

**REGISTERED NUMBER: 08344738**

**Strategic Report, Report of the Directors and  
Financial Statements for the Year Ended 31 March 2018  
for  
Voyage Care BondCo PLC**

**Voyage Care BondCo PLC**

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For the Year Ended 31 March 2018**

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**Voyage Care BondCo PLC**

**Company Information**  
**For the Year Ended 31 March 2018**

**DIRECTORS:**

P Sealey  
A Cannon

**SECRETARY:**

P Sealey

**REGISTERED OFFICE:**

Voyage Care  
Wall Island  
Birmingham Road  
Lichfield  
Staffordshire  
WS14 0QP

**REGISTERED NUMBER:**

08344738 (England and Wales)

**SENIOR STATUTORY  
AUDITOR:**

Colin Brearley

**AUDITOR:**

KPMG LLP, Statutory Auditor  
One Snowhill  
Snow Hill Queensway  
Birmingham  
B4 6GH

**Strategic Report**

**For the Year Ended 31 March 2018**

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

**PRINCIPAL ACTIVITY**

The Company acts as a financing company within the Voyage Care Group. Voyage Care provides a wide variety of services for individuals with learning disabilities, brain injuries and other complex needs. The care solutions we provide range from home care and supported living, where support is provided in a person's own home, through to residential care in our specially adapted homes. The focus continues to be on the needs of those we support.

**REVIEW OF BUSINESS**

The year under review has seen further strong progress towards achieving Voyage Care's objective of becoming the market leader in the provision of high quality care services for people with learning disabilities, acquired brain injuries and other complex needs.

Voyage Care HoldCo Limited, the Company's ultimate parent undertaking, manages its operations on a divisional basis. For this reason, the Company's Directors believe that key performance indicators for the Company are not necessary or appropriate for an understanding of the development, performance or position of the business.

The performance of the Group headed by Voyage Care HoldCo Limited, which includes this Company, is included in the Directors' Report of that company.

On 8 May 2017, the Group completed a refinancing transaction and the gross proceeds were used to redeem in full existing Senior Secured Notes and Second Lien Notes and to pay fees incurred in connection with the transaction. As part of the refinancing transaction the Group received a £28 million Equity Contribution.

The financial performance and position of the Company are in line with the Directors' expectations. Voyage Care BondCo PLC has net assets of £21,747,000 (2017: £1,515,000) as at 31 March 2018. This analysis is detailed on the Statement of Financial Position (see page 13). Correspondingly, for the year ended 31 March 2018 Voyage Care BondCo PLC reported a loss before taxation of £7,768,000 (2017: £2,089,000). This analysis is detailed on the Statement of Profit and Loss (see page 11).

**PRINCIPAL RISKS AND UNCERTAINTIES**

As a financing company for the Voyage Care Group, the principal risks for the company relates to the recoverability of its receivables due from the other members of the group. This is impacted by the following factors:

***Local Authority funding***

***Risk***

The continuing financial austerity within Government increases social care funding pressures for Local Authorities. As staffing costs continue to rise through National Living Wage, workplace pension auto enrolment charges and apprenticeship levy there is a risk that the increased funding is not available to compensate for the increased costs.

***Mitigation***

Many Local Authorities have taken advantage of the 3% council tax precept, entirely dedicated to social care funding which will allow local government to raise an additional c.£4.5 billion by 2020. The Better Care Fund has been created that is designed to help integrate NHS and social care co-funding.

***Recruitment and retention of skilled care workers***

***Risk***

The key to the Group's success is the quality of the people we employ. Losing key employees inhibits the strength of delivering consistently high quality care.

***Mitigation***

The Group has a bespoke system to deal with recruitment from first point of contact to employment, including Disclosure and Barring Service checks. Employee turnover is closely monitored through KPIs and exit interviews are performed to identify underlying trends.

***Ensuring the provision of high quality care to the people we support***

***Risk***

The Voyage business is built on the reputation of the high quality care consistently delivered. A reduction in quality would harm the Group's reputation and have a negative impact on the lives of people we support.

**Strategic Report - continued**  
**For the Year Ended 31 March 2018**

**PRINCIPAL RISKS - continued**

***Ensuring the provision of high quality care to the people we support - continued***

***Mitigation***

An appropriate balance is maintained between care fees and payroll costs. Fees are always agreed with funders to reflect the care needs of the people we support to ensure that the appropriate level of care is provided. Payroll costs are controlled by regular review of weekly care hours, through an in-house management system.

