Voyage BidCo Limited

Results for the three and nine months ended 31 December 2015

Voyage Care BondCo PLC

£222,000,000 6.5% Senior Secured Notes due 2018

£50,000,000 11% Second Lien Notes due 2019

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Voyage Care BondCo PLC is a public limited company incorporated under the laws of England and Wales and is a direct wholly owned subsidiary of Voyage BidCo Limited and an indirect wholly owned subsidiary of Voyage Care HoldCo Limited (previously Voyage Holdings Limited). In this quarterly report, ''Issuer'' refers only to Voyage Care BondCo PLC. In this quarterly 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 (unaudited) for the three months ended 31 December:

£ million	Q3 2016	Q3 2015	YTD 2016	YTD 2015
Turnover	50.9	51.3	153.8	152.0
EBITDA (before non-underlying items)	10.2	10.5	31.3	32.9
Operating profit	6.2	7.9	21.9	24.2
Profit for the period	0.1	1.9	3.5	6.6
Operating cash flow	8.5	9.1	26.2	26.7

Commentary on results

Operating performance in line with expectations, the key highlights of which are:

Performance during Q3 2016 vs. Q3 2015

- Turnover decreased 0.8% to £50.9 million primary due to the strategic closure of certain services and a reduction in Outreach hours, partially offset by the acquisition of Redcliffe
- Like-for-like turnover decreased by 0.3 million to £48.5 million
- EBITDA before non-underlying items decreased 2.9% to £10.2 million due mainly to increases in agency costs
- CQC quality scores remain very high with 90.5% of services achieving a Good or Outstanding score compared to the care home sector average of 70.9%
- Occupancy at 89.5% (1.0% point reduction from Q3 2015)

Recent developments

- National Minimum Wage increased to £6.70 per hour on 1 October 2015 and the National Living Wage comes into effect at £7.20 per hour on 1 April 2016
- The Spending Review on 25 November 2015. Councils now have the ability to raise ring-fenced adult social care funding by applying a 2% precept to council tax bills
- Furthermore the Better Care Fund will be available from 2017 as an attempt to better integrate CCG and social care funded commissioning

Other changes

- IFRS was adopted in Q1 2016. The comparatives for Q1 2015 & YTD 2015 have been restated accordingly. There are no material differences between IFRS and UK GAAP at EBITDA level

Company Overview

We are the leading provider of care services for adults with learning disabilities and other related complex and challenging support needs across the UK, measured in terms of beds. 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 2,963 people as at 31 December 2015, comprising 2,445 through our residential segment and a further 518 supported through our outreach business.

- The typical person we support in our residential services is between the ages of 18 and 65, and we provide at least two support staff members for every three individuals. This level of support is reflected in our residential average weekly fee of £1,478 per person for the twelve months ended 31 December 2015.

- 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 remains high, with 90.5% of services achieving a rating of Good or Outstanding following inspection against the new requirements introduced in October 2014

- With approximately 8,600 staff, we strive to meet each individual's requirements 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 aligned into two divisions based on the type of setting in which care is provided, a registered environment where the home is directly registered with CQC and Supported Living (including Outreach) where the domiciliary care office is registered with the CQC. Our business divisions complement the regulatory and delivery models of our services. Our divisions are as follows:

- ***Registered***

  We provide care to individuals in our 282 registered homes as at 31 December 2015. We hold the freehold interest in 243 of our registered homes and 2 of our registered homes are held on a long leasehold basis (each with a lease period of over 35 years remaining), collectively representing 89.7% of our registered homes by number of beds. At 31 December 2015 we had 2,107 beds in our registered properties.

- ***Supported Living (including Outreach)***

  Communal Supported Living: We provide care to individuals living in communal accommodation generally provided by registered social landlords that are registered with the Homes and Communities Agency, housing associations or private landlords. At 31 December 2015, we provided services in 181 Communal Supported Living locations with 625 beds.

  Together, our Registered and Communal Supported Living divisions are known as "residential services". We have a strong focus on providing high quality services in a manner that replicates a domestic dwelling as closely as possible. Our residential services have a combined 2,732 beds, with an average of 6 beds per residential service, providing a personal environment compared to larger facilities operated by some of our competitors.

  Outreach: We also care for individuals in their own homes, helping them to more independently manage their individual support needs. At 31 December 2015, the outreach division delivered approximately 14,900 hours of care per week, providing bespoke services to approximately 518 individuals, with support averaging approximately 29 hours per week per person.

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 months ended 31 December 2015 ("Q3 2016") and 31 December 2014 ("Q3 2015"), and nine months ended 31 December 2015 ("YTD 2016") and nine months ended 31 December 2014 ("YTD 2015") prepared in accordance with IFRS, and accompanying notes.

Other financial measures

In this Quarterly Report, we may present certain non-IFRS measures, including cash conversion, EBITDA, EBITDA before non-underlying items, EBITDA margin, EBITDAR, EBITDAR margin, EBITDAR before non-underlying items, Unit EBITDA before non-underlying items (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 before non-underlying items less maintenance capital expenditure divided by EBITDA before non-underlying items.
- ''EBITDA'' means earnings before interest, tax, depreciation (including losses and profits on disposal of fixed assets) and amortisation.
- ''EBITDA before non-underlying items'' means EBITDA as adjusted to remove the effects of certain non-underlying charges.
- ''EBITDA margin'' means EBITDA divided by turnover.
- ''EBITDAR'' means EBITDA before rent expense.
- ''EBITDAR margin'' means EBITDA before rent expense divided by turnover.
- ''EBITDAR before non-underlying items'' means EBITDA before non-underlying items, before rent expense.
- ''Unit EBITDA before non-underlying items'' means EBITDA before non-underlying items, before overhead expenses, which we believe is a useful indicator of EBITDA on a divisional basis.

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. We believe that EBITDA before non-underlying items, EBITDAR before non-underlying items and Unit EBITDA before non-underlying items are relevant measures for assessing our performance because they are adjusted for certain items which, we believe, are not indicative of our underlying operating performance, and thus aid in an understanding of EBITDA and EBITDAR, respectively.

The Non-IFRS Metrics in this report are used by different companies for differing purposes and are often calculated in ways that reflect the particular circumstances of those companies. You should exercise caution in comparing the Non-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 you should not consider those measures as an alternative to net income or operating profit determined in accordance with IFRS, as the case may be. The Non-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 you should not consider them in isolation.

Other data

Available beds

Our results of operations are impacted by the number of beds at certain locations as bed capacity determines the maximum number of people that can be cared for in our registered and communal supported living divisions at any given time. Numbers of beds is presented in this report as at the end of the relevant period unless otherwise stated.

Outreach placements

Outreach placements are presented in this report as at the end of the relevant period unless otherwise stated.

Occupancy

Occupancy presented in this report represents the total number of beds occupied as at the end of the relevant period unless otherwise stated.

Occupancy rates

Occupancy rates presented in this report represent the percentage of the total number of beds occupied 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 in this report refer to average weekly fees in a given period (excluding the effect of provisions made and provisions released in the relevant 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 of operations

Key factors affecting our results of operations

Turnover

Our turnover is primarily driven by the number of beds occupied at any given time, together with the fee rates charged for occupancy of such beds.

Available beds and Outreach placements

Changes in the number of our available beds and Outreach placements can have a significant effect on our results of operations because our capacity determines the maximum number of individuals that we can provide care to in our Residential and Outreach divisions at any given time.

The average available beds and Outreach placements for the given periods are stated below:

	Q3 2016	Q3 2015	YTD 2016	YTD 2015	FYE Mar 2015
Registered	2,118	2,137	2,126	2,144	2,146
Communal Supported Living	611	510	583	467	480
Residential	**2,729**	**2,646**	**2,709**	**2,611**	**2,626**
Outreach placements	534	753	586	730	725
Total	**3,262**	**3,400**	**3,296**	**3,342**	**3,351**

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 and our ability to deregister a registered care home and operate it as a communal supported living service to meet demand. 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:

	Q3 2016	Q3 2015	YTD 2016	YTD 2015	FYE Mar 2015
Registered	89.7%	90.6%	89.8%	90.6%	90.4%
Communal Supported Living	88.8%	90.1%	89.8%	89.9%	90.7%
Residential	**89.5%**	**90.5%**	**89.8%**	**90.5%**	**90.5%**

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 residential placements and the average hourly rate for Outreach placements for the LTM are stated below:

		LTM Dec		FYE
		2015	2014	2015
Registered	£wk	1,551	1,532	1,537
Communal Supported Living	£wk	1,204	1,241	1,227
Residential	**£wk**	**1,478**	**1,482**	**1,480**
Outreach	£hr	15.32	14.84	14.90

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 and unit managers and divisional heads and overhead staff costs comprising our head office support functions. Our staff costs are affected by:

- our discretionary pay awards, which are periodic salary increases for all of our employees
- increases in the national minimum wage (effective October each year) and national living wage (effective April each year)
- increases in wage rates for staff in other service industries
- legislation governing employee pensions, in particular legislation governing the automatic enrolment of employees into a workplace pension, also impacts on our staff costs as we are required to contribute to pension schemes for qualifying employees

