Voyage BidCo Limited

Results for the year ended 31 March 2023

Voyage Care BondCo PLC

£250,000,000 5 ⅞% Senior Secured Notes due 2027

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

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

Executive Summary

Financial highlights

The table below summarises financial information for the year ended 31 March 2023:

£ million	**FYE 2022**	**FYE 2023**
Revenue	292.6	315.2
Underlying adjusted EBITDA	48.7	38.9
Operating profit	28.4	11.2
Profit/(Loss) for the period	3.2	(6.3)
Adjusted free cash flow	32.5	24.4

Commentary on results

Performance during FYE 2023 vs. FYE 2022

- CQC quality scores remained very high with 92.2% of services achieving a Good or Outstanding rating.
- Revenue increased by 7.7% to £315.2 million due to fee increases and Registered growth.
- Underlying adjusted EBITDA decreased by 20.1% to £38.9 million. This was due mainly to the impact of pay and cost inflation not being matched by fee increases.
- Community based care closing weekly direct care hours increased year on year by 3,700, although average weekly care hours for FYE 2023 decreased by 1,500 hours compared to FYE 2022, with an average of 103,100 hours.

Recent developments

- The current UK operating environment and economic situation continues to pose challenges to the specialist care sector.
- A challenging UK employment market means that recruitment and retention continues to be a key area of focus and accordingly in Q3 we invested in improved pay and benefits. We continue to see improvements in recruitment, retention and reductions in agency compared to prior periods.
- The Fee increase process for FYE 2024 has started well.
- There are continued closures across the sector due to staffing and financial pressures. We regularly review our portfolio and hand back services where we can no longer safely and economically deliver a high standard of care.
- We are investing behind our strategy and growth and market consolidation opportunities are available.

Company Overview

Voyage Care is the UK's leading specialist provider delivering care in residential care homes and community based support. We support adults and children with learning disabilities, autism, brain injuries and other complex needs to lead more independent and fulfilled lives. Most of the people we support require life-long care and have high acuity needs, assessed as either 'critical' or 'substantial' by local authorities and the NHS.

Our services

Our commitment to quality is demonstrated by our sector-leading quality ratings: we have more good and outstanding rated services than any other provider in the specialist care sector. The specialist care sector is both highly regulated and fragmented. Voyage Care is one of the few larger providers operating exclusively in this sector with proven expertise in supporting people with complex high acuity needs across a range of specialisms.

Voyage Care's person-centred pathway of support includes both residential care and community based support, and our business divisions complement these regulatory and delivery models.

Types of support

We work with the people we support, their support network and commissioner to identify and source the setting that best suits the individual's needs. The people we support can rely on us for safe, flexible and personalised support wherever it is needed.

Residential care is provided in a CQC, CI or CIW registered care home and may include nursing or respite care. Community based support is provided in a person's own home, which may be in one of our supported living locations, and is managed through one of our regional Domiciliary Care Agencies (DCAs) which are registered with the CQC, CI or CIW. We also provide support for people to access their local community or in day services.

Our specialisms

The people we support are at the centre of everything we do. Everybody's needs are different, so our support is tailored to each individual and underpinned our robust quality governance framework. To ensure we continue to deliver a high standard of specialist care and support that meets people's complex needs, we have successfully developed and deployed specialisms including autism, brain injury rehabilitation, Prader-Willi syndrome, specialist behavioural support, transitional support, mental health and complex nurse-led care at home for both adults and children.

Employees

Like all companies which provide social care services, the key to the Group's success is the skills and capabilities of the people we employ.

The Group recognises the recruitment, training and retention of skilled employees is critical to its success. As a result, we continued to invest in training, approximately £2.1 million in the year ended 31 March 2023 (2022: £2.1 million), in order to ensure that our employees are fully up-to-date in the best ways of providing care for those we support.

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

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

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

Insurance

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

Legal and regulatory proceedings

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

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

In addition, a coroner's inquest (or the Welsh or Scottish equivalent thereof as applicable) may occasionally take place where there is a death of an individual at one of our homes. The police may be involved in these proceedings. We are not currently subject to any legal proceedings that we believe to be material to our business as a whole.

Presentation of financial and other information

Financial data

Unless otherwise stated, this Annual Report includes the consolidated financial information (audited) of Voyage BidCo Limited and its subsidiaries for the financial year ended 31 March 2023 ("FYE 2023") and 31 March 2022 ("FYE 2022").

Other financial data

In this Annual Report, we may present certain non-IFRS measures, including underlying adjusted EBITDA, adjusted EBITDA, underlying adjusted EBITDA margin, cash conversion, adjusted free cash flow, total capex, development capex, maintenance capex, IT capex (each, a 'Non-IFRS Metric'), which are not required by, or presented in accordance with IFRS. The terms above are defined within the Glossary of Definitions.

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

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

Board of Directors

Prior to the Acquisition, the main decision body for Voyage Care was the board of directors of Voyage Care HoldCo Limited. Following the consummation of the acquisition, the main decision body for Voyage Care is the board of directors of VC Healthcare Topco Limited, a company registered under Jersey law. The board of directors of VC Healthcare Topco Limited is composed of the following members:

Name	Job Title	Name	Job Title
Natalie-Jane Macdonald	Non-executive Chair	Benedetto de Biasio	Non-executive Director - Wren House
Andrew Cannon	Chief Executive Officer	Gregory Pestrak	Non-executive Director - Wren House
Jayne Davey	Chief Operating Officer	Philip Bownes	Non-executive Director - Wren House
Shaun Parker	Chief Financial Officer	Gabrielle Silver	Non-executive Director

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

Natalie-Jane Macdonald (Non-executive Chair) joined the Voyage Care board as Chair in June 2022. She has over 30 years' experience in health and social care. She is the Chair of Nuffield Health and Edison Young People and a non-executive director at Riverstone Living. She has previously been a non-executive director at the Royal National Orthopaedic Hospital, the Private Health Information Network (PHIN) and a council member of Which?. In her executive career she was a physician in the NHS, head of Medical Ethics at the BMA, Managing Director of Bupa's UK insurance and wellbeing division, CEO of children's services business, Acorn Care and Education and CEO of Sunrise Senior Living.

