



Voyage BidCo Limited

Q2 2021

Results for the three month period ended 30 September 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 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 Report.



Executive Summary

Financial highlights

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

£ million	Q2 2021	Q2 2020
Revenue	68.0	67.0
EBITDA (before non-underlying items)	11.1	11.2
Operating profit	7.3	0.6
Profit for the period	2.7	(4.3)
Operating cash flow	8.2	8.7

Commentary on results

Performance during Q2 2021 vs. Q2 2020

- CQC quality scores remain very high with 96% of services achieving a Good or Outstanding rating.
- Revenue increased 1.5% to £68.0 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 1.1% to £11.1 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.
- YTD Like for like estimated EBITDA increased by £0.3m to £21.1m.
- Registered closing occupancy was 93.1%.
- Community based care average direct weekly care hours increased by 5,900 hours compared to Q2 2020, closing at 100,100 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 £4.2Bn). The safety of our employees and the people we support, together with associated operational impacts are being well managed.



Covid-19 Update

- In Q2 we have seen increase pressure in maintaining registered occupancy due to localised restrictions meaning delays in filling existing vacancies, Community has seen a slight reduction in revenue and a temporary, one-off reduction of approximately 3,000 hours.

EBITDA Covid-19 Impact

	£ million	
	Movement	EBITDA
Q2 FY20 (Reported)		11.2
SL Property Freehold Sale		(0.3)
Q2 FY20 L4L (Adjusted for SL Freehold Sale)		10.9
Q2 FY21 L4L (Excluding Covid-19 Impact)		10.9
Reduction in Community Hours	(0.3)	
Registered Occupancy Joiners Restrictions	(0.6)	
Staff Costs	(0.9)	
Agency Costs	1.5	
Other Costs	0.4	0.1
Q2 FY21 (Reported)		11.1

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

£ million	YTD 2021
Total Non-Underlying	1.2
Non Covid-19 related	0.9
Non-Underlying items Covid-19	0.3
Consisting of:	
Staff Costs	0.8
Agency Costs	0.3
PPE/Infection Control	3.5
Total Covid-19 Costs	4.5
Reimbursement	(4.2)
Non-Underlying items Covid-19	0.3



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 3,409 people as at 30 September 2020, comprising 1,872 through our registered care division and a further 1,537 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 £1,763 per person for the twelve months ended 30 September 2020. Our Community based care division, as at 30 September 2020, delivered approximately 100,100 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 £18.83 for the last twelve months ended 30 September 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 September 2020. We hold the freehold interest in 228 of our registered homes representing 89.6% 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 September 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 September 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 Quarterly Report includes the consolidated financial information (unaudited) of Voyage BidCo Limited and its subsidiaries for the three and six month period ended 30 September 2020 (“Q2 2021” and “YTD 2021”) and 30 September 2019 (“Q2 2020” and “YTD 2020”), and the financial year ending 31st March 2020 (“FYE 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:

	Q2 2021	Q2 2020	YTD 2021	YTD 2020	FYE Mar 2020
Registered beds	2,011	2,042	2,011	2,046	2,032
Community based care placements	1,678	1,706	1,640	1,680	1,719
Total	3,689	3,748	3,651	3,726	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:

	Q2 2021	Q2 2020	YTD 2021	YTD 2020	FYE Mar 2020
Registered	93.4%	94.4%	93.8%	94.4%	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 September		FYE Mar 2020
		2020	2019	
Registered	£wk	1,763	1,716	1,736
Community based Care (Direct)	£hr	18.83	18.41	18.68

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 2020);
- 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.

		Q2 2021	Q2 2020	YTD 2021	YTD 2020
Staff Costs *	£m	49.6	46.2	98.0	91.4
% Revenue		72.9%	69.0%	73.1%	69.2%
% Operating costs **		87.0%	82.8%	86.6%	82.7%
		Q2 2021	Q2 2020	YTD 2021	YTD 2020
Staff Costs (excluding central overheads) *	£m	45.7	42.2	90.1	83.4
% Revenue		67.2%	63.0%	67.2%	63.1%
% Operating costs **		80.2%	75.6%	79.7%	75.5%

* 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	Q2 2021	Q2 2020	% Change	YTD 2021	YTD 2020	% Change
Revenue	68.0	67.0	1.5%	134.0	132.1	1.5%
Staff costs	(49.6)	(46.2)	(7.4%)	(98.0)	(91.4)	(7.2%)
Agency Costs	(0.5)	(2.0)	74.0%	(1.2)	(3.7)	67.6%
Direct expenses & consumables	(1.6)	(2.0)	20.0%	(3.5)	(3.9)	10.7%
Property lease rentals	(0.1)	(0.2)	31.8%	(0.3)	(0.4)	35.0%
Other lease rentals	(0.2)	(0.3)	2.2%	(0.5)	(0.5)	(1.8%)
Other external charges	(4.8)	(5.1)	6.3%	(9.7)	(10.6)	8.4%
EBITDA	11.1	11.2	(1.1%)	20.9	21.6	(3.2%)
Non-underlying items	0.3	(0.0)	nm	(1.2)	(0.4)	nm
EBITDA after non-underlying items	11.4	11.1	2.3%	19.7	21.2	(6.9%)
Depreciation & impairment	(3.8)	(4.8)	21.4%	(7.2)	(8.5)	15.9%
Profit/(Loss) on disposal of non-current assets	0.3	(5.1)	nm	0.3	(3.9)	nm
Amortisation of intangible assets	(0.6)	(0.6)	(8.9%)	(1.3)	(1.2)	(8.3%)
Operating profit	7.3	0.6	nm	11.6	7.6	51.8%
Finance income	0.1	0.0	(93.5%)	0.1	0.1	(82.4%)
Finance expense	(5.1)	(4.9)	(4.6%)	(10.2)	(9.8)	(4.4%)
Profit/(Loss) before taxation	2.3	(4.2)	nm	1.4	(2.1)	nm
Taxation	0.4	(0.1)	nm	(0.3)	(0.7)	51.8%
Profit/(Loss) for the period	2.7	(4.3)	nm	1.1	(2.8)	nm
Other financial metrics						
Staff costs (excluding central overheads)	45.7	42.2	(8.4%)	90.1	83.4	(8.0%)
Overhead expenses & bonus	5.2	5.6	7.0%	10.6	11.0	3.6%
Unit EBITDA	16.2	16.7	(3.0%)	31.5	32.6	(3.4%)
Unit EBITDA margin %	23.8%	24.9%	(1.1%)	23.5%	24.7%	(1.2%)
EBITDA margin %	16.3%	16.7%	(0.4%)	15.6%	16.4%	(0.8%)
EBITDAR	11.2	11.4	(1.6%)	21.2	22.0	(3.8%)
EBITDAR margin %	16.5%	17.0%	(0.5%)	15.8%	16.7%	(0.9%)
EBITDAR after non-underlying items	11.5	11.4	1.6%	20.0	21.6	(7.5%)
EBITDAR after non-underlying items margin %	16.9%	17.0%	(0.1%)	14.9%	16.4%	(1.5%)

