interest	4,418	4,392
Unwinding of lease liabilities	207	206
Other finance costs	58	56
	5,136	4,933

Loan notes interest comprises loan notes interest of £4,033,000 for the 3 month period ended 30 June 2020 (£4,033,000 for the 3 month period ended 30 June 2019) and amortisation of issue costs and original issue discount of £385,000 for the 3 month period ended 30 June 2019 (£359,000 for the 3 month period ended 30 June 2019).

8 Taxation

The Group's underlying consolidated effective tax rate in respect of continuing operations for the 3 month period ended 30 June 2020 is 105.3% (3 month period ended 30 June 2019: 42.8%).

The Group's consolidated total effective tax rate in respect of continuing operations for the 3 month period ended 30 June 2020 is (81.1)% (3 month period ended 30 June 2019: 28.6%).

The taxation is recognised based on management's best estimate of the weighted-average annual tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period.



9 Goodwill

	30 June 2020 £000	30 June 2019 £000	31 March 2020 £000
Cost			
Opening cost	55,137	54,008	54,008
Acquisitions	-	-	1,129
Closing cost	<u>55,137</u>	<u>54,008</u>	<u>55,137</u>
Accumulated impairment charge			
Opening and closing impairment	<u>8,556</u>	<u>8,556</u>	<u>8,556</u>
Net book value			
Closing net book value	<u>46,581</u>	<u>45,452</u>	<u>46,581</u>
Opening net book value	<u>46,581</u>	<u>45,452</u>	<u>45,452</u>

10 Intangible assets

	30 June 2020 £000	30 June 2019 £000	31 March 2020 £000
Cost			
Opening cost	14,466	13,193	13,193
Acquisitions	-	-	1,341
Additions	545	21	520
Disposals	-	-	(588)
Opening and closing cost	<u>15,011</u>	<u>13,214</u>	<u>14,466</u>
Accumulated impairment charge			
Opening amortisation	8,748	6,947	6,947
Provided during the period	653	606	2,371
On disposals	-	-	(570)
Closing amortisation	<u>9,401</u>	<u>7,553</u>	<u>8,748</u>
Net book value			
Closing net book value	<u>5,610</u>	<u>5,661</u>	<u>5,718</u>
Opening net book value	<u>5,718</u>	<u>6,246</u>	<u>6,246</u>



11 Property, plant and equipment

	30 June 2020 £000	30 June 2019 £000	31 March 2020 £000
Cost			
Opening cost	486,906	514,305	514,305
Acquisitions	-	-	20
Additions	2,004	4,499	19,187
Assets classified as held for sale	2,057	(270)	(5,945)
Disposals	(78)	(248)	(40,661)
Closing cost	<u>490,889</u>	<u>518,286</u>	<u>486,906</u>
Depreciation			
Opening depreciation	128,135	130,346	130,346
Charge for the period	3,360	3,541	13,696
Impairment	-	137	2,180
Assets classified as held for sale	1,447	-	(2,885)
Disposals	(85)	(187)	(15,202)
Closing depreciation	<u>132,857</u>	<u>133,837</u>	<u>128,135</u>
Net book value			
Closing net book value	<u>358,032</u>	<u>384,449</u>	<u>358,771</u>
Opening net book value	<u>358,771</u>	<u>383,959</u>	<u>383,959</u>

12 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 30 June 2020, there were no assets classified as held for sale (30 June 2019: £3,072,000 and 31 March 2020: £1,038,000).

13 Loans and borrowings

	30 June 2020 £000	30 June 2019 £000	31 March 2020 £000
Bank loans	45,000	22,700	45,000
Loan notes	245,133	243,671	244,748
Lease liabilities	22,770	20,971	23,680
	<u>312,903</u>	<u>287,342</u>	<u>313,428</u>

Loan notes include unamortised issue costs and original issue discount of £4,867,000 (30 June 2019: £6,329,000 and 31 March 2020: £5,252,000) which after deducting from the loan note balance due of £250,000,000 results in a net loan note liability of £245,133,000 (30 June 2019: £243,671,000 and 31 March 2020: £244,748,000).

**13 Loans and borrowings - continued**

As at 30 June 2020 there was accrued interest of £2,689,000 (30 June 2019: £2,689,000 and 31 March 2020: £6,721,000) 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:

	30 June 2020 £000	30 June 2019 £000	31 March 2020 £000
In one year or less	48,738	25,130	48,892
Between one and five years	254,589	251,581	254,596
After five years	9,576	10,631	9,940
	<u>312,903</u>	<u>287,342</u>	<u>313,428</u>

Loan notes

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 party to a £45 million Revolving Credit Facility. The notes are listed on the Channel Island Stock Exchange. The interest rate and repayment terms of these loan notes are as follows:

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

Debt instruments	Currency	Loan balance £000	Interest rate	Repayment terms
Senior Secured Loan Notes	GBP	215,000	5.875%	May-23
Second Lien Notes	GBP	35,000	10.00%	Nov-23
Revolving Credit Facility				
Utilised	GBP	45,000	LIBOR + 3.25%	Feb-23
Non utilised	GBP	-	1.10%	Feb-23

14 Provisions

The Group's dilapidation provision is determined by discounting expected cash outflows at a pre-tax rate that reflects current market assessments of the time value of money. The provisions recognised will unwind over the term of each lease.