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

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

Shaun Parker (Chief Financial Officer) is an experienced finance professional with over 26 years in Finance Director and Chief Financial Officer roles. During this time Shaun has worked for Mars Petcare in the UK and Germany, Diageo in the USA and UK, and CPP Group in the UK. Immediately prior to joining Voyage Care, Shaun was CFO of Tunstall Healthcare Group, the leading provider of alarm equipment and response solutions to support elderly and vulnerable people in their homes. Shaun has extensive experience of finance leadership in growing businesses as well as leading corporate transactions, including numerous refinancings, an IPO, and mergers and acquisitions. In addition to his role at Voyage Care, Shaun is also a non-executive Director of Spaghetti Bridge, a privately owned schools group which supports young people with a range of needs who have significant barriers to learning.

Benedetto de Biasio (Non-executive Director – Wren House) has been a director of the Company since January 2022. Benedetto is a senior member of the investment team at Wren House and focuses on origination and execution of global infrastructure investments particularly in the social infrastructure sector. Prior to joining Wren House in April 2014, Benedetto worked for Morgan Stanley's investment banking division in London and New York, where his expertise was in Power & Utilities and infrastructure M&A, and in UBS's Securities Lending & Financing department based in Zurich.

Gregory Pestrak (Non-executive Director – Wren House) has been a director of the Company since January 2022. Gregory is a Managing Director at Wren House and a member of its Executive Committee, where his focus is on asset management across the portfolio. Gregory represents Wren House on the Board of London City Airport and of Associated British Ports. Prior to joining Wren House in July 2017, he was a Partner in KPMG's Global Strategy Group based in the UK, where he was the infrastructure lead from 2009.

Philip Bownes (Non-executive Director – Wren House) joined the board of the Company in January 2022. Philip is General Counsel at Wren House and is a member of its Executive Committee. Philip has been involved in all acquisitions and disposals carried out by Wren House since it was first established in 2013 and he is a member of the Board of a number of Wren House's subsidiary companies. As a qualified solicitor, prior to joining Wren House in May 2014 he worked in private practice for Slaughter and May and White and Case.

Gabrielle Silver (Non-executive Director) joined the board of the company in November 2022. Gabrielle is the Chief Executive Officer of Bioscript Group, a scientific communications business. Most recently she led CHS Healthcare, a business focusing on supporting people as they transitioned from the health to social care sector. She has also served as a non-executive director at the Royal National Orthopaedic Hospital NHS Trust for the last 7 years. Over the same period, she was a director of a US listed business, Opiant Pharmaceuticals, a biotech focused on developing drugs for addictive disorder. She has broad leadership experience in the healthcare sector across life sciences, medical technology, software development as well as healthcare services.

Principal shareholders

The Company's immediate parent undertaking is Voyage Care BidCo Limited which is registered in England and Wales. At the period end, the Directors consider the ultimate controlling party to be the Kuwait Investment Authority ("KIA"), which is registered at Ministries Complex, Al Murqab, P.O. Box: 64, Safat, Zip Code: 13001, Kuwait City, Kuwait.

Description of other indebtedness

Revolving Credit Facility

On 20 January 2022, Voyage, together with the Guarantors (National Westminster Bank PLC, Lloyds Bank PLC, J.P. Morgan Securities PLC and Barclays Bank PLC), entered into a new £50 million super senior Revolving Credit Facility Agreement (RCF). The RCF provides that we may elect to request additional facilities either as a new facility or as additional tranches of the RCF. The maximum aggregate principal amount of indebtedness outstanding under the RCF and all additional facility commitments shall not exceed an amount equal to the amount of consolidated EBITDA.

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

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

Intercreditor Agreement

To establish the relative rights of certain of our creditors under our financing arrangements, the Company and certain of its subsidiaries (including the Guarantors) (together the "Debtors") have entered into the Intercreditor Agreement dated on or about the date of the Offering with, among others, the Security Agent, the lenders under our Revolving Credit Facility Agreement (together with any other facility permitted to be designated as a 'Senior Facilities Agreement' under the Intercreditor Agreement, a "Senior Facilities Agreement"), any lenders under any Senior Facilities Agreement (together with lenders under the Revolving Credit Facility Agreement, the "Senior Lenders"), the counterparts under certain hedging agreements (the "Hedging Counterparties" and together with the Senior Lenders, the "Senior Creditors") and the senior agent under our Revolving Credit Facility (together with any agent under any other Senior Facilities Agreement, the "Senior Facility Agent"). The Intercreditor Agreement is governed by English law and sets out, among others, the relative ranking of certain indebtedness of the Debtors, the relative ranking of certain security granted by the Debtors, when payments can be made in respect of debt of the Debtors, when Enforcement Action can be taken in respect of that indebtedness, the terms pursuant to which certain of that indebtedness will be subordinated upon the occurrence of certain insolvency events and turnover provisions.

A copy of the agreement is available from the Issuer.