Revenue

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

- Q2 2021 revenue increased by £1.0 million, or 1.5% to £68.0 million from £67.0 million for Q2 2020, primarily due to fee increases (£1.7 million or 2.5%), like-for-like growth (£0.5 million or 0.7%) being



partially offset by the Covid-19 Pandemic reduction in activity (£0.9 million or -1.3%) and the SL Freehold Sale (£0.3m or -0.4%).

- YTD 2021 revenue increased by £1.9 million, or 1.5% to £134.0 million from £132.1 million for YTD 2020, primarily due to fee increases (£2.8 million or 2.1%) and like-for-like growth (£2.2 million or 1.7%) being partially offset by the Covid-19 Pandemic reduction in activity (£2.7 million or -2.0%) and the SL Freehold Sale (£0.8m or -0.6%).

Staff costs

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

- Staff costs (excluding overheads) for Q2 2021 increased by £3.6 million, or 8.4% to £45.7 million (which represented 67.2% of revenue) from £42.2 million (which represented 62.9.0% of revenue) for Q2 2020, primarily due to increases in staff costs as a result of National Minimum Wage increase (£2.2 million), staff required to support the growth in our business and reducing agency usage (£2.1 million), partially offset by the reduction in staff costs due to reduced activity relating to the Covid-19 Pandemic (c.£0.7 million).
- Staff costs (excluding overheads) for YTD 2021 increased by £6.7 million, or 8.0% to £90.1 million (which represented 67.2% of revenue) from £83.4 million (which represented 63.1% of revenue) for YTD 2020, primarily due to increases in staff costs as a result of National Minimum Wage increase (£4.4 million), staff required to support the growth in our business and reducing agency usage (£3.5 million), partially offset by the reduction in staff costs due to reduced activity relating to the Covid-19 Pandemic (c.£1.2 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 Q2 2021 reduced by £1.5 million, or 74.0% to £0.5million from £2.0 million for Q2 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 and with additional FTE's resulting in more permanent staff available to work.
- Agency costs for YTD 2021 reduced by £2.5 million, or 67.6% to £1.2million from £3.7 million for YTD 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 and with additional FTE's resulting in more permanent staff available to work.

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.

- Q2 2021 direct expenses and consumables reduced by £0.4 million, or 20% to £1.6 million from £2.0 million for Q2 2020.
- YTD 2021 direct expenses and consumables reduced by £0.4 million, or 10.7% to £3.5 million from £3.9 million for YTD 2020.



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.

- Q2 2021 property lease rentals reduced by £0.1 million, or 31.8% to £0.1 million from £0.2 million for Q2 2020.
- YTD 2021 property lease rentals reduced by £0.1 million, or 35.0% to £0.3 million from £0.4 million for YTD 2020.

Other lease rentals

Other lease rentals consist primarily of motor vehicle leases. We currently lease approximately 250 vehicles, which are primarily used to transport the people we support.

- Q2 2021 other lease rentals reduced by £0.1m, or 2.2% to £0.2 million from £0.3 million for Q2 2020.
- YTD 2021 other lease rentals remained consistent as YTD 2020 at £0.5 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.

- Q2 2021 other external charges reduced by £0.3 million, or 6.3%, to £4.8 million from £5.1 million for Q2 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.
- YTD 2021 other external charges reduced by £0.9 million, or 8.4%, to £9.7 million from £10.6 million for Q2 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.

- Q2 2021 EBITDA reduced by £0.1 million, or 1.1% to £11.1 million from £11.2 million for Q2 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 (£0.3 million).
- YTD 2021 EBITDA reduced by £0.7 million, or 3.2% to £20.9 million from £21.6 million for YTD 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 (£0.8 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.

- Q2 2021 non-underlying items were an inflow of £0.3 million (Q2 2020: £0.0 million). Non-underlying items for Q2 2021 were primarily driven by additional reimbursement from prior periods relating to costs due to Covid-19 (e.g. personal protective equipment) and one-off project costs to invest in head office and operational functions.

YTD 2021 non-underlying items were £1.2 million (Q2 2020: £0.4 million). Non-underlying items for YTD 2021 were primarily relating to costs due to Covid-19 (e.g. personal protective equipment) and Professional Fees related to a Procurement costs reduction project.

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.

- Q2 2021 EBITDA after non-underlying items increased by £0.3 million, or 2.3% to £11.4 million from £11.1 million for Q2 2020.
- YTD 2021 EBITDA after non-underlying items reduced by £1.5 million, or 6.9% to £19.7 million from £21.2 million for YTD 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.

- Q2 2021 depreciation and impairment of property plant and equipment reduced by £1.0 million, or 21.4% to £3.8 million from £4.8 million for Q2 2020.
- YTD 2021 depreciation and impairment of property plant and equipment reduced by £1.3 million, or 15.9% to £7.2 million from £8.5 million for YTD 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.

- Q2 2021 the profit on the disposal of non-current assets was £0.3 million (Q2 2020: £5.1 million loss which related to the sale of the portfolio of supported living freehold property).
- YTD 2021 the profit on the disposal of non-current assets was £0.3 million (YTD 2020: £3.9 million loss which principally related to the sale of the portfolio of supported living freehold property).



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.

- Q2 2021 amortisation of intangible assets remained the same as Q2 2020 at £0.6 million.
- YTD 2021 amortisation of intangible assets increased by £0.1 million, or 8.3% to £1.3 million from £1.2 million YTD 2020.