		Q3 2016	Q3 2015	YTD 2016	YTD 2015	FYE Mar 2015
Staff Costs *	£m	32.0	31.7	95.8	93.3	124.3
% Turnover		62.9%	61.8%	62.3%	61.4%	61.2%
% Operating costs **		78.6%	77.7%	78.3%	78.3%	78.1%

		Q3 2016	Q3 2015	YTD 2016	YTD 2015	FYE Mar 2015
Staff Costs (excluding overheads) *	£m	29.1	29.2	87.7	85.8	114.0
% Turnover		57.2%	56.9%	57.0%	56.4%	56.2%
% Operating costs **		71.5%	71.6%	71.7%	72.0%	71.6%

* *Staff costs exclude agency costs and are stated before non-underlying items*
** *Excludes non-underlying items, depreciation, impairment of fixed assets, profit/(loss) on disposals of fixed assets, and goodwill amortisation*

Other operating costs

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

Consolidated Profit & loss Account

£ million *	Q3 2016	Q3 2015	% Change	YTD 2016	YTD 2015	% Change	FYE Mar 2015
Turnover	**50.9**	**51.3**	**(0.8%)**	**153.8**	**152.0**	**1.2%**	**203.0**
Staff costs	(32.0)	(31.7)	(0.9%)	(95.8)	(93.3)	(2.7%)	(124.3)
Direct expenses & consumables	(1.9)	(2.1)	9.5%	(5.8)	(5.9)	1.7%	(7.9)
Property lease rentals	(0.8)	(0.8)	(0.0%)	(2.5)	(2.6)	3.8%	(3.6)
Other lease rentals	(0.5)	(0.6)	16.7%	(1.5)	(1.9)	21.1%	(2.5)
Other external charges	(5.5)	(5.6)	1.8%	(16.9)	(15.6)	(8.3%)	(20.9)
EBITDA before non-underlying items	**10.2**	**10.5**	**(2.9%)**	**31.3**	**32.9**	**(4.9%)**	**43.8**
Non-underlying items	(0.2)	(0.1)	(100.0%)	(0.5)	(2.3)	78.3%	(4.0)
EBITDA	10.0	10.4	(3.8%)	30.8	30.6	0.7%	39.8
Depreciation & impairment of fixed assets	(3.8)	(2.1)	(81.0%)	(8.4)	(5.9)	(42.4%)	(10.7)
Profit on disposal of fixed assets	0.2	(0.1)	nm	0.2	0.1	nm	0.0
Amortisation of intangible assets	(0.2)	(0.3)	33.3%	(0.8)	(0.6)	(33.3%)	(0.8)
Operating profit	**6.2**	**7.9**	**(21.5%)**	**21.9**	**24.2**	**(9.5%)**	**28.3**
Finance income	0.0	(0.0)	nm	0.1	0.0	nm	0.0
Finance expense	(5.9)	(5.9)	(0.0%)	(17.7)	(17.4)	(1.7%)	(23.7)
Profit before taxation	**0.3**	**2.1**	**(85.7%)**	**4.2**	**6.8**	**(38.2%)**	**4.6**
Taxation	(0.2)	(0.1)	(100.0%)	(0.7)	(0.2)	nm	2.4
Profit for the period	**0.1**	**1.9**	**(94.7%)**	**3.5**	**6.6**	**(47.0%)**	**7.0**
Other financial metrics							
Staff costs (excluding overheads)	29.1	29.2	0.3%	87.7	85.8	(2.2%)	114.0
Overhead expenses & bonus	4.1	3.8	(7.9%)	11.6	10.8	(7.4%)	15.3
Unit EBITDA before non-underlying items	14.3	14.2	0.7%	42.9	43.7	(1.8%)	59.2
EBITDA before non-underlying items margin %	20.0%	20.5%	(0.5%)	20.4%	21.6%	(1.2%)	21.6%
EBITDA margin %	19.6%	20.3%	(0.7%)	20.0%	20.1%	(0.1%)	19.6%
EBITDAR	10.9	11.2	(2.7%)	33.3	33.1	0.6%	43.4
EBITDAR margin %	21.4%	21.8%	(0.4%)	21.7%	21.8%	(0.1%)	21.4%
EBITDAR before non-underlying items	11.1	11.3	(1.8%)	33.8	35.4	(4.5%)	47.4
EBITDAR before non-underlying items margin %	21.8%	22.0%	(0.2%)	22.0%	23.3%	(1.3%)	23.3%

* Amounts stated in Q3 2016 and Q3 2015 above are unaudited. FYE Mar 15 has been restated from UK GAAP to IFRS (unaudited)

Turnover

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

- For Q3 2016 turnover decreased by £0.4 million, or 0.8% to £50.9 million from £51.3 million for Q3 2015, primarily due to the strategic closure of certain services and a reduction in Outreach hours, partially offset by the acquisition of Redcliffe (March 2015). The amount of turnover attributable to Redcliffe in Q3 2016 was £0.3 million.

- For YTD 2016 turnover increased by £1.8 million, or 1.2% to £153.8 million from £152.0 million for YTD 2015, primarily due to the acquisitions of Primary Care (June 2014), Skills for Living (August 2014) and Redcliffe (March 2015). The amount of turnover attributable to Primary Care, Skills for Living and Redcliffe in YTD 2016 was £1.4 million, £2.9 million and £0.8 million respectively.

Staff costs

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

- Staff costs (excluding overheads) for Q3 2016 decreased by £0.1 million, or 0.3% to £29.1 million (which represented 57.2% of turnover) from £29.2 million (which represented 56.9% of turnover) for Q3 2015, partially offset by the acquisition of Redcliffe, increases in the National Minimum Wage (effective October 2015) and certain pay rises.

- Staff costs (excluding overheads) for YTD 2016 increased by £1.9 million, or 2.2% to £87.7 million (which represented 57.0% of turnover) from £85.8 million (which represented 56.4% of turnover) for YTD 2015, primarily due to the acquisitions of Primary Care, Skills for Living and Redcliffe, in addition to increases in the National Minimum Wage (effective October 2015) and certain pay rises.

Direct expenses and consumables

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

- For Q3 2016 direct expenses and consumables decreased by £0.2 million, or 9.5% to £1.9 million from £2.1 million for Q3 2015.

- For YTD 2016 direct expenses and consumables decreased by £0.1 million, or 1.7% to £5.8 million from £5.9 million for YTD 2015.

Property lease rentals

Property lease rentals consist primarily of leases on registered and communal supported living care homes. At 31 December 2015, we had 46 short-term leases, consisting of 38 registered care homes and 8 communal supported living properties. In addition, 2 of our registered homes were held on a long leasehold basis (each with a lease period of over 35 years remaining). At 31 December 2015, 12.8% of our registered beds and 4.4% of our communal supported living beds were held under operating leases.

- For Q3 2016 property lease rentals remained constant at £0.8 million when compared to Q3 2015.

- For YTD 2016 property lease rentals decreased by £0.1 million, or 3.8% to £2.5 million from £2.6 million for YTD 2015.

Other lease rentals

Other lease rentals consist primarily of motor vehicle operating leases. We currently lease approximately 330 vehicles, which are primarily used to transport the people we support.

- For Q3 2016 other lease rentals reduced by £0.1 million to £0.5 million from £0.6 million when compared to Q3 2015.

- For YTD 2016 other lease rentals reduced by £0.4 million to £1.5 million from £1.9 million when compared to YTD 2015.

Other external charges

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

- For Q3 2016 other external charges decreased by £0.1 million, or 1.8% to £5.5 million from £5.6 million when compared to Q3 2015, offset by increased spend of agency.

- For YTD 2016 other external charges increased by £1.3 million, or 8.3% to £16.9 million from £15.6 million when compared to YTD 2015, primarily due to increased spend of agency.

EBITDA and EBITDA before non-underlying items

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 interest, tax, depreciation and amortisation. We believe EBITDA is a useful measure to monitor our ability to incur and service our indebtedness and that EBITDA before non-underlying items provides additional useful information on the underlying performance of our business. This measure is consistent with how business performance is monitored internally.

EBITDA before non-underlying items

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

- For Q3 2016 EBITDA before non-underlying items decreased by £0.3 million, or 2.9% to £10.2 million from £10.5 million for Q3 2015. This decrease is primarily attributable to the increased spend of agency, partially offset by the extra contribution from the acquisition of Redcliffe.

- For YTD 2016 EBITDA before non-underlying items decreased by £1.6 million, or 4.9% to £31.3 million from £32.9 million for YTD 2015. This decrease is primarily attributable to the increased spend of agency, partially offset by the extra contribution from the acquisitions of Primary Care, Skills for Living and Redcliffe.

Non-underlying items

Non-underlying items include certain one-off cash and non-cash, non-recurring or non-underlying charges generally relating to the integration of acquisitions.