Close control of agency usage is in place including weekly reporting to senior management.

High levels of training expenditure are maintained in order to ensure employees are fully up-to-date in the best ways of providing care for people we support.

***Maintaining high occupancy levels and average weekly hours***

***Risk***

The Group's strategy to deliver great quality care with commercial success requires the Group to have a robust financial performance. To achieve appropriate revenue performance, occupancy levels, hours delivered and the associated fees must be maintained.

***Mitigation***

Admissions, leavers, weekly fees and the progress of referrals for vacancies are formally reported to senior management on a weekly basis.

The vast majority of people we support have long-life conditions and high acuity needs, which have been assessed as either "critical" or "substantial" by Local Authorities and the NHS and therefore require on-going care services to help them look after themselves. This provides us with visibility of expected care packages including occupancy and weekly care hours and provides a degree of resilience to government spending pressures.

***Brexit***

***Risk***

Britain's decision to leave the European Union may lead to a more challenging environment in the short and long term due to uncertainties in the current markets and future impacts on the Group's workforce.

***Mitigation***

We continue to diligently monitor the terms of Brexit negotiations to scrutinise any impact for the Group in this time of uncertainty.

**UNCERTAINTIES FACING THE BUSINESS**

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

**Voyage Care BondCo PLC**

**Strategic Report - continued  
For the Year Ended 31 March 2018**

**FUTURE PROSPECTS**

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

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

**BY ORDER OF THE BOARD:**



.....  
P Sealey – *Company Secretary*

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

## **Voyage Care BondCo PLC**

### **Report of the Directors For the Year Ended 31 March 2018**

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

In accordance with section 414(11) of the Companies Act 2006, information that is required to be contained in the Directors' Report has been included in the Strategic Report, specifically the future prospects of the business.

#### **GOING CONCERN**

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

On 8 May 2017, the Group completed a refinancing transaction and the gross proceeds were used to redeem in full existing Senior Secured Notes and Second Lien Notes and to pay fees incurred in connection with the transaction. As part of the refinancing transaction the Group received a £28 million Equity Contribution.

At 31 March 2018, the Group had £215 million 5 7/8% Senior Secured Notes due 2023 and £35 million of 10% Second Lien Notes due 2023. The Group has a £45 million Revolving Credit Facility due 2023; the Revolving Credit Facility was partially drawn at 31 March 2018.

The Group's trading cash forecasts, which take into account reasonably possible changes in trading activities, show that the Group will be in compliance with all covenants and will have adequate funds to meet its liabilities, including debt servicing costs, for the foreseeable future.

Having considered the reasonable possible risks and sensitivities, the Directors therefore believe it remains appropriate to prepare the financial statements on a going concern basis.

#### **RESULTS AND DIVIDENDS**

The results for the year are set out in detail on page 11.

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

#### **DIRECTORS**

The Directors shown below have held office during the whole of the period from 1 April 2017 to the date of this report.

P Sealey  
A Cannon

Other changes in Directors holdings office are as follows:  
A Winning – resigned 9 November 2017

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

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR**

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

**Voyage Care BondCo PLC**

**Report of the Directors - continued  
For the Year Ended 31 March 2018**

**AUDITOR**

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

**BY ORDER OF THE BOARD:**



.....  
P Sealey - *Company Secretary*

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



## **Statement of Directors' Responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *The Reduced Disclosure Framework*.

Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing the financial statements, the Directors are required to:

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

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

Under applicable law and regulations, the Directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

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

## Independent Auditor's Report To The Members Of Voyage Care BondCo PLC

### 1 Our opinion is unmodified

We have audited the financial statements of Voyage Care BondCo PLC ("the Company") for the year ended 31 March 2018 which comprise the Statement of Profit and Loss, Statement of Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, and the related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view of the state of Company's affairs as at 31 March 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### *Basis for opinion*

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

### 2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In arriving at our audit opinion above, the key audit matter, is as follows:

#### **Recoverability of the company's debt due from group entities**

(2018: £409.7 million; 2017: £380.4 million)

*Refer to Note 2 (accounting policy) and Note 9 (financial disclosures)*

#### ***The Risk- Forecast-based valuation***

The carrying amount of the debt due from group entities is significant and at risk of irrecoverability due to continuing pressure on Care sector funding and costs. The estimated recoverable amount of these balances is subjective due to the inherent uncertainty in forecasting trading conditions of the Voyage BidCo Limited group and cash flows used in the budgets.