Operating profit

Operating profit consists of earnings before interest and taxation.

- Q2 2021 operating profit increased by £6.7 million to £7.3 million from £0.6 million for Q2 2020.
- YTD 2021 operating profit increased by £4.0 million to £11.6 million from £7.6 million for YTD 2020.

Finance income

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

- Q2 2021 interest receivable and other income increased by £0.1m to £0.1m from £nil for Q2 2020.
- YTD 2021 interest receivable and other income remained the same as YTD 2020 at £0.1 million.

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.

- Q2 2021 interest payable and similar charges on bank loans increased by £0.2 million to £5.1 million.
- YTD 2021 interest payable and similar charges on bank loans increased by £0.4 million to £10.2 million.

Profit/(Loss) before taxation

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

- Q2 2021 profit before taxation is £2.3 million, which compares to £4.2 million loss for Q2 2020, the movement is primarily due to a reduction in EBITDA offset by a reduction in Non-underlying items and Q2 2020 having a £5.1 million loss on disposal of assets.
- YTD 2021 profit before taxation is £1.4 million, which compares to £2.1 million loss for YTD 2020, the movement is primarily due to a reduction in EBITDA and an increase in Non-underlying items and YTD 2020 having a £3.9 million loss on disposal of assets.



Taxation

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

- For Q2 2021 a taxation credit of £0.4 million was recognised compared to charge of £0.1 million for Q2 2020.
- For YTD 2021 taxation of £0.3 million was recognised compared to £0.7 million for YTD 2020.

Profit/(Loss) for the period

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

- Q2 2021 profit after taxation is £2.7 million, which compares to £4.3 million loss for Q2 2020, the movement is primarily due to a reduction in EBITDA offset by a reduction in Non-underlying items and Q2 2020 having a £5.1 million loss on disposal of assets.
- YTD 2021 profit after taxation is £1.1 million, which compares to £2.8 million loss for YTD 2020, the movement is primarily due to a reduction in EBITDA and an increase in Non-underlying items and YTD 2020 having a £3.9 million loss on disposal of assets.



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 September 2020 and 30 September 2019, our cash balances were £39.3 million and £15.3 million, respectively.

Net bank debt as at 30 September 2020 was £211.3 million, comprising £250.0 million of borrowings under the Senior Secured Notes and Second Lien Notes, partially offset by £39.3 million of cash. Within the £39.3 million cash balance is £0.6 million of restricted cash which is excluded from cash for the purposes of calculating the net debt. We have undrawn committed facilities of £45.0 million in the RCF. The resulting leverage was 4.76x.

Net bank debt as at 30 September 2019 was £236.5 million, comprising £250.0 million of borrowings under the Senior Secured Notes and Second Lien Notes, partially offset by £15.3 million of cash. Within the £15.3 million cash balance was £1.8 million of restricted cash which is excluded from cash for the purposes of calculating the net debt. We had undrawn committed facilities of £45.0 million in the RCF. The resulting leverage was 5.48x.

Leverage as at 30 September 2020 (calculated as defined in the legal financing documentation) was 4.76x. With the inclusion of IFRS16 lease liability, the leverage increases to 5.25x.



Consolidated statement of cash flow

£ million	Q2 2021	Q2 2020	% Change	YTD 2021	YTD 2020	% Change
EBITDA before non-underlying items	11.1	11.2	(0.9%)	20.9	21.6	(3.2%)
Maintenance capex	(2.8)	(2.5)	12.0%	(5.7)	(4.3)	32.6%
Operating cash flow	8.2	8.7	(5.7%)	15.3	17.4	(12.1%)
<i>Cash conversion %</i>	<i>74.5%</i>	<i>78.0%</i>	<i>(3.5%)</i>	<i>72.9%</i>	<i>80.3%</i>	<i>(7.4%)</i>
Non-underlying items ⁽¹⁾	0.3	(0.0)	nm	(1.2)	(0.4)	nm
Working capital	0.9	(0.2)	nm	6.7	(1.1)	nm
Interest	(0.9)	(0.3)	nm	(9.0)	(8.7)	(3.4%)
Taxation	(1.1)	0.0	nm	(1.8)	(0.6)	nm
FCF before Dev. Capex, Acquisitions and Financing	7.4	8.2	(9.8%)	10.0	6.6	51.5%
Development capex ⁽²⁾	(5.3)	(0.2)	nm	(5.5)	(2.6)	nm
Acquisition ⁽³⁾	0.0	(1.8)	nm	0.0	(2.8)	nm
Proceeds from sale	1.8	20.2	(91.1%)	2.1	20.3	89.7%
FCF before Financing	3.9	26.3	(85.2%)	6.5	21.5	(69.8%)
Property and vehicle lease payments (IFRS16)	(1.3)	(0.9)	44.4%	(2.4)	(1.9)	(26.3%)
Net cash flow used in financing activities	(45.0)	(22.7)	98.2%	(45.0)	(23.0)	95.7%
Movement in cash for the period	(42.3)	2.8	nm	(40.9)	(3.4)	nm
Opening cash and cash equivalents	81.6	12.5	nm	80.1	18.7	nm
Closing cash and cash equivalents	39.3	15.3	nm	39.3	15.3	nm
Other financial metrics						
Maintenance capex, ex. IT spend (£m)	1.5	1.8	(12.6%)	3.3	3.1	(6.5%)
Maintenance capex, ex. IT spend (% revenue)	2.3%	2.6%	(0.4%)	2.4%	2.3%	0.1%
Maintenance capex, ex. IT spend (£k pa per bed)	3.3	3.7	(10.2%)	3.5	3.2	(9.0%)

(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

- Q2 2021 operating cash flow reduced by £0.5 million, or 5.7% to £8.2 million from £8.7 million for Q2 2020. The reduction is due to a £0.3 million increase in Maintenance Capex due to timing and £0.1 million reduction in EBITDA before Non-underlying items.
- YTD 2021 operating cash flow reduced by £2.1 million, or 12.1% to £15.3 million from £17.4 million for YTD 2020. The reduction is due to a £1.4 million increase in Maintenance Capex (£1.2 million is IT related and due to timing) and £0.7 million reduction in EBITDA before Non-underlying items.