Management's discussion and analysis of financial condition and results

Key performance indicators

	FYE 2022	FYE 2023	Change
Registered care division			
Closing registered capacity (number)	2,037	2,045	8
Closing occupancy (number)	1,907	1,900	(7)
Closing occupancy rate %	93.6%	92.9%	(0.7%)
Average occupancy (number)	1,896	1,908	12
Average occupancy rate %	93.3%	93.1%	0.2%
Average weekly fees	£1,882	£2,053	£171
Community based care division			
Closing supported people (number)	1,541	1,495	(47)
Closing direct care hours (number)	100,893	104,582	3,689
Average direct care hours (number)	104,575	103,080	(1,495)
Average hourly rate	£19.68	£20.80	£1.12

Consolidated statement of profit & loss

£ million	**FYE 2022**	**FYE 2023**	**% Change**
Revenue	**292.6**	**315.2**	**7.7%**
Unit level staff costs	(185.7)	(207.3)	(11.6%)
Unit level agency costs	(10.8)	(16.5)	(52.9%)
Unit level direct overheads	(24.1)	(30.4)	(25.8%)
Central overheads	(23.3)	(22.2)	4.6%
Underlying adjusted EBITDA	**48.7**	**38.9**	**(20.1%)**
Non-underlying items	(3.1)	(3.9)	(24.3%)
Adjusted EBITDA	45.6	35.0	(23.2%)
Depreciation & impairment	(14.7)	(21.7)	(47.3%)
Profit on disposal of non-current assets	0.2	0.1	17.2%
Amortisation of intangible assets	(2.6)	(2.3)	10.6%
Operating profit	**28.4**	**11.2**	**(60.8%)**
Finance income	0.1	0.3	nm
Finance expense	(21.0)	(17.4)	17.2%
Profit/(Loss) before taxation	**7.5**	**(5.9)**	**nm**
Taxation	(4.3)	(0.4)	90.6%
Profit/(Loss) for the period	**3.2**	**(6.3)**	**nm**
Other financial metrics			
Underlying adjusted unit EBITDA	72.0	61.1	(15.1%)
Underlying adjusted unit EBITDA margin %	24.6%	19.4%	(5.2%)
Underlying adjusted EBITDA margin %	16.6%	12.3%	(4.3%)

* FY22 Group accounts (Voyage Care Holdco Ltd) reflect £9.4m of non-underlying items relating to the sale and other related costs in connection with the acquisition of Voyage by Wren House. The £9.4m is reported in Voyage Bidco Ltd accounts as an intercompany debtor.

Revenue

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

- FYE 2023 revenue increased by £22.6 million, or 7.7% to £315.2 million from £292.6 million for FYE 2022, primarily due to fee increases (£19.6 million or 6.7%) and like-for-like growth (£3.0 million or 1.0%).

Revenue by division

	FYE 2022	FYE 2023	% Change
Registered care division	185.6	203.7	9.8%
Community based care division	107.0	111.5	4.2%
Total revenue	**292.6**	**315.2**	**7.7%**

- Registered revenue increased in the year due to fee increases and growth in average occupancy.
- Community revenue increased in the year due to fee increases.

Unit level staff costs and agency costs

Staff costs consist of wages, salaries and employee benefits, employers' national insurance, pension costs and other costs such as statutory sick pay.

- Total unit level staff and agency costs for FYE 2023 increased by £27.3 million, or 13.9% to £223.7 million (which represented 71.0% of revenue) from £196.5 million (which represented 67.1% of revenue) for FYE 2022, primarily due to National Living Wage and National Minimum Wage increases and the pay and benefits investment which commenced 1st November 2022. The mix of staffing towards agency increased in the first half of the year due to the continued tightening of local employment markets. This resulted in agency usage increasing to 5.0% of care hours in FYE 2023 from 3.6% of care hours in FYE 2022. However, closing agency hours reduced to 4.5% of care hours in March 2023 from 5.6% in March 2022.

    - Staff costs for FYE 2023 increased by 21.6 million, or 11.6% to £207.3 million from £185.7 million for FYE 2022.
    - Agency costs for FYE 2023 increased by £5.7 million to £16.5 million from £10.8 million for FYE 2022.

Unit Level Direct Overheads

Unit level direct overheads include direct costs incurred in operating services on a day-to-day basis, including home provisions (e.g. food, etc.), day care activities, registration fees and therapists particularly for those people we support with acquired brain injuries, lease rentals and other external charges which consist of indirect costs incurred in running and maintaining services, Local Authority rates, council tax, repairs, utilities, training and professional fees.

- FYE 2023 unit level direct overheads increased by £6.3 million, or 25.8% to £30.4 million from £24.1 million for FYE 2022. FYE 2023 saw a significant increase in energy (heat & light) costs by £3.3m to £5.5m from £2.3m for FYE 2022, in addition to other inflationary increases in therapy costs, insurance, home provisions and recruitment.

Central Overheads

Central overheads comprise expenditure in relation to the Group's head office function who support the running of the business and therefore indirectly support the delivery of care and support.

- FYE 2023 central overheads decreased by £1.1 million, or 4.6% to £22.2 million (7.0% of revenue) from £23.3 million (8.0% of revenue) for FYE 2022. This is primarily due to lower bonus payments.

Underlying adjusted EBITDA

Underlying adjusted EBITDA is not a recognised performance measure under IFRS and may not be directly comparable with similar measures used by other companies.

- FYE 2023 underlying adjusted EBITDA decreased by £9.8 million, or 20.1% to £38.9 million from £48.7 million for FYE 2022. This decrease was due mainly to increased revenue being more than offset by increases in staff and agency costs, in addition to the inflationary increases in unit level overheads outlined above.

Underlying adjusted EBITDA by division	**FYE 2022**	**FYE 2023**	**% Change**
Registered care division	37.2	30.2	(19.0%)
Community based care division	11.5	8.7	(23.8%)
Total underlying adjusted EBITDA	**48.7**	**38.9**	**(20.1%)**

- Registered underlying adjusted EBITDA decreased in the year due to fee increases being offset by additional staffing costs and agency along with other cost inflation.