- For Q3 2016 non-underlying items increased by £0.1 million to £0.2 million from £0.1 million when compared to Q3 2015.
- For YTD 2016 non-underlying items reduced by £1.8 million to £0.5 million from £2.3 million when compared to YTD 2015. This reduction is primarily attributable to the consent and RCF solicitation in August 2014.

EBITDA (Post non-underlying items)

- For Q3 2016 EBITDA decreased by £0.4 million, or 3.8% to £10.0 million from £10.4 million for Q3 2015. This decrease is primarily attributable to increased spend of agency and increased expenditure on non-underlying items, partially offset by extra contribution from the acquisition Redcliffe.
- For YTD 2016 EBITDA increased by £0.2 million, or 0.7% to £30.8 million from £30.6 million for YTD 2015. This increase is primarily attributable to reduced expenditure on non-underlying items and extra contribution from the acquisitions of Primary Care, Skills for Living and Redcliffe, partially offset by increased spend of agency.

Depreciation and impairment of fixed assets

Depreciation and impairment of fixed assets consists of the write off of the cost of fixed assets to their residual value over their estimated useful life.

- For Q3 2016 depreciation and impairment of assets increased by £1.7 million to £3.8 million from £2.1 million for Q3 2015. This increase is primarily attributable to the impairment of 3 freehold properties.
- For YTD 2016 depreciation and impairment of assets increased by £2.5 million to £8.4 million from £5.9 million for YTD 2015. This increase is primarily attributable to the impairment of 3 freehold properties.

Profit / (loss) on disposal of fixed assets

Profit / (loss) on disposal of fixed assets represents the difference between the net disposal proceeds received and the net book value of a fixed asset at the time of disposal.

- For Q3 2016 profit on disposal of fixed assets was £0.2 million (Q3 2015: Loss on disposal £0.1 million).
- For YTD 2016 profit on disposal of fixed assets was £0.2 (YTD 2015: £0.1 million).

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.

- For Q3 2016 amortisation of intangible assets decreased by £0.1 million to £0.2 million from £0.3 million when compared to Q3 2015.
- For YTD 2016 amortisation of intangible assets increased by £0.2 million to £0.8 million from £0.6 million when compared to YTD 2015.

Operating profit

Operating profit consists of earnings before interest and taxation.

- For Q3 2016 operating profit decreased by £1.7 million to £6.2 million from £7.9 million for Q3 2015. This decrease is primarily attributable to the £1.4 million impairment of 3 freehold properties, increased spend of agency and increased expenditure on non-underlying items, partially offset by extra contribution from the acquisition of Redcliffe and the profit on disposal of fixed assets.
- For YTD 2016 operating profit decreased by £2.3 million to £21.9 million from £24.2 million for YTD 2015. This decrease is primarily attributable to the £1.4 million impairment of 3 freehold properties, increased spend of agency and increased amortisation of intangible assets, partially offset by reduced expenditure on non-underlying items and extra contribution from the acquisitions of Primary Care, Skills for Living and Redcliffe.

Interest receivable and similar income

Interest receivable and similar income consists of interest received on current account and deposit account balances.

- For Q3 2016 interest receivable and other income was £nil (Q3 2015: £nil).

- For YTD 2016 interest receivable and other income was £0.1 million (YTD 2015: £nil).

Interest payable and similar charges

Interest payable and similar charges 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 pension scheme costs.

- For Q3 2016 interest payable and similar charges remained constant at £5.9 million when compared to Q3 2015.

- For YTD 2016 interest payable and similar charges increased by £0.3 million to £17.7 million from £17.4 million when compared to YTD 2015.

Profit before taxation

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

- For Q3 2016 profit before taxation decreased by £1.8 million to £0.3 million from £2.1 million for Q3 2015. This decrease is primarily attributable to the £1.4 million impairment of 3 freehold properties, increased spend of agency and increased expenditure on non-underlying items, partially offset by extra contribution from the acquisition of Redcliffe and the profit on disposal of fixed assets.

- For YTD 2016 profit before taxation decreased by £2.6 million to £4.2 million from £6.8 million for YTD 2015. This decrease is primarily attributable to the £1.4 million impairment of 3 freehold properties, increased spend of agency and increased amortisation of intangible assets, partially offset by reduced expenditure on non-underlying items and extra contribution from the acquisitions of Primary Care, Skills for Living and Redcliffe.

Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation movements.

- For Q3 2016 the taxation expense was £0.2 million compared to £0.1 million for Q3 2015.

- For YTD 2016 the taxation expense was £0.7 million compared to £0.2 million for YTD 2015.

Profit for the period

Profit for the period represents the result of the profit and loss account after provision for taxation.

- For Q3 2016 profit for the period decreased by £1.8 million to £0.1 million from £1.9 million for Q3 2015. This decrease is primarily attributable to the £1.4 million impairment of 3 freehold properties, increased spend of agency and increased expenditure on non-underlying items, partially offset by extra contribution from the acquisition of Redcliffe and the profit on disposal of fixed assets.

- For YTD 2016 profit for the period decreased by £3.1 million to £3.5 million from £6.6 million for YTD 2015. This decrease is primarily attributable to the £1.4 million impairment of 3 freehold properties, increased spend of agency, increased amortisation of intangible assets and increased taxation charge, partially offset by reduced expenditure on non-underlying items and extra contribution from the acquisitions of Primary Care, Skills for Living and Redcliffe.

Liquidity and capital resources

Our principal sources of liquidity are our existing cash and cash equivalents, cash generated from operations and any borrowings under our Revolving Credit Facility. Our principal uses of cash are to fund capital expenditures, provide working capital, meet debt service requirements and finance our strategic plans, including possible acquisitions.

At 31 December 2015 and 31 December 2014, our cash balances were £20.7 million and £14.6 million, respectively.

Net debt as at 31 December 2015 was £253.0 million, comprising £272.0 million of borrowings under the Senior Secured Notes and Second Lien Notes, £Nil borrowing under the Revolving Credit Facility, £20.7 million of cash and £0.4 million of unamortised original issue discount on the Second Lien Notes. Within the £20.7 million cash balance is £2.1 million of restricted cash and deferred consideration.

Net debt as at 31 December 2014 was £258.5 million, comprising £272.0 million of borrowings under the Senior Secured Notes and Second Lien Notes, £Nil borrowing under the Revolving Credit Facility, £14.6 million of cash and £0.5 million of unamortised original issue discount on the Second Lien Notes. Within the £14.6 million cash balance is £1.6 million of restricted cash and deferred consideration.

Consolidated Cash flow statement

£ million *	**Q3 2016**	**Q3 2015**	**% Change**	**YTD 2016**	**YTD 2015**	**% Change**	**FYE Mar 2015**
EBITDA before non-underlying items	10.2	10.5	(2.4%)	31.3	32.9	(4.8%)	43.8
Maintenance capex	(1.8)	(1.3)	32.5%	(5.0)	(6.2)	(18.7%)	(8.5)
Operating cash flow	**8.5**	**9.1**	**(7.5%)**	**26.2**	**26.7**	**(1.6%)**	**35.3**
Cash conversion %	*82.8%*	*87.3%*	*(4.5%)*	*83.9%*	*81.1%*	*2.8%*	*80.6%*
Non-underlying items (1)	(0.2)	(0.1)	96.0%	(0.4)	(2.3)	(83.5%)	(3.4)
Working capital	1.9	2.7	(27.7%)	(0.4)	1.9	nm	3.5
Capital expenditure (2)	(0.7)	(0.8)	(8.2%)	(4.3)	(3.1)	(40.5%)	(3.8)
Interest	(0.2)	(0.2)	(3.4%)	(10.5)	(10.5)	(0.3%)	(20.8)
Taxation	(0.1)	(0.1)	(18.3%)	(0.2)	0.4	nm	0.1
FCF before acquisitions and financing	**9.3**	**10.7**	**(13.3%)**	**10.4**	**13.2**	**(20.8%)**	**11.0**
Acquisition (3)	0.0	0.0	nm	0.0	(5.3)	nm	(6.9)
Acquisition integration costs	(0.0)	(0.0)	1.7%	(0.2)	(0.0)	nm	(0.4)
Acquisition capex	0.0	0.0	nm	0.0	0.0	nm	0.0
FCF before financing	**9.2**	**10.7**	**(13.4%)**	**10.3**	**7.8**	**31.5%**	**3.7**
Net cash flow used in financing activities	(1.5)	(3.0)	(50.0%)	(5.0)	(8.0)	37.4%	(3.0)
Movement in cash for the period	**7.7**	**7.7**	**1.0%**	**5.3**	**(0.2)**	**nm**	**0.7**
Opening cash and cash equivalents	13.0	6.9	88.4%	15.5	14.7	(4.9%)	14.7
Closing cash and cash equivalents	**20.7**	**14.6**	**42.4%**	**20.7**	**14.6**	**42.4%**	**15.5**
Other financial metrics							
Development capex (£m)	0.2	1.0	(74.3%)	1.0	2.6	(61.0%)	3.5
Maintenance capex (£m)	1.8	1.3	32.5%	5.0	6.2	18.7%	8.5
Maintenance capex (% turnover)	3.5%	2.6%	0.9%	3.3%	4.1%	(0.8%)	4.2%
Maintenance capex (£k pa per residential bed)	2.9	2.2	29.9%	2.8	3.5	21.1%	3.6

* Amounts stated in Q3 2016 and Q3 2015 above are unaudited. FYE Mar 15 has been restated from UK GAAP to IFRS (unaudited)

(1) Excludes cash flows in relation to acquisition integration costs
(2) Net of disposal proceeds and includes service related 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

- For Q3 2016 our operating cash flow decreased by £0.6 million to £8.5 million from £9.1 million for Q3 2015. The reason for the decrease resulted from a £0.5 million increase in maintenance capex and a £0.3 million decrease in EBITDA before non-underlying items.