Non-underlying items

- Q2 2021 non-underlying items reduced by £0.3 million to an inflow of £0.3 million from £0.0 million when compared with Q2 2020. The increase is primarily driven by cost reimbursement received regarding Covid-19 relating to prior periods.
- YTD 2021 non-underlying items increased by £0.8 million to £1.2 million from £0.4 million when compared with YTD 2020. The increase is primarily driven by additional costs incurred as a result of Covid-19.

Working capital

- Q2 2021 working capital reduced by £1.1 million to an inflow of £0.9 million from an outflow of £0.2 million for Q2 2020. Primarily due to improved cash collection resulting in a reduction in Trade Debtors.
- YTD 2021 working capital reduced by £7.8 million to an inflow of £6.7 million from an outflow of £1.1 million for YTD 2020. Primarily due to improved cash collection resulting in a reduction in Trade Debtors.

Interest

- Q2 2021 interest payable increased by £0.6 million to £0.9 million from £0.3 million when compared to Q2 2020.
- YTD 2021 interest payable increased by £0.3 million to £9.0 million from £8.7 million when compared to YTD 2020.

Taxation

- For Q2 2021 we paid £1.1 million in relation to corporation tax payments made on account (Q2 2020: £0.0 million).
- For YTD 2021 we paid £1.8 million in relation to corporation tax payments made on account (YTD 2020: £0.6million).

Free Cash Flow before Development Capex, Acquisitions and Financing

- Q2 2021 Free Cash Flow before Development Capex, Acquisitions and Financing reduced by £0.7 million to an inflow of £7.4 million from an inflow of £8.2 million in Q2 2020.
- YTD 2021 Free Cash Flow before Development Capex, Acquisitions and Financing increased by £3.4 million to an inflow of £10.0 million from an inflow of £6.6 million for YTD 2020.

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.

- Q2 2021 capital expenditure increased by £5.1 million to £5.3 million from £0.2 million for Q2 2020.



- YTD 2021 capital increased by £2.9 million to £5.5 million from £2.6 million for YTD 2020.

Acquisition

- For Q2 2021 there was £0.0 million outflow on acquisitions (Q2 2020: £1.8 million).
- For YTD 2021 there was £0.0 million outflow on acquisitions (YTD 2020: £2.8 million).

Proceeds from sale

- For Q2 2021 there was £1.8 million cash inflow. This is a reduction of £18.4 million compared to Q2 2020 which was £20.2 million due to the Supported Living Property Freehold Sale.
- For YTD 2021 there was £2.1 million cash inflow. This is a reduction of £18.2 million compared to YTD 2020 which was £20.3 million due to the Supported Living Property Freehold Sale.

Property and vehicle lease payments

- During Q2 2021 we made £1.3 million of lease payments under IFRS16 which is £0.4 million more than Q2 2020.
- YTD 2021 we made £2.4 million of lease payments under IFRS16 which is £0.5 million more than YTD 2020.

Net cash flow used in financing activities

- Q2 2021 net cash flow used in financing activities was £45.0 million outflow due to paying off the fully drawn RCF facility, compared to £22.7 million outflow for Q2 2020 which was also paying off the RCF facility.
- YTD 2021 net cash flow used in financing activities was a £45.0 million compared to £23.0 million outflow for Q2 2020 which was also paying off the RCF facility.



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	-	-	-	-
Total	0.00	0.0	250.0	250.0

(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	Sep-20	Sep-19	% Change
Non-Current Assets	412.5	408.2	1.0%
Current Assets			
Trade and Other Receivables, Prepayments	21.2	28.0	(24.3%)
Cash at bank and in hand	39.3	15.3	157.4%
Assets classified as held for sale	2.0	5.3	(61.9%)
Total Assets	475.0	456.8	(4.0%)
Non-current liabilities			
Loan Notes	263.6	262.4	(0.5%)
Tax Liabilities	10.2	10.5	2.8%
Accruals and Deferred Income	0.0	0.0	nm
Employee benefits	0.2	0.3	23.3%
Provisions for liabilities and charges	1.0	0.5	(100.2%)
Current Liabilities	60.6	52.7	(15.1%)
Equity	139.3	130.6	(6.7%)
Total Equity and Liabilities	475.0	456.8	(4.0%)

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

(2) Loan notes include unamortised issue costs of £4.5 million (September 2019: £6.0 million).



Key Business Divisions

£ million	Revenue			Revenue		
	Q2	Q2	%	YTD	YTD	%
	2021	2020	Change	2021	2020	Change
Registered	43.7	43.5	0.5%	87.2	86.3	1.0%
Community Based Care	24.3	23.5	3.4%	46.9	45.8	2.4%
Total	68.0	67.0	1.5%	134.0	132.1	1.5%

£ million	EBITDA			EBITDA		
	Q2	Q2	%	YTD	YTD	%
	2021	2020	Change	2021	2020	Change
Registered	8.4	8.5	(1.2%)	16.4	16.3	0.6%
Community Based Care	2.6	2.7	(3.7%)	4.5	5.3	(15.6%)
Total	11.1	11.2	(0.9%)	20.9	21.6	(3.2%)

<i>Other financial metrics</i>	Q2	Q2	Change	YTD	YTD	Change
	2021	2020		2021	2020	
Average Registered occupancy	1,878	1,928	(50)	1,886	1,928	(42)
Average Registered occupancy %	93.4%	94.4%	(1.0%)	93.8%	94.4%	(0.6%)
Average Direct Weekly Community Based hours	99,000	94,000	5,000	97,300	96,100	1,200
Closing Registered occupancy	1,872	1,928	(56)	1,872	1,928	(56)
Closing Registered occupancy %	93.1%	94.5%	(1.4%)	93.1%	93.0%	0.1%
Closing Direct Weekly Community Based hours	100,100	94,200	5,900	100,100	98,200	1,900



Property Analysis

At the 30 September 2020 the number of freehold properties held was 263, a reduction of 4 properties as at 30 September 2019. The net book value of the freehold properties was £314.2 million.

We have increased our provision of properties supporting the Community division by 26, with capacity increasing by 95 since 30 September 2019.