- Community underlying adjusted EBITDA decreased in the year, with fee increases being offset by additional staffing costs and agency.

Non-underlying items

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

- Non-underlying items were £3.9 million (FYE 2022: £3.1 million). FYE 2023 non-underlying items related to employee related costs and consultancy costs involving a strategic review. Non-underlying items for FYE 2022 were primarily relating to Covid-19 costs and the write off of unamortised debt costs from the refinancing in February 2022.

Adjusted EBITDA

Adjusted EBITDA is not a recognised performance measure under IFRS and may not be directly comparable with similar measures used by other companies.

- FYE 2023 adjusted EBITDA after non-underlying items decreased by £10.6 million, or 23.2% to £35.0 million from £45.6 million for FYE 2022.

Depreciation and Impairment of property, plant and equipment

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

- FYE 2023 depreciation and impairment of property plant and equipment increased by £7.0 million, or 47.3% to £21.7 million from £14.7 million for FYE 2022. FYE 2023 property impairments were £4.9 million (FYE 2022: £nil) and there was a full year of depreciation of high additions in the prior year. The Group recognised an impairment charge for certain property, plant and equipment due to the carrying amount of assets exceeding their recoverable amount.

Profit on disposal of non-current assets

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

- FYE 2023 profit on the disposal of non-current assets was £0.1 million (FYE 2022: £0.2 million).

Amortisation of intangible assets

Intangible assets with finite useful lives that are acquired separately or in a business combination, or internally developed computer software, 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.

- FYE 2023 amortisation of intangible assets decreased by £0.3 million to £2.3 million from £2.6 million for FYE 2022.

Operating profit

Operating profit consists of earnings before interest and taxation.

- FYE 2023 operating profit decreased by £17.2 million or 60.8% to £11.2 million from £28.4 million in FYE 2022, due mainly to reduced underlying adjusted EBITDA and the £7.0m increase in depreciation & impairment.

Finance income

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

- FYE 2023 interest receivable and other income was £0.3 million compared to £0.1 million for FYE 2022.

Finance expenses

Finance expenses primarily consist of interest payable and fees relating to the Senior Secured Notes (2017 and 2022) and Second Lien Notes (2017), as well as other finance costs including the interest on the RCF and unwinding of IFRS 16 lease liabilities.

- FYE 2023 interest payable and similar charges on bank loans decreased by £3.6 million to £17.4 million from £21.0 million for FYE 2022. This is due to a reduction in the interest rate charged on the Senior Secured notes following refinancing in February 2022 and FYE 2022 including a £2.1m expense of unamortised debt costs on the previous Senior Secured and Second Lien notes.

Profit/(Loss) before taxation

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

- FYE 2023 loss before taxation decreased by £13.4 million to £5.9 million, from £7.5 million profit for FYE 2022.

Taxation

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

- For FYE 2023 a taxation charge of £0.4 million was recognised, a decrease of £3.9 million from FYE 2022. The taxation charge for FYE 2022 of £4.3 million was primarily as a result of the significant movement in the rate at which the net deferred tax liability is recognised (from 19% to 25%). The taxation charge in FYE 2023 of £0.4m was due to: disallowable expenses, capital allowances utilised in excess of depreciation and a further increase in net deferred tax liability relating to the prior year.

Profit/(Loss) for the period

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

- FYE 2023 profit/(loss) for the period reduced by £9.5 million to a loss of £6.3 million from a profit of £3.2 million for FYE 2022.

Consolidated statement of cash flow

£ million	FYE 2022	FYE 2023	% Change
Underlying adjusted EBITDA	48.7	38.9	(20.1%)
Maintenance capex	(13.6)	(12.3)	(9.6%)
IT capex	(2.7)	(2.2)	(18.5%)
Adjusted free cash flow	**32.5**	**24.4**	**(24.9%)**
Cash conversion %	*66.7%*	*62.8%*	*(3.9%)*
Non-underlying items (1)	(3.1)	(3.9)	25.8%
Working Capital (2)	(6.8)	(2.1)	(69.1%)
Interest	(20.9)	(15.6)	25.4%
Taxation	(2.7)	0.3	nm
FCF before dev. capex, acquisitions and financing	**(1.0)**	**3.2**	**nm**
Development capex (3)	(2.2)	(5.8)	nm
Acquisition (4)	(3.6)	(4.3)	(19.4%)
Proceeds from sale	0.3	2.1	nm
FCF before financing	**(6.5)**	**(4.9)**	**(24.6%)**
Property and vehicle lease payments (IFRS16)	(4.5)	(4.7)	(4.4%)
Net cash flow used in financing activities	(5.7)	1.0	nm
Movement in cash for the period	**(16.7)**	**(8.6)**	**(48.5%)**
Opening cash and cash equivalents	40.7	24.1	40.8%
Closing cash and cash equivalents	**24.1**	**15.5**	**(35.7%)**
Undrawn RCF at closing	45.0	48.0	(6.7%)
Total liquidity	**69.1**	**63.5**	**(8.1%)**

(1) Excludes cash flows in relation to acquisition integration costs
(2) FYE 2022 Working Capital includes £9.4m in relation to the sale and other related costs in connection with the acquisition of Voyage Care by Wren House
(3) Net of disposal proceeds and includes development capital expenditure and capital expenditure with respect to supporting our head office function. Excludes cash flows in relation to acquisition capital expenditure
(4) Includes net overdraft acquired with subsidiaries where applicable

Maintenance Capex

- FYE 2023 maintenance capex decreased by £1.3 million to £12.3 million from £13.6 million for FYE 2022. The decrease is primarily due to control on spending and higher than usual expenditure in FYE 2022.