- For YTD 2016 our operating cash flow decreased by £0.5 million to £26.2 million from £26.7 million for YTD 2015. The reason for the decrease resulted from a £1.6 million decrease in EBITDA before non-underlying items partially offset by a £1.2 million reduction in maintenance capex.

FCF before acquisitions and financing

- For Q3 2016 our FCF before acquisitions and financing decreased by £1.4 million to £9.3 million inflow from £10.7 million inflow for Q3 2015. The primary reasons for the decrease is due to an £0.8 million adverse movement on working capital, £0.5 million increase in maintenance capex and a decrease in EBITDA before non-underlying items.

- For YTD 2016 our FCF before acquisitions and financing decreased by £2.8 million to £10.4 million from £13.2 million for YTD 2015. The primary reasons for the decrease is due to a £2.3 million adverse movement on working capital, £1.6 million decrease in EBITDA before non-underlying items, £1.2 million increase in capex spend, and a £0.6 million adverse movement on taxation, partially offset by a £1.2 million decrease in maintenance capex and a £1.9 million decrease in non-underlying items.

Net cash flow used in financing activities

- For Q3 2016 our net cash flow used in financing activities was £1.5 million outflow compared to £3.0 million outflow for Q3 2015 due to movements on our RCF.

- For YTD 2016 our net cash flow used in financing activities was £5.0 million outflow compared to £8.0 million outflow for YTD 2015 due to movements on our RCF.

Consolidated Balance sheet

£ million	**Dec-15**	**Dec-14*** (unaudited)	**% Change**
Non-current assets	408.6	410.6	(0.5%)
Current assets			
Trade debtors, other debtors, prepayments **	15.8	13.7	15.3%
Cash at bank and in hand	20.7	14.6	42.4%
Assets classified as held for sale	3.0	1.9	55.4%
Total assets	**448.1**	**440.8**	**(1.7%)**
Non-current liabilities			
Loan notes	265.3	262.7	(1.0%)
Tax liabilities	16.5	19.0	13.1%
Provisions for liabilities and charges	2.3	2.6	11.2%
Current liabilities **	49.4	46.5	(6.4%)
Equity	114.6	110.1	(4.1%)
Total equity and liabilities	**448.1**	**440.8**	**(1.7%)**

** Amounts stated in December 2014 above have been restated from UK GAAP to IFRS (unaudited)*

*** Debtors in December 2015 include £0.3 million of intercompany loans (December 2014: £1.3 million), and current liabilities in December 2015 include £2.1 million of intercompany loans (December 2014: £1.2 million).*

Key Business Divisions

£ million	Turnover Q3 2016	Turnover Q3 2015	Turnover % Change	Turnover YTD 2016	Turnover YTD 2015	Turnover % Change
Registered	38.4	38.5	(0.3%)	115.3	115.6	(0.3%)
Communal Supported Living	8.3	7.4	12.2%	24.3	20.2	20.3%
Residential	46.7	45.9	1.7%	139.7	135.7	2.9%
Outreach	3.2	4.3	(25.6%)	10.9	13.5	(19.3%)
Total *	**50.9**	**51.3**	**(0.8%)**	**151.6**	**150.3**	**0.9%**

Other financial metrics	Q3 2016	Q3 2015	Change	YTD 2016	YTD 2015	Change
Average residential occupancy	2,442	2,394	48	2,433	2,362	70
Average residential occupancy %	89.5%	90.5%	(1.0%)	89.8%	90.5%	(0.7%)
Average weekly outreach invoiced hours**	16,000	22,400	(6,400)	18,100	23,300	(5,200)
Average weekly outreach invoiced hours***	15,100	18,000	(2,900)	15,700	18,100	(2,400)

* *The amounts stated on the total line also include the turnover for day care services*
** *The amounts stated are before any reclassification between Outreach (weekly invoiced hours) and Supporting Living (occupancy)*
*** *The amounts stated are after any reclassification between Outreach (weekly invoiced hours) and Supported Living (occupancy)*

Voyage BidCo Limited

Condensed consolidated financial statements (unaudited)

Registered number 05752534

For the 3 and 9 month period ended 31 December 2015

Voyage BidCo Limited
Condensed consolidated financial statements (unaudited)
for the 3 and 9 month period ended 31 December 2015

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Condensed consolidated statement of profit and loss (unaudited)
for the 3 and 9 month period ended 31 December 2015

	Notes	3 months ended 31 December 2015			3 months ended 31 December 2014		
		Before underlying items £000	Non-underlying items (2) £000	Total £000	Before underlying items £000	Non-underlying items (2) £000	Total £000
Continuing operations							
Revenue		50,921	8	50,929	51,287	-	51,287
Operating expenses	6	(43,133)	(1,616)	(44,749)	(43,244)	(109)	(43,353)
EBITDA (1)		10,225	(194)	10,031	10,480	(109)	10,371
Depreciation of property, plant and equipment		(2,396)	(1,414)	(3,810)	(2,062)	-	(2,062)
Profit / (loss) on disposal of non-current assets		205	-	205	(111)	-	(111)
Amortisation of intangible assets		(246)	-	(246)	(264)	-	(264)
Operating profit		7,788	(1,608)	6,180	8,043	(109)	7,934
Finance income	7	20	-	20	-	-	-
Finance expense	8	(5,909)	-	(5,909)	(5,874)	-	(5,874)
Profit before taxation		1,899	(1,608)	291	2,169	(109)	2,060
Taxation	9	(238)	-	(238)	(136)	-	(136)
Profit for the period from continuing operations		1,661	(1,608)	53	2,033	(109)	1,924
Profit attributable to equity holders of the parent		1,661	(1,608)	53	2,033	(109)	1,924

	Notes	9 months ended 31 December 2015			9 months ended 31 December 2014		
		Before underlying items £000	Non-underlying items (2) £000	Total £000	Before underlying items £000	Non-underlying items (2) £000	Total £000
Continuing operations							
Revenue		153,763	8	153,771	152,040	-	152,040
Operating expenses	6	(129,963)	(1,951)	(131,914)	(125,531)	(2,316)	(127,847)
EBITDA (1)		31,331	(575)	30,756	32,873	(2,316)	30,557
Depreciation of property, plant and equipment		(6,973)	(1,414)	(8,387)	(5,875)	-	(5,875)
Profit on disposal of non-current assets		215	-	215	73	-	73
Release of negative goodwill		-	46	46	-	-	-
Amortisation of intangible assets		(773)	-	(773)	(562)	-	(562)
Operating profit		23,800	(1,943)	21,857	26,509	(2,316)	24,193
Finance income	7	75	-	75	7	-	7
Finance expense	8	(17,733)	-	(17,733)	(17,448)	-	(17,448)
Profit before taxation		6,142	(1,943)	4,199	9,068	(2,316)	6,752
Taxation	9	(747)	-	(747)	(157)	-	(157)
Profit for the period from continuing operations		5,395	(1,943)	3,452	8,911	(2,316)	6,595
Profit attributable to equity holders of the parent		5,395	(1,943)	3,452	8,911	(2,316)	6,595

(1) EBITDA represents earnings before interest, tax, depreciation and amortisation.
(2) Further breakdown of non-underlying items analysed in note 5.