#### ***Our Response-Our procedures included:***

- **Benchmarking assumptions:** Challenging the assumptions used in the cash flows included in the budgets based on our knowledge of the Voyage BidCo Limited group and the markets in which the group operate;
- **Historical comparisons:** Assessing the reasonableness of the budgets by considering the historical accuracy of the previous forecasts;
- **Our sector experience:** Evaluating the current level of trading, including identifying any indications of a downturn in activity, by examining the post year end management accounts and considering our knowledge of the Voyage BidCo Limited group and the market; and
- **Assessing transparency:** Assessing the adequacy of the company's disclosures in respect of the debt due from group entities.

### 3 Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £2.25m (2017: £2.25m), determined with reference to a benchmark of Total Assets, of which it represents 0.6% (2017: 0.6%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding £0.11m (2017: £0.11m), in addition to other identified misstatements that warranted reporting on qualitative grounds.

Our audit of the company was undertaken to the materiality level specified above and was all performed at the Voyage Care BondCo PLC offices in Lichfield.

## **Independent Auditor's Report To The Members Of Voyage Care BondCo PLC - continued**

### **4 We have nothing to report on going concern**

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

### **5 We have nothing to report on the other information in the Annual Report**

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

#### ***Strategic report and directors' report***

Based solely on our work on the other information:

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

### **6 We have nothing to report on the other matters on which we are required to report by exception**

Under the Companies Act 2006, we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

### **7 Respective responsibilities**

#### ***Directors' responsibilities***

As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

#### ***Auditor's responsibilities***


Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**Independent Auditor's Report To The Members Of Voyage Care BondCo PLC - continued**

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

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.



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

**Voyage Care BondCo PLC**

**Statement of Profit and Loss  
For the Year Ended 31 March 2018**

	Notes	2018 £'000	2017 £'000
Operating expenses	4	<u>(16)</u>	<u>(10)</u>
<b>OPERATING LOSS</b>		<b>(16)</b>	<b>(10)</b>
Interest receivable and similar income	6	29,317	28,501
Interest payable and similar expenses (including non-underlying expenses of £8,844,000 (2017: £Nil))	7	<u>(37,069)</u>	<u>(30,580)</u>
<b>LOSS BEFORE TAXATION</b>		<b>(7,768)</b>	<b>(2,089)</b>
Tax on loss	8	<u>-</u>	<u>-</u>
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b><u>(7,768)</u></b>	<b><u>(2,089)</u></b>

**Voyage Care BondCo PLC**

**Statement of Other Comprehensive Income  
For the Year Ended 31 March 2018**

	<b>2018 £'000</b>	<b>2017 £'000</b>
<b>LOSS FOR THE YEAR</b>	<b>(7,768)</b>	<b>(2,089)</b>
<b>OTHER COMPREHENSIVE INCOME</b>	<b>—</b>	<b>—</b>
<b>TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR</b>	<b><u>(7,768)</u></b>	<b><u>(2,089)</u></b>

Statement of Financial Position  
31 March 2018

	Notes	2018 £'000	2017 £'000
<b>CURRENT ASSETS</b>			
Debtors falling due within one year	9	-	2,276
Debtors falling due after more than one year	9	<u>409,730</u>	<u>380,413</u>
		409,730	382,689
<b>CREDITORS</b>			
Amounts falling due within one year	10	<u>(7,054)</u>	<u>(4,950)</u>
<b>NET CURRENT ASSETS</b>		<b>402,676</b>	<b>377,739</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<b>402,676</b>	<b>377,739</b>
<b>CREDITORS</b>			
Amounts falling due after more than one year	11	<u>(380,929)</u>	<u>(376,224)</u>
<b>NET ASSETS</b>		<b><u>21,747</u></b>	<b><u>1,515</u></b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	50	50
Share premium	13	28,000	-
Retained earnings		<u>(6,303)</u>	<u>1,465</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<b><u>21,747</u></b>	<b><u>1,515</u></b>

These financial statements were approved by the Board of Directors on 17 July 2018 and were signed on its behalf by:

  
A Cannon - Director

**Voyage Care BondCo PLC**

**Statement of Changes in Equity  
For the Year Ended 31 March 2018**

	<b>Called up share capital £'000</b>	<b>Share premium £'000</b>	<b>Retained earnings £'000</b>	<b>Total equity £'000</b>
<b>Balance at 1 April 2016</b>	50	-	3,554	3,604
<b>Changes in equity</b>				
Total comprehensive income	-	-	(2,089)	(2,089)
<b>Balance at 31 March 2017</b>	50	-	1,465	1,515
<b>Changes in equity</b>				
<i>Transactions with owners</i>				
Issue of 'A' ordinary share	-	28,000	-	28,000
<b>Total transactions with owners</b>	-	28,000	-	28,000
Total Comprehensive Income	-	-	(7,768)	(7,768)
<b>Balance at 31 March 2018</b>	50	28,000	(6,303)	21,747



## Voyage Care BondCo PLC

### Notes to the Financial Statements For the Year Ended 31 March 2018

#### 1. STATUTORY INFORMATION

Voyage Care BondCo PLC is a company incorporated and domiciled in the UK.