IT Capex

- FYE 2023 IT capex reduced by £0.5 million to £2.2 million from £2.7 million for FYE 2022.

Adjusted free cash flow

- FYE 2023 adjusted free cash flow reduced by £8.1 million, or 24.9% to £24.4 million from £32.5 million for FYE 2022. The reduction is primarily due to a £9.8 million decrease in EBITDA partially offset by a £1.8 million decrease in capex.

Non-underlying items

- FYE 2023 non-underlying items increased by £0.8m from £3.1 million to £3.9 million when compared with FYE 2022. FYE 2023 included consultancy fees and workforce restructuring costs. FYE 2022 included net Covid-19 costs.

Working capital

- FYE 2023 working capital movement was an outflow of £2.1 million which compares to an outflow of £6.8 million for FYE 2022. The FYE 2023 cashflow reduction of £2.1 million relates to increased accrued income due in invoicing calendar cycles.

Interest

- FYE 2023 interest payable decreased by £5.2 million to £15.6 million from £20.9 million in FYE 2022. This decrease was due to a reduction in the interest rate charged on the £250m 5 ⅞ % Senior Secured Notes following refinancing in February 2022. Further, FYE 2022 saw an additional interest payment due to the refinancing.

Taxation

- For FYE 2023 there was a tax credit of £0.3 million in relation to corporation tax payments made on account (FYE 2022: £2.7 million payment).

Free Cash Flow before Development Capex, Acquisitions and Financing

- FYE 2023 Free Cash Flow before Development Capex, Acquisitions and Financing increased by £4.2 million to an inflow of £3.2 million from £1.0 million outflow in FYE 2022, primarily due to favourable movements relating to Maintenance capex, working capital, interest and taxation, offset by a decrease in Underlying adjusted EBITDA.

Development Capex

Development Capex primarily comprises build costs and other professional expenses in connection with new builds, conversions of existing properties, and the purchase of motor vehicles. Maintenance capital expenditure (which is recorded separately) primarily comprises purchases of new replacement equipment and fixtures. Our future capital (development) expenditure amounts will be discretionary, and we may adjust in any period according to our strategy to continue to selectively expand capacity and evaluate opportunities that enhance our profitability.

- FYE 2023 development capital expenditure increased by £3.7 million to £5.8 million compared to £2.2 million for FYE 2022. In FYE 2023 we continued investment in our property portfolio to allow for further growth, with two freehold sites purchases and the redevelopment of several existing sites.

Acquisition

- In FYE 2023 there was net £4.3 million outflow on acquisitions, which included the trade and assets acquisition of several Registered services and Community Based Care packages from 'The Disabilities Trust' for £4.3m (FYE 2022: £3.6 million – 'Woodley House Ltd' a 20 bed Registered Service).

Proceeds from sale

- FYE 2023 there was £2.1 million cash inflow. This is an increase of £1.8 million compared to FYE 2022.

Property and vehicle lease payments

- During FYE 2023 we made £4.7 million of total lease payments under IFRS16 which was £0.2 million more than FYE 2022.

Net cash flow used in financing activities

- FYE 2023 net cash flow used in financing activities was an inflow of £1.0 million compared to an outflow of £5.7 million for FYE 2022. In FYE 2023 the group drew down on its Revolving Credit Facility which generated a cash inflow to the group of £2.0m.

Movement in cash for the period

- FYE 2023 movement in cash for the period was £8.1 million favourable at £8.6 million outflow, compared to £16.7 million outflow FYE 2022.

Balance Sheet

£ million	FYE 2022	FYE 2023	Change	% Change
Non current assets	427.1	428.6	1.6	0.4%
Current assets				
Trade and other receivables	31.2	34.1	3.0	(9.3%)
Corporation tax receivable	2.6	2.7	0.1	(3.8%)
Cash and cash equivalents	24.1	15.5	(8.6)	35.7%
Assets classified as held for sale	0.0	0.0	0.0	nm
Total assets	**484.9**	**480.9**	**(3.9)**	**0.8%**
Non-current liabilities				
Loans and borrowings	257.1	257.0	0.2	(0.0%)
Tax liabilities	16.2	17.4	(1.1)	7.4%
Employee benefits	0.3	0.2	0.1	(33.3%)
Provisions	1.0	1.1	(0.1)	10.0%
Current liabilities	65.5	66.9	(1.4)	2.1%
Equity	144.7	138.4	6.3	(4.4%)
Total equity and liabilities	**484.9**	**480.9**	**3.9**	**0.8%**

Debt and leverage

At 31 March 2023 and 31 March 2022, our unrestricted cash balances were £15.5 million and £24.1 million, respectively.

Contractual obligations

The following table summarises our material contractual obligations at 31 March 2023, showing the total principal amount payable and excluding any future interest payments. Following the refinancing completed on 3 February 2022, the Senior Secured Notes and the Second Lien Notes were replaced by the new £250m Senior Secured Notes, which are due 2027.

£ million	**0-1 year**	**1-2 years**	**2 years or more**	**Total**
Senior Secured Notes (1)	-	-	250.0	250.0
Revolving Credit Facility	2.0	-	-	2.0
Total	**0.0**	**0.0**	**250.0**	**252.0**

(1) Represents the aggregate principal amount of the Senior Secured Notes as at 31 March 2023

Pro-forma net debt and leverage

Note that pro-forma net debt and leverage are calculated as defined in the Offering Memorandum for the new £250m 5 ⅞ % Senior Secured Notes due February 2027.