Voyage BidCo Limited
Condensed consolidated statement of other comprehensive income (unaudited)
for the 3 and 9 month period ended 31 December 2015

	3 months ended 31 December 2015 £000	3 months ended 31 December 2014 £000
Profit attributable to equity holders of the parent	53	1,924
Items that will not be reclassified to profit and loss		
Remeasurements of the defined benefit liability / (asset)	-	-
Total comprehensive income attributable to equity holders of the parent for the financial period	53	1,924

	9 months ended 31 December 2015 £000	9 months ended 31 December 2014 £000
Profit attributable to equity holders of the parent	3,452	6,595
Items that will not be reclassified to profit and loss		
Remeasurements of the defined benefit liability / (asset)	-	-
Total comprehensive income attributable to equity holders of the parent for the financial period	3,452	6,595

Voyage BidCo Limited
Condensed consolidated statement of financial position (unaudited)
at 31 December 2015

	Note	31 December 2015		31 December 2014		31 March 2015	
		£000	£000	£000	£000	£000	£000
Assets							
Non-current assets							
Goodwill	10	41,325		41,325		41,325	
Property, plant and equipment	11	364,209		365,465		363,248	
Intangible assets	12	3,049		3,823		3,741	
Employee benefits		10		7		10	
Total non-current assets			**408,593**		**410,620**		**408,324**
Current assets							
Trade and other debtors		14,177		11,859		14,494	
Prepayments and accrued income		1,599		1,824		1,038	
Cash at bank and in hand		20,744		14,564		15,469	
		36,520		28,247		31,001	
Assets classified as held for sale	13	2,992		1,925		2,277	
Total current assets			**39,512**		**30,172**		**33,278**
Total assets			**448,105**		**440,792**		**441,602**
Equity							
Capital and reserves							
Issued share capital		-		-		-	
Share premium		224,872		224,872		224,872	
Retained earnings		(110,281)		(114,769)		(114,572)	
Total equity attributable to equity holders of the parent			**114,591**		**110,103**		**110,300**
Liabilities							
Non-current liabilities							
Loans and borrowings	14	265,298		262,654		263,407	
Tax liabilities		16,478		18,959		16,717	
Provisions		2,328		2,622		2,430	
Total non-current liabilities			**284,104**		**284,235**		**282,554**
Current liabilities							
Loans and borrowings	14	-		-		5,000	
Trade and other payables		18,824		16,376		18,960	
Accruals and deferred income		24,411		23,677		18,591	
Tax liabilities		4,119		4,642		4,180	
Provisions		933		715		964	
Other financial liabilities	15	1,123		1,044		1,053	
Total current liabilities			**49,410**		**46,454**		**48,748**
Total liabilities			**333,514**		**330,689**		**331,302**
Total equity and liabilities			**448,105**		**440,792**		**441,602**

Voyage BidCo Limited
Condensed consolidated statement of changes in equity (unaudited)

For the 3 month period ended 31 December 2015

Group	Issued share capital £000	Share premium £000	Retained earnings £000	Total parent equity £000
	Attributable to equity holders of the parent			
At 1 October 2015	-	224,872	(110,485)	114,387
Total comprehensive income for the period				
Profit for the period	-	-	53	53
Other comprehensive income	-	-	-	-
Deferred tax movement for the period	-	-	151	151
Total comprehensive income for the period	-	-	204	204
At 31 December 2015	**-**	**224,872**	**(110,281)**	**114,591**

For the 3 month period ended 31 December 2014

Group	Issued share capital £000	Share premium £000	Retained earnings £000	Total parent equity £000
	Attributable to equity holders of the parent			
At 1 October 2014	-	224,872	(116,591)	108,281
Total comprehensive income for the period				
Profit for the period	-	-	1,924	1,924
Other comprehensive income	-	-	-	-
Deferred tax movement for the period	-	-	(102)	(102)
Total comprehensive income for the period	-	-	1,822	1,822
At 31 December 2014	**-**	**224,872**	**(114,769)**	**110,103**

For the 9 month period ended 31 December 2015

Group	Issued share capital £000	Share premium £000	Retained earnings £000	Total parent equity £000
	Attributable to equity holders of the parent			
At 1 April 2015	-	224,872	(114,572)	110,300
Total comprehensive income for the period				
Profit for the period	-	-	3,452	3,452
Other comprehensive income	-	-	-	-
Deferred tax movement for the period	-	-	839	839
Total comprehensive income for the period	-	-	4,291	4,291
At 31 December 2015	**-**	**224,872**	**(110,281)**	**114,591**

For the 9 month period ended 31 December 2014

Group	Issued share capital £000	Share premium £000	Retained earnings £000	Total parent equity £000
	Attributable to equity holders of the parent			
At 1 April 2014	-	224,872	(121,893)	102,979
Total comprehensive income for the period				
Profit for the period	-	-	6,595	6,595
Other comprehensive income	-	-	-	-
Deferred tax movement for the period	-	-	529	529
Total comprehensive income for the period	-	-	7,124	7,124
At 31 December 2014	**-**	**224,872**	**(114,769)**	**110,103**

Voyage BidCo Limited
Condensed consolidated statement of cash flow (unaudited)
for the 3 and 9 month period ended 31 December 2015

	3 months ended 31 December 2015 £000	3 months ended 31 December 2014 £000	9 months ended 31 December 2015 £000	9 months ended 31 December 2014 £000
Cash flows from operating activities				
Profit for the period	53	1,924	3,452	6,595
Adjustments for:				
Depreciation of property, plant and equipment	3,810	2,062	8,387	5,875
(Profit) / loss on disposal of non-current assets	(205)	111	(215)	(73)
Release of negative goodwill	-	-	(46)	-
Amortisation of intangible assets	246	264	773	562
Finance income	(20)	-	(75)	(7)
Finance expense	5,909	5,874	17,733	17,448
Tax expense	238	136	747	157
Movements in working capital:				
Decrease / (increase) in trade and other debtors	2,179	2,029	317	(929)
(Decrease) / increase in trade and other payables	(1,186)	435	(136)	281
Decrease / (increase) in prepayments	490	763	(561)	527
Increase / (decrease) in accruals and deferred income	422	(512)	109	2,090
Increase / (decrease) in provisions	17	(57)	(133)	(77)
Cash generated from operating activities	11,953	13,029	30,352	32,449
Interest paid	(176)	(178)	(10,538)	(10,487)
Tax (paid) / received	(67)	(82)	(213)	428
Net cash generated from operating activities	11,710	12,769	19,601	22,390
Cash flows from investing activities				
Interest received	4	-	27	10
Payments to acquire property, plant and equipment	(2,986)	(2,537)	(9,831)	(10,234)
Payments to acquire intangible assets	(5)	(21)	(81)	(102)
Proceeds from sales of property, plant and equipment	515	451	566	1,070
Net cash outflow on acquisition of subsidiaries	-	-	-	(5,313)
Net cash used in investing activities	(2,472)	(2,107)	(9,319)	(14,569)
Cash flows from financing activities				
Repayment of loans and borrowings	(1,500)	(3,000)	(5,000)	(8,000)
Payment of finance lease liabilities	(1)	(2)	(7)	(3)
Net cash used in financing activities	(1,501)	(3,002)	(5,007)	(8,003)
Net increase / (decrease) in cash and cash equivalents in the period	7,737	7,660	5,275	(182)
Cash and cash equivalents at the beginning of the period	13,007	6,904	15,469	14,746
Cash and cash equivalents at the end of the period	**20,744**	**14,564**	**20,744**	**14,564**

Voyage BidCo Limited
Notes to the condensed consolidated financial statements (unaudited)
for the 3 and 9 month period ended 31 December 2015

1 Reporting entity

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

For all periods up to and including the year ended 31 March 2015, the Group prepared its financial statements in accordance with UK GAAP therefore the consolidated financial statements of Voyage Care HoldCo Limited (formerly known as Viking HoldCo Limited) and Voyage BidCo Limited for the year ended 31 March 2015 should not be referred to in conjunction with these condensed consolidated financial statements. These condensed consolidated financial statements for the 3 and 9 month period ended 31 December 2015 are the third the Group has prepared in accordance with IFRSs and IFRS 1 *First-time Adoption* of IFRS has been applied. An explanation of the impact of the transition is set out in note 3.

Accordingly, the Group has prepared the condensed consolidated financial statements in accordance with IFRS applicable for the 3 and 9 month period ending 31 December 2015, together with comparative period data for the 3 and 9 month period ending 31 December 2014. In preparing these condensed consolidated financial statements, the Group's opening statement of financial position was prepared as at 1 April 2014, the Group's date of transition to IFRS.

The financial information contained herein is unaudited and does not constitute statutory accounts as defined by Section 435 of the Companies Act 2006. The comparative figures for the 3 and 9 month period ended 31 December 2014 are not the company's statutory accounts for those financial periods. The statutory accounts for the Company and the Group (prepared in accordance with UK GAAP) to which it belongs for year ended 31 March 2015 have been reported on by the company's auditors and delivered to the registrar of companies. The report of the auditors was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report, and (iii) did not contain a statement under section 498 (2) or (3) of the Companies Act

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

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

Business combinations and goodwill

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

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

Any deferred consideration payable is recognised at fair value at the acquisition date and changes to fair value are recognised in the statement of profit and loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred over the fair value of net identifiable assets acquired and liabilities assumed. Goodwill is tested for impairment annually. If the consideration is lower than the fair value of the net assets of the acquired subsidiary, the difference is recognised in statement of profit and loss.

The Group elected to adopt an exemption of IFRS 1 *First-time Adoption* relating to business combinations. As a result acquisitions prior to 1 April 2014 have not been restated under IFRS and any goodwill generated prior to the transition date has been deemed as cost.

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

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.

Non-current assets held for sale and discontinued operations

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

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

In the consolidated statement of profit and loss for the period, and for the comparable period of the previous year, income and expenses for discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes. There were no discontinued operations during the 3 and 9 month period ended 31 December 2015 (3 and 9 month period ended 31 December 2014: £Nil and £Nil).