In our Registered care division at 30th September 2020, freehold properties made up 89.6% of capacity whereas in Community based care, freehold properties made up 5.9% 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 September 2020	Registered		Community		Daycare	DCA	Total	
	#	Capacity	#	Capacity	#	#	#	Capacity
Freehold	231	1,802	21	74	5	6	263	1,876
Leasehold/Rental ⁽¹⁾	31	209	3	10	8	31	73	219
3rd Party Owned ⁽²⁾	0	0	303	1,173	1	4	308	1,173
Totals	262	2,011	327	1,257	14	41	644	3,268
Freehold NBV (£m) ⁽³⁾	306.0		6.2		2.0		314.2	

30 September 2019	Registered		Community		Daycare	DCA	Total	
	#	Capacity	#	Capacity	#	#	#	Capacity
Freehold	229	1,785	21	88	4	5	259	1,873
Leasehold/Rental ⁽¹⁾	37	255	3	20	9	32	81	275
3rd Party Owned ⁽²⁾	0	0	277	1,054	0	4	281	1,054
Totals	266	2,040	301	1,162	13	41	621	3,202

Movement	Registered		Community		Daycare	DCA	Total	
	#	Capacity	#	Capacity	#	#	#	Capacity
Freehold	2	17	0	(14)	1	1	4	3
Leasehold/Rental ⁽¹⁾	(6)	(46)	0	(10)	(1)	(1)	(8)	(56)
3rd Party Owned ⁽²⁾	0	0	26	119	1	0	27	119
Totals	(4)	(29)	26	95	1	0	23	66

⁽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.

Voyage BidCo Limited

Condensed Consolidated Financial Statements (unaudited)

For the 3 and 6 month period ended 30 September 2020

Registered Number: 05752534



Voyage BidCo Limited
Condensed Consolidated Financial Statements (unaudited) continued
For the 3 and 6 month period ended 30 September 2020



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Voyage BidCo Limited
Condensed Consolidated Statement of Profit and Loss (unaudited)
For the 3 and 6 month period ended 30 September 2020



	Notes	3 months ended 30 September 2020			3 months ended 30 September 2019		
		Underlying £000	Non- underlying items (2) £000	Total £000	Underlying £000	Non- underlying items (2) £000	Total £000
Continuing operations							
Revenue		68,033	-	68,033	67,042	-	67,042
Operating expenses	5	(61,514)	809	(60,705)	(64,953)	(1,480)	(66,433)
Adjusted EBITDA (1)		11,072	329	11,401	11,193	(46)	11,147
Depreciation and impairment of property, plant and equipment		(3,494)	(301)	(3,795)	(3,392)	(1,434)	(4,826)
Loss on disposal of assets		(432)	-	(432)	(5,136)	-	(5,136)
Profit on termination of lease obligation		-	781	781	-	-	-
Amortisation of intangible assets		(627)	-	(627)	(576)	-	(576)
Operating profit		6,519	809	7,328	2,089	(1,480)	609
Finance income	6	84	-	84	44	-	44
Finance expense	7	(5,112)	-	(5,112)	(4,885)	-	(4,885)
Profit / (loss) before taxation		1,491	809	2,300	(2,752)	(1,480)	(4,232)
Taxation	8	362	-	362	(85)	-	(85)
Profit / (loss) for the period from continuing operations		1,853	809	2,662	(2,837)	(1,480)	(4,317)
Profit / (loss) attributable to equity holders of the parent		1,853	809	2,662	(2,837)	(1,480)	(4,317)

(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.



	Notes	6 months ended 30 September 2020			6 months ended 30 September 2019		
		Underlying £000	Non- underlying items (2) £000	Total £000	Underlying £000	Non- underlying items (2) £000	Total £000
Continuing operations							
Revenue		134,048	-	134,048	132,095	-	132,095
Operating expenses	5	(121,752)	(701)	(122,453)	(123,679)	(780)	(124,459)
Adjusted EBITDA (1)		20,920	(1,181)	19,739	21,625	(414)	21,211
Depreciation and impairment of property, plant and equipment		(6,854)	(301)	(7,155)	(6,933)	(1,571)	(8,504)
Loss on disposal of assets		(490)	-	(490)	(5,094)	-	(5,094)
Profit on termination of lease obligation		-	781	781	-	1,205	1,205
Amortisation of intangible assets		(1,280)	-	(1,280)	(1,182)	-	(1,182)
Operating profit		12,296	(701)	11,595	8,416	(780)	7,636
Finance income	6	100	-	100	55	-	55
Finance expense	7	(10,248)	-	(10,248)	(9,818)	-	(9,818)
Profit / (loss) before taxation		2,148	(701)	1,447	(1,347)	(780)	(2,127)
Taxation	8	(330)	-	(330)	(686)	-	(686)
Profit / (loss) for the period from continuing operations		1,818	(701)	1,117	(2,033)	(780)	(2,813)
Profit / (loss) attributable to equity holders of the parent		1,818	(701)	1,117	(2,033)	(780)	(2,813)

(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.

Voyage BidCo Limited
Condensed Consolidated Statement of Other Comprehensive Income (unaudited)
For the 3 and 6 month period ended 30 September 2020



	3 months ended 30 September 2020 £000	3 months ended 30 September 2019 £000
Profit / (loss) for the period	2,662	(4,317)
<i>Items that will not be reclassified to profit and loss</i>		
Remeasurements of the defined benefit liability	-	-
Total comprehensive income / (expense) attributable to equity holders of the parent for the financial period	2,662	(4,317)
	6 months ended 30 September 2020 £000	6 months ended 30 September 2019 £000
Profit / (loss) for the period	1,117	(2,813)
<i>Items that will not be reclassified to profit and loss</i>		
Remeasurements of the defined benefit liability	-	-
Total comprehensive income / (expense) attributable to equity holders of the parent for the financial period	1,117	(2,813)