#### 2. ACCOUNTING POLICIES

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

##### **Basis of preparation**

These financial statements have been prepared in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards as adopted by the EU ("Adopted IFRS"), but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Voyage Care HoldCo Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Voyage Care HoldCo Limited are prepared in accordance with International Financial Reporting Standards adopted by the EU and are available to the public.

As the consolidated financial statements of Voyage Care HoldCo Limited include the equivalent disclosures, the Company has also taken the exemption under FRS 101 available in respect of the following disclosures:

- a cash flow statement;
- disclosures in respect of transactions with wholly owned subsidiaries and related party transactions;
- the effects of new but not yet effective IFRS's; and
- certain disclosures by IFRS 13 "Fair Value Measurement" and the disclosures required by IFRS 7 "Financial Instrument Disclosures".

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in its next financial statements.

##### **Judgements, estimates and assumptions**

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

Estimates and underlying assumptions are reviewed on an 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.

##### ***Impairments of amounts due from group undertakings***

Determining whether amounts due from group undertakings have been impaired requires an estimation of the debt's value in use. The value in use calculation requires the Group to estimate expected future cash flows and suitable discount rates in order to calculate present values. The carrying amount of amounts due from group undertakings at 31 March 2018 was £409,680,000 (2017: £380,363,000) with no impairment loss recognised for the year ended 31 March 2018 or 31 March 2017.

In the opinion of the Directors, there are no other key judgements or estimates which have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Notes to the Financial Statements - continued**  
**For the Year Ended 31 March 2018**

**2. ACCOUNTING POLICIES - continued**

**Non-derivative financial instruments**

Non-derivative financial instruments comprise debtors, creditors and interest bearing borrowings.

*Debtors*

Trade and other debtors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective rate of interest method.

*Creditors*

Trade and other creditors are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective rate of interest method.

*Interest bearing borrowings*

Interest bearing borrowings are initially recognised at fair value less attributable transaction costs. Subsequent to initial recognition, interest bearing borrowings are stated at amortised cost using the effective rate of interest method.

*Interest receivable and payable*

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

Interest payable comprises interest payable on Loan Notes and Revolving Credit Facility. In addition, transaction costs that are directly attributable to the arrangement of borrowings are capitalised and recognised in the Statement of Profit and Loss using the effective interest method.

**Taxation including deferred taxation**

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

Tax currently payable is based on the taxable profit or loss for the year. Taxable profit or loss differs from 'profit / loss before tax' as reported in the 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 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.

**Going concern**

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

On 8 May 2017, the Group completed a refinancing transaction and the gross proceeds were used to redeem in full existing Senior Secured Notes and Second Lien Notes and to pay fees incurred in connection with the transaction. As part of the refinancing transaction the Group received a £28 million Equity Contribution.

At 31 March 2018, the Group had £215 million 5 7/8% Senior Secured Notes due 2023 and £35 million of 10% Second Lien Notes due 2023. The Group has a £45 million Revolving Credit Facility; the Revolving Credit Facility was partially drawn at 31 March 2018.

The Group's trading cash forecasts, which take into account reasonably possible changes in trading activities, show that the Group will be in compliance with all covenants and will have adequate funds to meet its liabilities, including debt servicing costs, for the foreseeable future.

Having considered the reasonable possible risks and sensitivities, the Directors therefore believe it remains appropriate to prepare the financial statements on a going concern basis.

# **Voyage Care BondCo PLC**

## **Notes to the Financial Statements - continued For the Year Ended 31 March 2018**

### **3. DIRECTORS' REMUNERATION**

Directors' remuneration was borne and paid by another group company.

### **4. OPERATING EXPENSES**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Other external charges	<u>16</u>	<u>10</u>

### **5. AUDITOR'S REMUNERATION**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Audit of financial statements	<u>7</u>	<u>9</u>

The Company is not required to disclose separate information about fees for non-audit services provided to the Company because the consolidated financial statements of the Company's ultimate parent, Voyage Care HoldCo Limited, disclose such fees on a consolidated basis.