	As at and for the twelve months ended	
£ million	**31-Mar-22**	**31-Mar-23**
Underlying Adjusted EBITDA	48.7	38.9
Estimated full year impact of recent acquisitions	0.6	0.0
Pro forma underlying adjusted EBITDA	**49.4**	**38.9**
Senior Secured net debt:		
Senior Secured notes	250.0	250.0
Second lien notes	0.0	0.0
Revolving credit facility	0.0	2.0
Gross debt	250.0	252.0
Cash	(20.7)	(13.1)
Secured net debt	**229.3**	**238.9**
IFRS 16 lease liability	17.6	16.7
Net debt including IFRS 16 lease liability	**246.9**	**255.7**
Ratio of Secured net debt to pro forma Underlying Adjusted EBITDA	4.6x	6.1x
Ratio of net debt to pro forma Underlying Adjusted EBITDA	**5.0x**	**6.6x**

Property Analysis (Open services)

At 31 March 2023 the number of freehold properties held was 265, which was an increase of 5 compared to March 2022. The net book value of the freehold properties was £318.4 million.

We have increased our provision of Registered division places by 9 since March 2022.

We have increased our provision of Community division supported living places by 49 since 31 March 2022 whilst reducing the number of properties by 3.

In our Registered care division on 31 March 2023, freehold properties made up 88.9% of capacity whereas in Community based care, freehold properties made up 7.4% of capacity. This in line with our strategy to utilise 3rd party capital to invest in property and capacity to drive Community based care growth.

31 March 2023	**Registered**		**Community**		**Daycare**	**Total**		**DCA[4]**
	#	**Capacity**	**#**	**Capacity**	**#**	**#**	**Capacity**	**#**
Freehold	237	1,819	27	97	1	265	1,916	6
Leasehold/Rental [1]	30	217	3	10	7	40	227	32
3rd Party Owned [2]	3	9	286	1,208	0	289	1,217	4
Totals	**270**	**2,045**	**316**	**1,315**	**8**	**594**	**3,360**	**42**
Freehold NBV (£m) [3]	**310.0**		**6.4**		**2.0**	**318.4**		

31 March 2022	**Registered**		**Community**		**Daycare**	**Total**		**DCA[4]**
	#	**Capacity**	**#**	**Capacity**	**#**	**#**	**Capacity**	**#**
Freehold	232	1,812	27	98	1	260	1,910	6
Leasehold/Rental [1]	31	224	3	10	7	41	234	33
3rd Party Owned [2]	0	0	289	1,158	0	289	1,158	2
Totals	**263**	**2,036**	**319**	**1,266**	**8**	**590**	**3,302**	**41**

Movement	**Registered**		**Community**		**Daycare**	**Total**		**DCA[4]**
	#	**Capacity**	**#**	**Capacity**	**#**	**#**	**Capacity**	**#**
Freehold	5	7	0	(1)	0	5	6	0
Leasehold/Rental [1]	(1)	(7)	0	0	0	(1)	(7)	(1)
3rd Party Owned [2]	3	9	(3)	50	0	0	59	2
Totals	**7**	**9**	**(3)**	**49**	0	**4**	**58**	**1**

(1) Leasehold/Rental includes properties which are on a long-term lease and properties on short term rental which have been obtained to support immediate commissioner requirements.

(2) 3rd Party owned Supported Living properties are leased to a Registered Provider such as a Housing Association and then rented to the people we support. Rent and maintenance are usually covered by Housing Benefit claimed by the people we support.

(3) Freehold NBV is not separately shown under DCA, as the Freehold 'DCA' offices often operate from Freehold 'Community' Properties. Freehold NBV excludes assets held for sale and leasehold, encumbered and third-party properties.

(4) Total Freehold capacity excludes Freehold DCAs as these offices operate from Freehold 'Community' Properties.

Glossary of Definitions

Non IFRS and other financial measures

- ***"Underlying adjusted EBITDA"*** means profit / (loss) for the period as adjusted for taxation, finance expense, amortisation of intangible assets, profit / (loss) on disposal of non-current assets, depreciation and impairment of property and the effects of certain items considered to be non-underlying;

- ***"Adjusted EBITDA"*** means Underlying adjusted EBITDA prior to adjustments for the effects of non-underlying items;

- ***"Underlying adjusted EBITDA margin"*** means Underlying adjusted EBITDA divided by revenue;

- ***"Cash conversion"*** means Underlying adjusted EBITDA less Maintenance CAPEX and IT CAPEX, divided by Underlying adjusted EBITDA;

- ***"Adjusted free cash flow"*** means Underlying adjusted EBITDA less Maintenance CAPEX and IT CAPEX;

- ***"Total CAPEX"*** means the sum of Development CAPEX, Maintenance CAPEX and IT CAPEX;

- ***"Development CAPEX"*** means build costs and other professional expenses in connection with new builds and conversions of existing properties, net of disposal proceeds, including development capital expenditure and capital expenditure with respect to supporting our head office function and excluding cash flows in relation to acquisition capital expenditure. Development CAPEX also includes costs in connection with the acquisition of property which we originally lease for our operations and where we later agree to acquire the property from the lessor as well as the purchase of motor vehicles;

- ***"Maintenance CAPEX"*** means service-related routine capital expenditure and non service-related capital expenditure with respect to supporting our head office function and includes purchases of new replacement equipment and fixtures;

- ***"IT CAPEX"*** means service-related routine capital expenditure and non service-related capital expenditure with respect to software and hardware used for the operations of our Group.

Operating expenses used to track performance and liquidity

- ***"Unit level staff costs"*** comprise expenditure in relation to the Group's employees who deliver direct care and support to the people we support.

- ***"Unit level agency costs"*** comprise expenditure in relation to third-party staffing agencies who deliver direct care and support to the people we support.

- ***"Unit level direct overheads"*** comprise supplementary expenditure required to deliver the care and support to the people we support (direct costs to run the Group's services).

- ***"Central overheads"*** comprise expenditure in relation to the Group's head office function who support the running of the business and therefore indirectly support the delivery of care and support.