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



	Notes	30 September 2020		30 September 2019		31 March 2020	
		£000	£000	£000	£000	£000	£000
<i>Non-current assets</i>							
Goodwill	9	46,581		47,505		46,581	
Intangible assets	10	4,997		5,311		5,718	
Property, plant and equipment	11	360,900		355,429		358,771	
			412,478		408,245		411,070
<i>Current assets</i>							
Trade and other receivables		20,934		27,979		27,053	
Corporation tax receivable		255		-		-	
Cash and cash equivalents		39,260		15,255		80,139	
		60,449		43,234		107,192	
Assets classified as held for sale	12	2,036		5,347		1,038	
			62,485		48,581		108,230
Total assets			474,963		456,826		519,300
<i>Current liabilities</i>							
Loans and borrowings	13	3,666		2,401		48,892	
Trade and other payables		33,078		28,117		30,626	
Accruals and deferred income		23,618		21,084		24,136	
Corporation tax payable		-		124		503	
Provisions	14	267		548		267	
Other financial liabilities		-		400		-	
			60,629		52,674		104,424
<i>Non-current liabilities</i>							
Loans and borrowings	13	263,623		262,354		264,536	
Tax liabilities		10,177		10,475		10,942	
Provisions	14	981		490		962	
Employee benefits		217		283		217	
			274,998		273,602		276,657
Total liabilities			335,627		326,276		381,081
Net assets			139,336		130,550		138,219

Voyage BidCo Limited**Condensed Consolidated Statement of Financial Position (unaudited) - continued****At 30 September 2020**

	Notes	30 September 2020		30 September 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		(113,536)		(122,322)		(114,653)	
Total equity attributable to equity holders of the parent		<u>139,336</u>		<u>130,550</u>		<u>138,219</u>	

Company registered no. 05752534

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



Group	Issued share capital £000	Share premium £000	Retained earnings £000	Total parent equity £000
At 1 July 2020	-	252,872	(116,198)	136,674
<i>Total comprehensive income for the period</i>				
Profit for the period	-	-	2,662	2,662
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	2,662	2,662
At 30 September 2020	-	252,872	(113,536)	139,336

For the 3 month period ended 30 September 2019

Group	Issued share capital £000	Share premium £000	Retained earnings £000	Total parent equity £000
At 1 July 2019	-	252,872	(118,005)	134,867
<i>Total comprehensive income for the period</i>				
Loss for the period	-	-	(4,317)	(4,317)
Other comprehensive income	-	-	-	-
Total comprehensive expense for the period	-	-	(4,317)	(4,317)
At 30 September 2019	-	252,872	(122,322)	130,550

Voyage BidCo Limited

Condensed Consolidated Statement of Changes in Equity (unaudited) - continued
For the 6 month period ended 30 September 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>				
Profit for the period	-	-	1,117	1,117
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	1,117	1,117
At 30 September 2020	-	252,872	(113,536)	139,336

For the 6 month period ended 30 September 2019

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>				
Loss for the period	-	-	(2,813)	(2,813)
Other comprehensive income	-	-	-	-
Total comprehensive expense for the period	-	-	(2,813)	(2,813)
At 30 September 2019	-	252,872	(122,322)	130,550

Voyage BidCo Limited
Condensed Consolidated Statement of Cash Flow (unaudited)
For the 3 and 6 month period ended 30 September 2020



	3 months ended 30 September 2020 £000	3 months ended 30 September 2019 £000	6 months ended 30 September 2020 £000	6 months ended 30 September 2019 £000
Cash flows from operating activities				
Profit / (loss) for the period	2,662	(4,317)	1,117	(2,813)
Adjustments for:				
Depreciation and impairment of property, plant and equipment	3,795	4,826	7,155	8,504
Loss on disposal of non-current assets	432	5,136	490	5,094
Profit on termination of lease obligation	(781)	-	(781)	(1,205)
Amortisation of intangible assets	627	576	1,280	1,182
Finance income	(84)	(44)	(100)	(55)
Finance expense	5,112	4,885	10,248	9,818
Taxation	(362)	85	330	686
Movements in working capital:				
Decrease / (increase) in trade and other receivables	2,648	(1,938)	4,650	(1,357)
(Decrease) / increase in trade and other payables	(28)	1,484	2,452	(1,340)
(Decrease) / increase in accruals and deferred income	(1,756)	(192)	(368)	1,222
Increase in provisions, employee benefits and other financial liabilities	-	400	-	400
<i>Cash generated from operating activities</i>	12,265	10,901	26,473	20,136
Interest paid	(966)	(290)	(9,131)	(8,698)
Tax paid	(1,132)	-	(1,805)	(575)
Net cash generated from operating activities	10,167	10,611	15,537	10,863

Voyage BidCo Limited

Condensed Consolidated Statement of Cash Flow (unaudited) - continued

For the 3 and 6 month period ended 30 September 2020



	3 months ended 30 September 2020 £000	3 months ended 30 September 2019 £000	6 months ended 30 September 2020 £000	6 months ended 30 September 2019 £000
Cash flows from investing activities				
Interest received	93	21	97	32
Payments to acquire property, plant and equipment	(8,095)	(2,472)	(10,691)	(6,661)
Payments to acquire intangible assets	(14)	(205)	(559)	(226)
Proceeds from sales of property, plant and equipment	1,785	20,214	2,127	20,317
Net cash outflow on acquisition of subsidiaries	-	(1,840)	-	(2,814)
Net cash (used in) / generated from investing activities	(6,231)	15,718	(9,026)	10,648
Cash flows from financing activities				
Repayment of loans and borrowings	(45,000)	(22,700)	(45,000)	(23,000)
Property and vehicle lease payments	(1,255)	(878)	(2,390)	(1,942)
Net cash used in financing activities	(46,255)	(23,578)	(47,390)	(24,942)
Net (decrease) / increase in cash and cash equivalents in the period	(42,319)	2,751	(40,879)	(3,431)
Cash and cash equivalents at the beginning of the period	81,579	12,504	80,139	18,686
Cash and cash equivalents at the end of the period	39,260	15,255	39,260	15,255



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 and 6 month period ended 30 September 2020, together with comparative period data for the 3 and 6 month period ended 30 September 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, was undrawn at 30 September 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 forecast 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

For the 3 month period ended 30 September 2020	<i>Segment results</i>		
	Registered	Community Based Care	Group
	£000	£000	£000
Revenue	43,721	24,312	68,033
Adjusted EBITDA (before non-underlying items)	8,439	2,633	11,072
Non-underlying items			329
Adjusted EBITDA (after non-underlying items)			11,401
Depreciation of property, plant and equipment			(3,795)
Loss on disposal of assets			(432)
Profit on termination of lease obligation			781
Amortisation of intangible assets			(627)
Net finance expense			(5,028)
Taxation			362
Profit for the period			2,662