### **6. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable from immediate parent undertakings (see note 9)	<u>29,317</u>	<u>28,501</u>

### **7. INTEREST PAYABLE AND SIMILAR EXPENSES**

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable to another group company (see note 11)	9,438	7,229
Bank interest including RCF non-utilisation fees	365	660
Interest payable on Loan Notes	16,808	19,930
Debt cost amortisation	1,491	2,661
Debt costs	123	100
Redemption penalty on settlement of Loan Notes (non-underlying)	4,983	-
Unamortised transaction costs expensed on settlement of Loan Notes (non-underlying)	3,861	-
	<u>37,069</u>	<u>30,580</u>

**Notes to the Financial Statements - continued**  
**For the Year Ended 31 March 2018**

**8. TAXATION**

**Analysis of tax expense**

No liability to UK corporation tax arose for the year ended 31 March 2018 nor for the year ended 31 March 2017.

**Factors affecting the tax expense**

The tax assessed for the year is higher (2017: higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	2018 £'000	2017 £'000
Loss before income tax	<u>(7,768)</u>	<u>(2,089)</u>
Loss multiplied by the standard rate of corporation tax in the UK of 19% (2017 - 20%)	(1,476)	(418)
Effects of:		
Transfer pricing adjustment	(12)	-
Group relief surrendered	1,488	418
	<u>          </u>	<u>          </u>
Tax income	<u>          </u>	<u>          </u>

**Factors that may affect future tax charges**

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

**9. DEBTORS**

	2018 £'000	2017 £'000
Amounts falling due within one year:		
Other debtors	<u>-</u>	<u>2,276</u>
Amounts falling due after more than one year:		
Other debtors	50	50
Amounts due from immediate parent undertaking	<u>409,680</u>	<u>380,363</u>
	<u>409,730</u>	<u>380,413</u>
Aggregate amounts	<u>409,730</u>	<u>382,689</u>

The amounts due from group undertakings have no fixed repayment date, but are not expected to be recalled within one year and bear interest at a rate based on the Group's weighted average cost of capital.

**Notes to the Financial Statements - continued**  
**For the Year Ended 31 March 2018**

**10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2018 £'000	2017 £'000
Accruals and deferred income	<u>7,054</u>	<u>4,950</u>
	<u><b>7,054</b></u>	<u><b>4,950</b></u>

**11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	2018 £'000	2017 £'000
Amounts due to another group company	138,956	108,428
Senior Secured Notes and Second Lien Notes	<u>241,973</u>	<u>267,796</u>
	<u><b>380,929</b></u>	<u><b>376,224</b></u>

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

The amounts repayable to group undertakings have no fixed repayment date, but are due after more than one year and bear interest at a rate based on the Group's weighted average cost of capital.

**Loan notes**

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

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

At 31 March 2018, the Group had £215 million 5 7/8% Senior Secured Notes due 2023 and £35 million of 10% Second Lien Notes due 2023. The Group has a £45 million Revolving Credit Facility due 2023; £15m of the Revolving Credit Facility was drawn at 31 March 2018.

The Loan Notes are listed on the Channel Island 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	215,000	5 7/8%	May-23
Second Lien Notes	GBP	35,000	10%	Nov-23
Revolving Credit Facility:				
Utilised	GBP	15,000	LIBOR +3.25%	Feb-23
Non utilised	GBP	30,000	1.1%	Feb-23

**Notes to the Financial Statements - continued**  
**For the Year Ended 31 March 2018**

**12. CALLED UP SHARE CAPITAL**

<b>Allotted, issued and fully paid:</b>				
<b>Number:</b>	<b>Class:</b>	<b>Nominal value:</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
50,001 (2017: 50,000)	Ordinary	£1	<u>50</u>	<u>50</u>

On 8 May 2017, 1 'A' ordinary share of £1.00 was issued for a consideration of £28,000,000.

**13. SHARE PREMIUM**

<b>Group and Company</b>	<b>2018 £'000</b>	<b>2017 £'000</b>
At 1 April 2017	-	-
Premium on shares issued in the financial year (see note 12)	<u>28,000</u>	<u>-</u>
At 31 March 2018	<u>28,000</u>	<u>-</u>

**14. ULTIMATE PARENT UNDERTAKING**

The Company's immediate parent undertaking is Voyage BidCo 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 can be obtained from:

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