- ***"Depreciation and impairment of property, plant and equipment"*** comprises the write off of property, plant and equipment to their residual value over their estimated useful life.

- ***"Profit/(loss) on disposal of non-current assets"*** comprise the difference between the net disposal proceeds received and the net book value of non-current assets at the time of disposal.

- ***“Amortisation of intangible assets”*** comprises the write off of intangible assets to their residual value over their estimated useful life.

Pro forma financial measures

- ***“Pro Forma Underlying Adjusted EBITDA”*** means Underlying Adjusted EBITDA, as adjusted to give effect to the full year impact of the Underlying Adjusted EBITDA contribution of (a) our recent acquisitions, (b) the implementation of a new procurement system and (c) cost optimisations with respect to DCAs, in each case as if they had occurred or been fully implemented on 1 October 2020.

- ***“Pro Forma Cash”*** means total cash and cash equivalents as at 30 September 2021, as adjusted to give effect to the Transactions and cash used in connection with the Acquisition. See “Use of proceeds” and “Capitalisation”.

- ***“Pro Forma Net Debt”*** means loans and borrowings (including lease liabilities), as adjusted to give effect to the Transactions, less Pro Forma Cash.

Other operating data

- ***“Registered capacity”*** – our results of operations are impacted by the number of beds at certain locations as bed capacity determines the maximum number of people that can be cared for in our Registered Care Division. Registered capacity is the average number of available beds for the relevant period unless otherwise stated.

- ***“Occupancy”*** – occupancy represents the average number of individuals that we provide care to in our Registered Care Division for the relevant period unless otherwise stated.

- ***“Occupancy rate”*** – occupancy rate represents the percentage of the registered capacity occupied in our Registered Care Division at the end of the relevant period unless otherwise stated.

- ***“Supported people”*** – our results of operations are impacted by the number of people supported in our Community Based Care Division. The number of people supported in our Community Based Care Division is presented as the average placements for the relevant period unless otherwise stated.

- ***“Direct care hours”*** – direct care hours presented represent the weekly direct care hours delivered in our Community Based Care Division, including supported living, Children’s Complex Care, day care and outreach placements, 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.

- ***“Average weekly fees”*** – fee rates for our Registered Care Division refer to the average weekly fees in a given period.

- ***“Average hourly rates”*** – fee rates for our Community Based Care Division refer to average hourly rates per direct hour charged to a funder in a given period.

Voyage BidCo Limited

Annual Report and Consolidated Financial Statements

For the year ended 31 March 2023

Registered Number: 05752534

Voyage BidCo Limited
Annual Report and Consolidated Financial Statements
For the year ended 31 March 2023

Contents **Page**

The Directors present their Strategic Report for the year ended 31 March 2023.

Principal activity

Voyage Care (“Group”), of which Voyage BidCo Limited is a member, provides a range of services for individuals with learning disabilities, autism, acquired brain injury and other related complex needs in the UK. The care solutions provided range from Registered Care in specially adapted homes to Community Based Care, where support is provided in a person's own home. The Group’s focus continues to be on the needs of the people we support.

Strategy and business model

The Group’s purpose is to deliver great quality care with commercial success. Guided by our values, we have an unwavering focus to deliver the highest standard of care to the people we support whilst ensuring that the Group continues to be in a healthy financial position for years to come. A strong financial position underpins our ability to make appropriate investments that increases our capacity to care for more vulnerable people.

Our shared Group values are empowering, togetherness, honesty, outstanding, and supportive, which are collectively known as ETHOS. In combination, the ETHOS values help us to deliver our purpose by guiding the decisions that we make.

Great quality care

To deliver the Group’s strategic purpose, the quality of care provided to the people we support is at the heart of everything we do.

During the year under review, the Group maintained a market leading quality score with 92% of services in England holding a rating of Good or Outstanding as at 31 March 2023 following inspection from the CQC (31 March 2022: 95%). Sixteen locations held an Outstanding rating from CQC as at 31 March 2023 (31 March 2022: Fourteen). Additionally, 100% of homes and services registered in Scotland and in Wales were found to be compliant when inspected by their regulators (31 March 2022: 100%).

During the year under review, the CQC introduced a new regulatory approach for health and care providers. Their movement to a risk based approach has resulted in focussing on the inspection of services deemed to have a higher risk, using data gathered from monthly monitoring calls, safeguarding incidents and whistleblowing, rather than inspecting services on a rotational basis. Naturally, recently inspected services across the sector are receiving ratings lower than the previous average under the rotational approach. Whilst the Group’s ratings have been impacted by the change in approach, they remain significantly above the sector average of 83.8% rated Good or Outstanding in England as at 31 March 2023.

Some of the ways in which the Group achieves market leading CQC scores are outlined below:

- Individual care and support plans are reviewed and amended on a planned regular basis, or earlier where required, to address changing support needs and to ensure that an appropriate level of personalised care is provided for each person we support;

Strategy and business model *continued*

Great quality care continued

- The Group invests significantly to operate its own quality assurance function to ensure that quality standards are continually driven forward;
- The Group's learning and development functions ensure colleagues are equipped with the necessary skill set, knowledge and confidence to achieve Voyage Care's high standards of care for the people we support; and
- The breadth of service capability, from Registered care to various types of domiciliary, ensures that we can always offer a care and support pathway tailored to the specific needs of the individual, thereby helping to achieve a better outcome for both the people we support and for funders.

This continuing drive to maintain high quality standards strengthens the Group's ability to retain existing business and grow by winning tenders, by increasing the number of people we support within framework agreements, by attracting individual clients with personal budgets and by placing the Group in a favourable position to take over underperforming services.