For the 3 month period ended 30 September 2019	<i>Segment results</i>		
	Registered	Community Based Care	Group
	£000	£000	£000
Revenue	43,493	23,549	67,042
Adjusted EBITDA (before non-underlying items)	8,511	2,682	11,193
Non-underlying items			(46)
Adjusted EBITDA (after non-underlying items)			11,147
Depreciation and impairment of property, plant and equipment			(4,826)
Loss on disposal of assets			(5,136)
Amortisation of intangible assets			(576)
Net finance expense			(4,841)
Taxation			(85)
Loss for the period			(4,317)



3 Operating segments - continued

For the 6 month period ended 30 September 2020	<i>Segment results</i>		
	Registered	Community Based Care	Group
	£000	£000	£000
Revenue	87,150	46,898	134,048
Adjusted EBITDA (before non-underlying items)	16,425	4,495	20,920
Non-underlying items			(1,181)
Adjusted EBITDA (after non-underlying items)			19,739
Depreciation of property, plant and equipment			(7,155)
Loss on disposal of assets			(490)
Profit on termination of lease obligation			781
Amortisation of intangible assets			(1,280)
Net finance expense			(10,148)
Taxation			(330)
Profit for the period			1,117

For the 6 month period ended 30 September 2019	<i>Segment results</i>		
	Registered	Community Based Care	Group
	£000	£000	£000
Revenue	86,276	45,819	132,095
Adjusted EBITDA (before non-underlying items)	16,302	5,323	21,625
Non-underlying items			(414)
Adjusted EBITDA (after non-underlying items)			21,211
Depreciation and impairment of property, plant and equipment			(8,504)
Loss on disposal of assets			(5,094)
Profit on termination of lease obligation			1,205
Amortisation of intangible assets			(1,182)
Net finance expense			(9,763)
Taxation			(686)
Loss for the period			(2,813)



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 September 2020 £000	3 months ended 30 September 2019 £000	6 months ended 30 September 2020 £000	6 months ended 30 September 2019 £000
<i>Non-underlying items:</i>	Note				
Restructuring costs	a	231	-	231	206
Impairment of property, plant and equipment	b	301	1,434	301	1,571
Project costs	c	55	110	85	272
Purchase of long-term lease	d	(781)	-	(781)	(1,205)
COVID-19 related expenditure	e	1,347	-	4,515	-
COVID-19 related reimbursements	f	(2,343)	-	(4,262)	-
Consultancy fees	g	381	-	612	-
Acquisition costs	h	-	66	-	66
Day care income	i	-	(130)	-	(130)
		<u>(809)</u>	<u>1,480</u>	<u>701</u>	<u>780</u>

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

(a) Restructuring costs

For the 3 and 6 month period ended 30 September 2020, the Group incurred remuneration costs of £231,000 in relation to restructuring its workforce (3 and 6 month period ended 30 September 2019: £nil and £206,000, respectively).

(b) Impairment of property, plant and equipment

For the 3 and 6 month period ended 30 September 2020, the Group recognised an impairment charge due to the carrying amount of an asset exceeding its recoverable amount. As a result an impairment charge of £301,000 was incurred (3 and 6 month period ended 30 September 2019: £1,434,000 and £1,571,000, respectively).



4 Non-underlying items - continued

(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 and 6 month period ended 30 September 2020 fees of £55,000 and £85,000, respectively, were incurred (6 month period ended 30 September 2019: £110,000 and £272,000, respectively).

(d) *Purchase of long-term lease*

For the 3 and 6 month period ended 30 September 2020, the Group acquired the freehold of a leasehold property and a profit of £781,000 was generated due to the carrying value of the lease liability exceeding the right of use asset (3 and 6 month period ended 30 September 2019: £nil and £1,205,000, respectively).

(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 and 6 month period ended 30 September 2020, costs totalled £1,347,000 and £4,515,000, respectively (3 and 6 month period ended 30 September 2019: £nil).

(f) *COVID-19 related reimbursements*

The Group was reimbursed for costs in relation to the impact of the global pandemic caused by the COVID-19 outbreak. For the 3 and 6 month period ended 30 September 2020, reimbursements from customers, totalled £2,343,000 and £4,262,000, respectively (3 and 6 month period ended 30 September 2019: £nil).

(g) *Consultancy fees*

For the 3 and 6 month period ended 30 September 2020, the Group incurred costs of £381,000 and £612,000, respectively, in relation to professional advice and consultancy services relating to a one off project to improve procurement capabilities and reduce operating costs (3 and 6 month period ended 30 September 2019: £nil).

(h) *Acquisition costs*

For the 3 and 6 month period ended 30 September 2019, the Group had acquisition costs in relation to the acquisition of Fox Elms Community Care Limited of £66,000 (3 and 6 month period ended 30 September 2020: £nil).

(i) *Day care income*

For the 3 and 6 month period ended 30 September 2019, the Group was in receipt of funds in relation to backdated VAT on its Day Care business of £130,000 (3 and 6 month period ended 30 September 2020: £nil).



5	Operating profit before taxation	3 months ended 30 September 2020 £000	3 months ended 30 September 2019 £000	6 months ended 30 September 2020 £000	6 months ended 30 September 2019 £000
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Operating profit before taxation is stated after charging / (crediting):

Continuing operations

Direct expenses and consumables	1,440	1,967	4,585	3,868
Staff costs:				
Wages and salaries	44,801	42,647	89,130	84,605
Social security costs	3,271	2,836	6,342	5,543
Other pension costs	878	789	1,717	1,578
Operating lease rentals:				
Other lease rentals	148	241	271	441
Plant and machinery	67	78	170	161
Depreciation	3,494	3,392	6,854	6,933
Impairment of property, plant and equipment	301	1,434	301	1,571
Loss on disposal of assets	432	5,136	490	5,094
Profit on termination of lease obligation	(781)	-	(781)	(1,205)
Amortisation of intangible assets	627	576	1,280	1,182
Other external charges	6,027	7,467	12,094	14,818
Receipts in respect of VAT on the Group's day care activities	-	(130)	-	(130)
	60,705	66,433	122,453	124,459



6 Finance income

	3 months ended 30 September 2020 £000	3 months ended 30 September 2019 £000	6 months ended 30 September 2020 £000	6 months ended 30 September 2019 £000
<i>Continuing operations</i>				
Bank interest receivable	84	44	100	55