2 Accounting policies (continued)

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

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

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

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

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

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

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

Property, plant and equipment
Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure incurred in bringing the asset into working condition for its intended use.

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

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

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

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

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

2 Accounting policies (continued)

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

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

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

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

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

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

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

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

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

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

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

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

3 First-time adoption of IFRS

The date of transition to International Financial Reporting Standards (IFRS) is 1 April 2014. The Group applied IFRS 1 *First-time Adoption* of IFRS in preparing these first IFRS condensed consolidated financial statements. The effects of the transition to IFRS on equity, statement of profit and loss and reported cash flows are presented in this section and are further explained in the notes that accompany the tables.

Transitional arrangements governed by IFRS 1 *First-time Adoption* apply to the Group and allows a number of exemptions in order to assist companies with the transition to reporting under IFRS. The most significant exemptions applied to the Group are set out below:

Mandatory exemptions

(a) Financial assets and liabilities that had been de-recognised before the date of transition to IFRS under previous UK GAAP have not been recognised under IFRS; and

(b) The Group has used estimates under IFRS that are consistent with those applied under previous UK GAAP (with adjustments for accounting policy differences) unless there is objective evidence those estimates were in error.

Optional exemptions adopted

(a) The Group has elected to recognise all cumulative actuarial gains and losses for its defined benefit plans at the date of transition;

(b) Business combinations that occurred before the transition date are stated under the Group's previous accounting framework, UK GAAP and have not been restated in accordance with IFRS; and

(c) The Group has elected to use facts and circumstances existing at the date of transition to determine whether an agreement contains a lease.

Presentation of financial statements

The Group's condensed consolidated financial statements have been presented as far as possible in accordance with IAS 1 *Presentation of Financial Statements* and have been shown in a format likely to be presented when reporting financial results for 31 March 2016, and for subsequent reporting periods. As a result the following amendments have been carried out:

(a) *Consolidated statement of profit and loss*

The financial performance from discontinued operations is shown as a single line item after profit / (loss) after tax from continuing operations. All lines from revenue to profit after taxation will therefore relate solely to continuing operations.

(b) *Consolidated statement of financial position*

Under UK GAAP, the balance sheet was prepared in accordance with Schedule 4A of the Companies Act 2006. IAS 1 required additional balance sheet lines for the following:

- Software costs that were previously capitalised and shown within property, plant and equipment are now stated within intangible assets;
- Non-current assets which are held for sale rather than for continuing operational use are now shown within 'assets classified as held for sale'; and
- Provision for liabilities and charges to be split between current and non-current liabilities.

Some line items are described differently under IFRS compared to previous UK GAAP, although assets and liabilities included in these line items are unaffected. These line items are as follows:

- Property, plant and equipment (Tangible assets); and
- Employee benefits (Pension surplus).

(c) *Consolidated statement of cash flow*

Under UK GAAP, the statement of cash flow referred to operating profit as the starting point for presenting operating cash flows whereas under IFRS profit / (loss) for the period is the starting point. Certain line items are categorised differently under IFRS compared to previous UK GAAP, although the net cash flow remains unaffected. The category reclasses are as follows:

- Interest receivable has been reclassified under investing activities from operating activities; and
- Tax paid / (received) has been classified under operating activities and no longer stands alone.

3.1 Reconciliation of equity

This note explains the principle adjustments made by the Group in restating its UK GAAP statement of financial position as at 1 April 2014 (transition date) and its previously condensed consolidated UK GAAP financial statements for the 9 month period ending 31 December 2014.

		1 April 2014			31 December 2014		
	Note	Previous UK GAAP £000	Effects of transition to IFRS £000	IFRS £000	Previous UK GAAP £000	Effects of transition to IFRS £000	IFRS £000
Assets							
Non-current assets							
Goodwill	a	31,318	8,467	39,785	33,762	7,563	41,325
Property, plant and equipment	b	362,991	(2,657)	360,334	367,922	(2,457)	365,465
Intangible assets	b	-	732	732	-	3,823	3,823
Employee benefits		7	-	7	7	-	7
Total non-current assets		**394,316**	**6,542**	**400,858**	**401,691**	**8,929**	**410,620**
Current assets							
Trade and other debtors		12,788	-	12,788	11,859	-	11,859
Prepayments and accrued income		1,297	-	1,297	1,824	-	1,824
Tax assets	e	2,817	(2,817)	-	2,786	(2,786)	-
Cash at bank and in hand		14,746	-	14,746	14,564	-	14,564
		31,648	(2,817)	28,831	31,033	(2,786)	28,247
Assets classified as held for sale	b	-	1,925	1,925	-	1,925	1,925
Total current assets		**31,648**	**(892)**	**30,756**	**31,033**	**(861)**	**30,172**
Total assets		**425,964**	**5,650**	**431,614**	**432,724**	**8,068**	**440,792**
Equity							
Capital and reserves							
Issued share capital		-	-	-	-	-	-
Share premium		224,872	-	224,872	224,872	-	224,872
Retained earnings		(102,496)	(19,397)	(121,893)	(97,505)	(17,264)	(114,769)
Total equity attributable to equity holders of the parent		**122,376**	**(19,397)**	**102,979**	**127,367**	**(17,264)**	**110,103**
Liabilities							
Non-current liabilities							
Loans and borrowings		260,819	-	260,819	262,654	-	262,654
Tax liabilities		-	18,015	18,015	-	18,959	18,959
Provisions		3,414	(793)	2,621	3,337	(715)	2,622
Total non-current liabilities		**264,233**	**17,222**	**281,455**	**265,991**	**18,244**	**284,235**
Current liabilities							
Loans and borrowings		8,000	-	8,000	-	-	-
Trade and other payables		16,095	-	16,095	16,376	-	16,376
Accruals and deferred income	c, d	13,958	2,851	16,809	20,818	2,859	23,677
Tax liabilities	e	1,302	3,202	4,504	2,172	2,470	4,642
Provisions		-	793	793	-	715	715
Other financial liabilities	c	-	979	979	-	1,044	1,044
		39,355	7,825	47,180	39,366	7,088	46,454
Total current liabilities		**39,355**	**7,825**	**47,180**	**39,366**	**7,088**	**46,454**
Total liabilities		**303,588**	**25,047**	**328,635**	**305,357**	**25,332**	**330,689**
Total equity and liabilities		**425,964**	**5,650**	**431,614**	**432,724**	**8,068**	**440,792**

3.1 Reconciliation of equity (continued)

This note explains the principle adjustments made by the Group in restating its UK GAAP statement of financial position as at 31 March 2015.

	Note	31 March 2015 Previous UK GAAP £000	Effects of transition to IFRS £000	IFRS £000
Assets				
Non-current assets				
Goodwill	a	32,971	8,354	41,325
Property, plant and equipment	b	366,135	(2,887)	363,248
Intangible assets	b	-	3,741	3,741
Employee benefits		10	-	10
Total non-current assets		**399,116**	**9,208**	**408,324**
Current assets				
Trade and other debtors		14,494	-	14,494
Prepayments and accrued income		1,038	-	1,038
Tax assets	e	3,529	(3,529)	-
Cash at bank and in hand		15,469	-	15,469
		34,530	(3,529)	31,001
Assets classified as held for sale	b	-	2,277	2,277
Total current assets		**34,530**	**(1,252)**	**33,278**
Total assets		**433,646**	**7,956**	**441,602**
Equity				
Capital and reserves				
Issued share capital		-	-	-
Share premium		224,872	-	224,872
Retained earnings		(97,819)	(16,753)	(114,572)
Total equity attributable to equity holders of the parent		**127,053**	**(16,753)**	**110,300**
Liabilities				
Non-current liabilities				
Loans and borrowings		263,407	-	263,407
Tax liabilities		-	16,717	16,717
Provisions		3,394	(964)	2,430
Total non-current liabilities		**266,801**	**15,753**	**282,554**
Current liabilities				
Loans and borrowings		5,000	-	5,000
Trade and other payables		18,960	-	18,960
Accruals and deferred income	c, d	15,717	2,874	18,591
Tax liabilities	e	115	4,065	4,180
Provisions		-	964	964
Other financial liabilities	c	-	1,053	1,053
		39,792	8,956	48,748
Total current liabilities		**39,792**	**8,956**	**48,748**
Total liabilities		**306,593**	**24,709**	**331,302**
Total equity and liabilities		**433,646**	**7,956**	**441,602**

3.1 Reconciliation of equity (continued)

The total effect on retained earnings is further analysed as follows:

	Note	1 April 2014 £000	31 Dec 2014 £000	31 March 2015 £000
Net adjustments to goodwill / intangible assets	a	8,467	10,854	11,485
Net adjustments for financial instruments	c	-	(68)	(91)
Net adjustments for leases	d	(3,830)	(3,835)	(3,836)
Net adjustment in deferred tax liability	e	(24,034)	(24,215)	(24,311)
Effect on transition to IFRS on retained earnings		(19,397)	(17,264)	(16,753)