**15 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 assets £000	Total £000	Total £000
At 30 June 2020					
<i>Financial assets measured at fair value</i>					
Trade and other receivables	-	22,645	-	22,645	22,645
Cash and cash equivalents	-	81,579	-	81,579	81,579
	-	104,224	-	104,224	104,224
<i>Financial liabilities not measured at fair value</i>					
Senior Secured Loan Notes	-	-	210,898	210,898	197,342
Second Lien Loan Notes	-	-	34,235	34,235	29,050
Revolving Credit Facility	-	-	45,000	45,000	45,000
Trade and other payables	-	-	33,106	33,106	33,106
Lease liabilities	-	-	22,770	22,770	22,770
	-	-	346,009	346,009	327,268
At 30 June 2019					
<i>Financial assets measured at fair value</i>					
Trade and other receivables	-	23,120	-	23,120	23,120
Cash and cash equivalents	-	12,504	-	12,504	12,504
	-	35,624	-	35,624	35,624
<i>Financial liabilities not measured at fair value</i>					
Senior Secured Loan Notes	-	-	209,619	209,619	207,475
Second Lien Loan Notes	-	-	34,052	34,052	32,200
Revolving Credit Facility	-	-	22,700	22,700	22,700
Trade and other payables	-	-	26,102	26,102	26,102
Lease liabilities	-	-	22,985	22,985	22,985
	-	-	315,458	315,458	311,462



15 Financial instruments - continued

	Carrying amount				Fair value
	Financial Liabilities at FV £000	Loans and receivables £000	Other financial assets £000	Total £000	Total £000
At 31 March 2020					
<i>Financial assets measured at fair value</i>					
Trade and other receivables	-	26,211	-	26,211	26,211
Cash and cash equivalents	-	80,139	-	80,139	80,139
	-	106,350	-	106,350	106,350
<i>Financial liabilities not measured at fair value</i>					
Senior Secured Loan Notes	-	-	210,562	210,562	199,322
Second Lien Loan Notes	-	-	34,186	34,186	29,750
Revolving Credit Facility	-	-	45,000	45,000	45,000
Trade and other payables	-	-	30,626	30,626	30,626
Lease liabilities	-	-	23,680	23,680	23,680
	-	-	344,054	344,054	328,378

16 Contingent liability

Security granted on the Senior Secured Notes, the Second Lien Notes and the Revolving Credit Facility

The Company has guaranteed the amounts due under the Senior Secured Notes, the Second Lien Notes and the Revolving Credit Facility held in Voyage Care BondCo PLC. Security has been granted over all freehold and long leasehold property.

[Potential liability in relation to sleep in shifts]

In keeping with widespread practice in the social care sector, the Group operates at a number of sites where individual employees “sleep-in” overnight and are paid an allowance to do so.

In the past HMRC gave clear guidance that it did not consider sleep-ins to constitute “time work” for the purposes of NMW. However, the correct application of NMW regulations to sleep-ins was the subject of several legal decisions including that of the Employment Appeal Tribunal (EAT) in Royal Mencap Society v Tomlinson-Blake. From 1 July 2017 the government (BEIS) and HMRC changed their interpretation of the NMW regulations in relation to sleep-ins, and began to insist that sleeping time is “time work” for NMW purposes. The Group increased the allowance paid for a sleep-in shift from July 2017 to reflect this new interpretation of the regulations.



16 Contingent liability - continued

[Potential liability in relation to sleep in shifts - continued]

The Tomlinson-Blake decision, in which the Group was not directly involved, was appealed in the Court of Appeal in March 2018. Local authorities and other providers were also represented. In a major decision, 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. As a consequence of this, official guidance was again changed. Accordingly, in February 2019, consistently with the Court of Appeal ruling and the official guidance, the Group reduced the allowance paid for a sleep-in.

The Court of Appeal refused permission to appeal against its decision but a panel of Supreme Court judges subsequently granted Mrs Tomlinson-Blake permission to appeal. The Supreme Court gives such permission only in cases of public importance which it considers justify its attention. The appeal is listed to be heard in February 2020 and a ruling expected in the Summer of 2020.

Notwithstanding that permission to appeal was granted, our legal advice is that it is unlikely that the Court of Appeal ruling will be overturned.

Given the grant of permission to appeal, the Board has decided that it is appropriate to make a contingent liability disclosure. Should the Court of Appeal ruling be overturned by the Supreme Court it is possible that the Group would be required to make backdated payments to its employees for a period of up to 6 years.

In the light of knowledge of how HMRC has dealt with these issues in the past (in particular, in introducing a non-statutory Scheme for resolution of issues in this area) the Board’s judgment is that there is only a remote possibility that penalties would be imposed in those circumstances and therefore nothing has been included in this respect.

On this basis the Board estimates that a contingent liability up to a maximum of £16 million (2019: £16 million) should continue to be disclosed in line with the prior period.

17 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