7 Finance expense

	3 months ended 30 September 2020 £000	3 months ended 30 September 2019 £000	6 months ended 30 September 2020 £000	6 months ended 30 September 2019 £000
<i>Continuing operations</i>				
Bank interest including RCF non-utilisation fees	423	276	876	555
Loan notes interest	4,418	4,399	8,836	8,791
Unwinding of lease liabilities	196	185	403	391
Other finance costs	75	25	133	81
	<u>5,112</u>	<u>4,885</u>	<u>10,248</u>	<u>9,818</u>

Loan notes interest comprises loan notes interest of £4,033,000 and £8,066,000 for the 3 and 6 month period ended 30 September 2020, respectively (£3,959,000 and £7,992,000 for the 3 and 6 month period ended 30 September 2019, respectively) and amortisation of issue costs and original issue discount of £385,000 and £770,000 for the 3 and 6 month period ended 30 September 2020, respectively (£440,000 and £799,000 for the 3 and 6 month period ended 30 September 2019, respectively).

8 Taxation

The Group's underlying consolidated effective tax rate in respect of continuing operations for the 3 and 6 month period ended 30 September 2020 is (24.3)% and 15.4%, respectively (3 and 6 month period ended 30 September 2019: (3.0)% and (49.2)%, respectively).

The Group's consolidated total effective tax rate in respect of continuing operations for the 3 and 6 month period ended 30 September 2020 is (15.7)% and 22.8%, respectively (3 and 6 month period ended 30 September 2019: (2.0)% and (32.3)%, respectively).

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 September 2020 £000	30 September 2019 £000	31 March 2020 £000
Cost			
Opening cost	55,137	54,008	54,008
Acquisitions	-	2,053	1,129
Closing cost	<u>55,137</u>	<u>56,061</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>47,505</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 September 2020 £000	30 September 2019 £000	31 March 2020 £000
Cost			
Opening cost	14,466	13,193	13,193
Acquisitions	-	-	1,341
Additions	559	247	520
Disposals	-	-	(588)
Closing cost	<u>15,025</u>	<u>13,440</u>	<u>14,466</u>
Amortisation			
Opening amortisation	8,748	6,947	6,947
Provided during the period	1,280	1,182	2,371
On disposals	-	-	(570)
Closing amortisation	<u>10,028</u>	<u>8,129</u>	<u>8,748</u>
Net book value			
Closing net book value	<u>4,997</u>	<u>5,311</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 September 2020 £000	30 September 2019 £000	31 March 2020 £000
Cost			
Opening cost	486,906	514,305	514,305
Acquisitions	-	20	20
Additions	10,844	7,880	19,187
Assets classified as held for sale	(1,654)	(5,838)	(5,945)
Disposals	(1,862)	(34,325)	(40,661)
Closing cost	<u>494,234</u>	<u>482,042</u>	<u>486,906</u>
Depreciation			
Opening depreciation	128,135	130,346	130,346
Charge for the period	6,854	7,070	13,696
Impairment	301	1,434	2,180
Assets classified as held for sale	(656)	(2,508)	(2,885)
Disposals	(1,300)	(9,729)	(15,202)
Closing depreciation	<u>133,334</u>	<u>126,613</u>	<u>128,135</u>
Net book value			
Closing net book value	<u>360,900</u>	<u>355,429</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 September 2020, the assets classified as held for sale are £2,036,000 (30 September 2019: £5,347,000 and 31 March 2020: £1,038,000).

13 Loans and borrowings

	30 September 2020 £000	30 September 2019 £000	31 March 2020 £000
Bank loans	-	-	45,000
Loan notes	245,519	244,030	244,748
Lease liabilities	21,770	20,725	23,680
	<u>267,289</u>	<u>264,755</u>	<u>313,428</u>

Loan notes include unamortised issue costs and original issue discount of £4,481,000 (30 September 2019: £5,970,000 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 £245,519,000 (30 September 2019: £244,030,000 and 31 March 2020: £244,748,000).



13 Loans and borrowings - continued

As at 30 September 2020 there was accrued interest of £6,721,000 (30 September 2019: £6,721,000 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 September 2020 £000	30 September 2019 £000	31 March 2020 £000
In one year or less	3,666	2,401	48,892
Between one and five years	254,514	251,848	254,596
After five years	9,109	10,506	9,940
	<u>267,289</u>	<u>264,755</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	-	LIBOR + 3.25%	Feb-23
Non utilised	GBP	45,000	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 September 2020					
<i>Financial assets measured at fair value</i>					
Trade and other receivables	-	18,765	-	18,765	18,765
Cash and cash equivalents	-	39,260	-	39,260	39,260
	-	58,025	-	58,025	58,025
<i>Financial liabilities not measured at fair value</i>					
Senior Secured Loan Notes	-	-	211,234	211,234	205,815
Second Lien Loan Notes	-	-	34,285	34,285	31,150
Trade and other payables	-	-	33,078	33,078	33,078
Lease liabilities	-	-	21,770	21,770	21,770
	-	-	300,367	300,367	291,813
At 30 September 2019					
<i>Financial assets measured at fair value</i>					
Trade and other receivables	-	26,538	-	26,538	26,538
Cash and cash equivalents	-	15,255	-	15,255	15,255
	-	41,793	-	41,793	41,793
<i>Financial liabilities measured at fair value</i>					
Deferred consideration	400	-	-	400	400
<i>Financial liabilities not measured at fair value</i>					
Senior Secured Loan Notes	-	-	205,824	205,824	212,158
Second Lien Loan Notes	-	-	38,206	38,206	32,200
Trade and other payables	-	-	28,117	28,117	28,117
Lease liabilities	-	-	20,725	20,725	20,725
	400	-	292,872	293,272	293,600



15 Financial instruments - continued

	Carrying amount				Fair value
	Financial Liabilities at FV	Loans and receivables	Other financial assets	Total	Total
	£000	£000	£000	£000	£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

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

	Level 1	Level 2	Level 3	Total
	£000	£000	£000	£000
At 30 September 2020				
Deferred consideration	-	-	-	-
At 30 September 2019				
Deferred consideration	-	-	400	400
At 31 March 2020				
Deferred consideration	-	-	-	-



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.

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 was heard in February 2020 and we still await the judgement.

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.

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

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