Reconciliation of the statement of profit and loss

The statement of profit and loss for the 9 month period to 31 December 2014 and for the 12 month period to 31 March 2015 can be reconciled to the amounts reported under previous UK GAAP as follows:

		31 December 2014			31 March 2015		
	Note	Previous UK GAAP £000	Effects of transition to IFRS £000	IFRS £000	Previous UK GAAP £000	Effects of transition to IFRS £000	IFRS £000
Continuing operations							
Revenue		152,040	-	152,040	203,244	-	203,244
Operating expenses	a,b,d	(129,519)	1,672	(127,847)	(177,259)	2,302	(174,957)
EBITDA		30,810	(253)	30,557	40,112	(284)	39,828
Depreciation of property, plant and equipment	b	(6,176)	301	(5,875)	(11,135)	403	(10,732)
Profit on disposal of non-current assets		73	-	73	11	-	11
Release of negative goodwill		-	-	-	-	4	4
Amortisation of intangible assets	a	(2,186)	1,624	(562)	(3,003)	2,179	(824)
Operating profit		22,521	1,672	24,193	25,985	2,302	28,287
Finance income		7	-	7	26	-	26
Finance expense	c	(17,380)	(68)	(17,448)	(23,624)	(91)	(23,715)
Profit before taxation		5,148	1,604	6,752	2,387	2,211	4,598
Taxation		(157)	-	(157)	2,375	-	2,375
Profit for the period from continuing operations		4,991	1,604	6,595	4,762	2,211	6,973
Profit attributable to equity holders of the parent		4,991	1,604	6,595	4,762	2,211	6,973

3.1 Reconciliation of equity (continued)

a. *Goodwill and business combinations*

Before 1 April 2014

The Group has elected not to restate business combinations that occurred before the date of transition to IFRS. At 1 April 2014, the goodwill under previous UK GAAP relates to registered and supported living segments. Its carrying amount of goodwill has not been adjusted for intangible assets included within goodwill or for intangible assets that do not qualify for recognition under IFRS. At that date it was tested for impairment based on the cash flow forecast made. No impairment was identified.

The acquisition of Care West and ILG in February 2004 and March 2013, respectively, resulted in the consideration being lower than the fair value of net assets, the negative goodwill generated has been recognised in the statement of profit and loss on the transition date. Therefore the carrying amount of goodwill under previous UK GAAP has been amended upon transition to IFRS.

After 1 April 2014

Although there are significant differences in accounting for business combinations under previous UK GAAP and IFRS 3, the only differences relevant to the acquisition of Primary Care UK acquired June 2014, Skills for Living acquired August 2014 and Redcliffe acquired March 2015 relates to the treatment of acquisition costs and the reclassification of certain goodwill to intangible assets. Under previous UK GAAP, acquisition costs form part of goodwill but are expensed under IFRS 3.

Amortisation of goodwill

Goodwill is not amortised under IFRS. The amortisation charged in the 3 and 9 month period to 31 December 2014 and the 12 month period to 31 March 2015 under previous UK GAAP is reversed, increasing the carrying value of goodwill and increasing profit for the period.

Net transition adjustments

The transition adjustments to goodwill are:

	1 April 2014 £000	31 Dec 2014 £000	31 March 2015 £000
Reversal of negative goodwill	8,467	8,467	8,471
Reversal of acquisition costs	-	(248)	(278)
Reversal of negative goodwill amortisation	-	(259)	(401)
Reversal of goodwill amortisation	-	2,445	3,404
Goodwill on business combinations	-	710	710
Reclassification of goodwill on business combinations	-	(3,552)	(3,552)
Goodwill	8,467	7,563	8,354
Intangible assets on business acquisitions under IFRS	-	3,552	3,552
Amortisation on intangible assets	-	(261)	(421)
Intangible assets	-	3,291	3,131

b. *Property, plant and equipment*

Software costs

Software costs previously capitalised under UK GAAP is now stated within intangible assets and amortised on a straight line basis over its estimated useful economic life.

Assets classified as held for sale

Property, plant and equipment held for sale rather than for continuing operational use are now shown within assets classified as held for sale. Once classified as held for sale the assets are no longer depreciated.

Net transition adjustments

	1 April 2014 £000	31 Dec 2014 £000	31 March 2015 £000
Software costs	732	532	610
Assets classified as held for sale	1,925	1,925	2,277
	2,657	2,457	2,887

c. *Financial Instruments*

At the date of transition the contingent consideration and deferred consideration previously stated within accruals and deferred income under UK GAAP is now stated within other financial liabilities.

d. *Leases*

The operating leases previously reported under UK GAAP are in accordance with the classification of operating leases under IFRS therefore there has been no reclassification of leases. The operating leases have been reviewed and have been expensed on a straight line basis over the term of the lease.

Net transition adjustments

	1 April 2014 £000	31 Dec 2014 £000	31 March 2015 £000
Rent free period	34	64	74
Rental increase straight line over the term of the lease	3,796	3,771	3,762
	3,830	3,835	3,836

e. *Deferred tax (liabilities) / assets*

The following table shows the effect of transition adjustments on deferred tax assets and the movement of deferred tax recognised in the statement of profit and loss:

Net transition adjustments

	1 April 2014 £000	31 Dec 2014 £000	31 March 2015 £000
Goodwill	-	(710)	(710)
Revaluation	(24,800)	(24,265)	(24,368)
Leases	766	760	767
	(24,034)	(24,215)	(24,311)

The deferred tax assets previously recognised within current assets have been off set against the deferred tax liability generated on transition.

4 Operating segments

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

- Registered: supporting individuals in our specially adapted homes; and
- Supporting living: 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 3 and 9 month period ended 31 December 2015 (3 and 9 month period ended 31 December 2014: £Nil and £Nil).

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 2. Segment profits represents 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 the senior management.

	Continuing Operations			
For the 3 month period ended 31 December 2015	**Registered £000**	**Supported Living £000**	**Total £000**	**Group £000**
Revenue	39,403	11,526	**50,929**	**50,929**
EBITDA (before non-underlying items)	**8,594**	**1,631**	**10,225**	**10,225**
Non-underlying items				(194)
EBITDA (after non-underlying items)				**10,031**
Depreciation of property, plant and equipment				(3,810)
Profit on disposal of non-current assets				205
Amortisation of intangible assets				(246)
Net finance expense				(5,889)
Taxation				(238)
Profit for the period				**53**

	Continuing Operations			
For the 3 month period ended 31 December 2014	**Registered £000**	**Supported Living £000**	**Total £000**	**Group £000**
Revenue	39,818	11,469	**51,287**	**51,287**
EBITDA (before non-underlying items)	**8,776**	**1,704**	**10,480**	**10,480**
Non-underlying items				(109)
EBITDA (after non-underlying items)				**10,371**
Depreciation of property, plant and equipment				(2,062)
Loss on disposal of non-current assets				(111)
Amortisation of intangible assets				(264)
Net finance expense				(5,874)
Taxation				(136)
Profit for the period				**1,924**

	Continuing Operations			
For the 9 month period ended 31 December 2015	**Registered £000**	**Supported Living £000**	**Total £000**	**Group £000**
Revenue	118,429	35,342	**153,771**	**153,771**
EBITDA (before non-underlying items)	**25,395**	**5,936**	**31,331**	**31,331**
Non-underlying items				(575)
EBITDA (after non-underlying items)				**30,756**
Depreciation of property, plant and equipment				(8,387)
Profit on disposal of non-current assets				215
Release of negative goodwill				46
Amortisation of intangible assets				(773)
Net finance expense				(17,658)
Taxation				(747)
Profit for the period				**3,452**

	Continuing Operations			
For the 9 month period ended 31 December 2014	**Registered £000**	**Supported Living £000**	**Total £000**	**Group £000**
Revenue	118,966	33,074	**152,040**	**152,040**
EBITDA (before non-underlying items)	**27,523**	**5,350**	**32,873**	**32,873**
Non-underlying items				(2,316)
EBITDA (after non-underlying items)				**30,557**
Depreciation of property, plant and equipment				(5,875)
Profit on disposal of non-current assets				73
Amortisation of intangible assets				(562)
Net finance expense				(17,441)
Taxation				(157)
Profit for the period				**6,595**

5 Non-underlying items

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

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

		3 months ended 31 December 2015 £000	3 months ended 31 December 2014 £000	9 months ended 31 December 2015 £000	9 months ended 31 December 2014 £000
Continuing operations					
Non-underlying items:	**Note**				
Restructuring costs	a	11	7	34	33
Acquisition and integration costs	b	84	102	261	617
Sale of Voyage Holdings	c	-	-	-	1,666
Consultancy fees	d	107	-	249	-
Impairment of property, plant and equipment	e	1,414	-	1,414	-
Negative goodwill	f	-	-	(46)	-
Other		(8)	-	31	-
		1,608	109	1,943	2,316

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

(a) *Restructuring costs*
For the 3 and 9 month period ended 31 December 2015 the Group incurred costs with regards to simplifying the group structure and as a result £11,000 and £34,000 professional fees were incurred. For the 3 and 9 months ended 31 December 2014 the Group initiated the first steps to restructure the Group and as a result £7,000 and £33,000 professional fees were incurred.

(b) *Acquisition and integration costs*
For the 3 and 9 month period ended 31 December 2015 and 31 December 2014, the Group incurred costs in relation to a number of acquisitions. In accordance with IFRS 3 such costs cannot be included in the business combination and therefore cannot be capitalised. The total transaction and integration costs amounted to £84,000 and £261,000 for the 3 and 9 month period to 31 December 2015 and £102,000 and £617,000 for the 3 and 9 month period to 31 December 2014.

(c) *Sale of Voyage Holdings*
During the 9 month period ended 31 Decemebr 2014 the Group incurred fees in relation with the Noteholder and RCF provider consent solicitation as a result of the sale of Voyage Holdings Limited.

(d) *Consultancy fees*
For the 3 and 9 month period ended 31 December 2015, the Group incurred costs in relation to professional advice and as a result £107,000 and £249,000 consultancy fees were incurred (3 and 9 month period ended 31 December 2014 £Nil and £Nil).

(e) *Impairment of property, plant and equipment*
During the 3 month period ended 31 December 2015, the Group reviewed certain property, plant and equipment and as a result an impairment of £1,414,000 was incurred.

(f) *Negative goodwill*
The acquisition of the Redcliffe group resulted in negative goodwill due to the consideration being lower than the fair value of net assets. In accordance with IFRS 3, negative goodwill has been recognised in the statement of profit and loss.

6 Operating profit before taxation

Operating profit before taxation is stated after charging:

	3 months ended 31 December 2015 £000	3 months ended 31 December 2014 £000	9 months ended 31 December 2015 £000	9 months ended 31 December 2014 £000
Continuing operations				
Direct expenses and consumables	1,950	2,063	5,864	5,910
Staff costs:				
Wages and salaries	29,910	29,458	89,267	86,752
Social security costs	1,840	2,017	5,797	5,839
Other pension costs	245	257	719	741
Operating lease rentals:				
Other lease rentals	837	818	2,496	2,552
Plant and machinery	463	588	1,469	1,907
Depreciation and impairment	3,810	2,062	8,387	5,875
Profit/(loss) on disposal of non-current assets	(205)	111	(215)	(73)
Release of negative goodwill	-	-	(46)	-
Amortisation of intangible assets	246	264	773	562
Other external charges	5,653	5,715	17,403	17,782
	44,749	43,353	131,914	127,847

7 **Finance income**	**3 months ended 31 December 2015 £000**	**3 months ended 31 December 2014 £000**	**9 months ended 31 December 2015 £000**	**9 months ended 31 December 2014 £000**
Continuing operations				
Bank interest receivable	20	-	75	7

8 **Finance expense**	**3 months ended 31 December 2015 £000**	**3 months ended 31 December 2014 £000**	**9 months ended 31 December 2015 £000**	**9 months ended 31 December 2014 £000**
Continuing operations				
Bank interest including RCF non-utilisation fees	195	152	599	490
Loan notes interest	5,613	5,660	16,839	16,848
Unwinding of discount on onerous lease provision and consideration	101	52	251	110
Other finance costs	-	10	44	-
	5,909	5,874	17,733	17,448

Loan notes interest comprises loan notes interest of £4,983,000 and £14,948,000 for the 3 and 9 month period ended 31 December 2015 (£4,983,000 and £14,948,000 for the 3 and 9 month period ended 31 December 2014) and amortisation of issue costs and original issue discount of £630,000 and £1,891,000 for the 3 and 9 month period ended 31 December 2015 (£677,000 and £1,900,000 for the 3 and 9 month period ended 31 December 2014).

9 Taxation

The Group's consolidated total effective tax rate in respect of continuing operations for the 3 and 9 month period ended 31 December 2015 is 14.0% (pre-impairment) and 17.8% respectively (3 and 9 month period ended 31 December 2014: 6.6% and 2.3%). The tax expense is recognised based on management's best estimate of the weighted-average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period.

10 **Goodwill**	**31 December 2015 £000**	**31 December 2014 £000**	**31 March 2015 £000**
Cost			
Opening cost	41,325	39,785	39,785
Acquisitions	-	1,540	1,540
Closing cost	41,325	41,325	41,325

11 **Property, plant and equipment**	**31 December 2015 £000**	**31 December 2014 £000**	**31 March 2015 £000**
Cost			
Opening cost	453,855	442,074	442,074
Acquisitions	-	918	2,672
Additions	10,414	11,085	12,596
Assets classified as held for sale	(2,878)	-	(1,926)
Disposals	(1,103)	(5,783)	(1,561)
Closing cost	460,288	448,294	453,855
Depreciation			
Opening depreciation	90,607	81,740	81,740
Charge for the period	6,973	5,875	8,115
Impairment	1,414	-	2,617
Assets classified as held for sale	(2,163)	-	(1,574)
Disposals	(752)	(4,786)	(291)
Closing depreciation	96,079	82,829	90,607
Net book value			
Closing net book value	364,209	365,465	363,248
Opening net book value	363,248	360,334	360,334

12 Intangible assets	**31 December 2015 £000**	**31 December 2014 £000**	**31 March 2015 £000**
Cost			
Opening cost	4,995	1,161	1,161
Additions	81	3,654	3,834
Closing cost	5,076	4,815	4,995
Amortisation			
Opening amortisation	1,254	430	430
Provided during the period	773	562	824
Closing amortisation	2,027	992	1,254
Net book value			
Closing net book value	3,049	3,823	3,741
Opening net book value	3,741	731	731

13 Non-current assets classified as held for sale

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

As at 31 December 2015, the assets classified as held for sale are £2,992,000.

14 Loans and borrowings	**31 December 2015 £000**	**31 December 2014 £000**	**31 March 2015 £000**
Loan notes	265,298	262,654	263,407
Bank loans	-	-	5,000
	265,298	262,654	268,407

Loan notes include unamortised issue costs and original issue discount of £6,702,000 (31 December 2014: £9,346,000 and 31 March 2015: £8,593,000).

As at 31 December 2015 there was accrued interest of £8,294,000 (31 December 2014: £8,294,000 and 31 March 2015: £3,312,000) included within accruals disclosed within current liabilities in the statement of financial position but excluded from this note.

Total debt can be analysed as falling due:

	31 December 2015 £000	**31 December 2014 £000**	**31 March 2015 £000**
In one year or less	-	-	5,000
Between one and five years	265,298	262,654	263,407
	265,298	262,654	268,407

Loan notes

On 25 January 2013, the group issued £272 million of loan notes comprising £222 million Senior Secured Notes due 2018 and £50 million Second Lien Notes due 2019. In addition, the group is party to a £45 million Revolving Credit Facility. The notes are listed on the Luxembourg Stock Exchange.

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

Debt instrument	**Currency**	**Loan balance £000**	**Interest rate**	**Repayment terms**
Senior Secured Loan Notes	GBP	222,000	6.50%	Aug-18
Second Lien Notes	GBP	50,000	11.00%	Feb-19
Revolving Credit Facility				
Utilised	GBP	-	LIBOR +4.00%	Aug-18
Non utilised	GBP	45,000	1.6%	Aug-18

15 Financial instruments

	Carrying amount				Fair value
	Non-current liabilities	Current liabilities			
	Loans and borrowings £000	Loans and borrowings £000	Other financial liabilities £000	Total £000	Total £000
At 31 December 2015					
Financial liabilities measured at fair value					
Contingent consideration	-	-	220	220	220
Deferred consideration	-	-	875	875	875
Finance lease liabilities	-	-	28	28	28
Financial liabilities not measured at fair value					
Senior Secured Loan Notes	222,000	-	-	222,000	231,158
Second Lien Loan Notes	50,000	-	-	50,000	52,917
	272,000	-	1,123	273,123	285,198
At 31 December 2014					
Financial liabilities measured at fair value					
Contingent consideration	-	-	220	220	220
Deferred consideration	-	-	775	775	775
Finance lease liabilities	-	-	49	49	49
Financial liabilities not measured at fair value					
Senior Secured Loan Notes	222,000	-	-	222,000	232,823
Second Lien Loan Notes	50,000	-	-	50,000	52,920
	272,000	-	1,044	273,044	286,787
At 31 March 2015					
Financial liabilities measured at fair value					
Contingent consideration	-	-	220	220	220
Deferred consideration	-	-	798	798	798
Revolving Credit Facility	-	5,000	-	5,000	5,000
Finance lease liabilities	-	-	35	35	35
Financial liabilities not measured at fair value					
Senior Secured Loan Notes	222,000	-	-	222,000	232,823
Second Lien Loan Notes	50,000	-	-	50,000	52,917
	272,000	5,000	1,053	278,053	291,793

16 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