By developing expertise in specialist areas, such as supporting autistic people, people with learning disabilities and associated complex needs through to people with Prader Willi and people requiring rehabilitation post brain injury, the Group continues to build a platform to cater for a broad range of conditions whilst offering individuals the highest quality of care and harnessing growth from initiatives such as Transforming Care and the NHS Long Term Plan. Sector leading quality ratings and clearly articulated specialisms underpin our ability to evidence good value to commissioners and lead to organic growth.

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

Commercial Success

The Group's relentless pursuit of the delivery of great quality care is enabled by our focus on commercial success. Profitable growth underpins our ability to invest in training, develop the services we offer, maintain our property estate to a high standard, introduce new and improved services and extend our footprint to care for more vulnerable people. All of this is critical in the regulated sector within which we operate, to ensure we meet or exceed all regulatory requirements, at the same time as delivering a return to our shareholders.

The Group operates from two business divisions: Registered Care and Community Based Care.

- Registered Care is delivered in specially adapted homes which the Group provides in its registered portfolio of mainly freehold properties. Growth in this area is driven through increasing capacity and occupancy, developing our specialisms and renegotiating average weekly fees for inflationary uplifts and other factors.

Strategy and business model *continued*

Commercial Success *continued*

- Community Based Care is provided in people's own homes and the Group partners with registered housing providers to identify suitable accommodation. In this division, properties are mainly owned by third party investors. It is the Group's strategy to grow its services by working with these third-party investors and registered housing providers to provide more accommodation to support more people in community based settings.

Underpinning the strength of the business are the contracts with care commissioners. For Registered Care they take the form of spot, block and respite contracts and for Community Based Care they are based on framework contracts or those acquired through tendering processes.

Selective strategic acquisitions of other businesses or homes that fit within our strategy and meet our strict quality and profitability criteria, also form part of our growth strategy as do developing new services and repurposing existing services into alternative specialisms.

Most recently in September 2022, we acquired the trade and assets of several Registered services and Community Based Care packages from another care provider for £4.3m. Due to the fragmented nature of the sector and the challenges caused by macroeconomic factors, we expect acquisition opportunities to continue to arise, including in specialised market segments adjacent to our current offerings. We believe our expertise, resources and strong financial position will allow us to integrate acquired business efficiently and achieve synergies.

Business review

Voyage Care continues to be a leading UK provider of specialist Registered Care services by revenue and by placements and has a well-established presence in specialist Community Based Care services.

During the year ended 31 March 2023, like many global businesses, the Group was significantly impacted by inflationary cost increases, and, like many businesses in the health and social care sector, the Group faced significant challenges from the availability of staffing. Accordingly, during the year, the Group made a significant and essential investment in the frontline staffing teams by increasing our minimum base hourly pay, offering unsociable hours enhancements, and developing our maternity and paternity policies. This essential investment was required to reward and retain colleagues in a period of high consumer inflation and enhance our ability to recruit into fulfilling careers in a sector leading social care company.

The events leading to the increased inflation came after the finalisation of the financial budgets of our Local Authority and NHS customers. Accordingly, the cost inflation experienced by the Group could not be fully recovered through the annual fee review process, resulting in a reduction to the Group's financial performance compared to the previous financial year. This is explained further in the financial review section of the Strategic Report.

Business review *continued*

Our colleagues are essential to our business and are fundamental to the Group's ability to grow. It is therefore of paramount importance that we are able to attract, recruit and retain people to the business, in order to be able to effectively resource new opportunities to the appropriate levels.

Challenges in recruiting during the year impaired our ability to grow in the ways we had previously expected. Additionally, given both recruitment and retention challenges and inflationary pressures, we have regrettably been forced to hand back placements and services where commissioners have been unable to offer funding increases that would allow us to safely and sustainably deliver the high standard of care which we strongly believe the people we support deserve. We will continually review our portfolio to ensure that we can deliver the highest standard of care to the people we support whilst ensuring that the Group retains a healthy and sustainable financial position.

During the year, while the Covid-19 pandemic's impact on the Group's operation reduced further, it continued to cause mild operational challenges. Nevertheless, due to the resilience and dedication of our employees to deliver high quality care to the people we support, the impact of the pandemic was minimised.

As at 31 March 2023, the Group supported 3,395 (2022: 3,448) people, comprising 1,900 (2022: 1,907) through its Registered Care services and a further 1,495 (2022: 1,541) supported through its Community Based Care services. The reduction in the number of people we supported compared to the previous financial year was impacted by regrettably needing to hand back placements and close services where commissioners were unable to offer the required funding increase for the placements to continue to be sustainable.

During the year, the Group's Registered Care services' average occupancy decreased 0.2% to 93.1% (2022: 93.3%). The Group's average Community Based Care services delivered approximately 2,000 fewer weekly hours of direct care at 103,000 weekly hours (2022: 105,000). The average weekly fee for Registered Care services increased by £172 to £2,053 (2022: £1,882) per person and Community Based Care services average revenue per direct care hour increased by £1.12 to £20.80 (2022: £19.68) for the year ended 31 March 2023.

Approximately 69% (2022: 68%) of the people we support in our Registered Care services had been in the Group's care for more than five years and some of the people we support have been with Voyage Care for more than 30 years. Providing stable environments for people we support improves the likelihood of positive outcomes and their quality of life.

Business review *continued*

Whilst individuals with acquired brain injuries will remain with Voyage Care for varying lengths of time according to their needs, progress, long term plans or personal preferences, individuals with learning disabilities have a lifelong condition and require ongoing support. Approximately 28% (2022: 31%) of the people we support in the Registered Care services division were 40 years of age or younger, and 73% (2022: 74%) were 60 years of age or younger, which contributes to a long average length of stay in those services. Approximately 46% (2022: 49%) of the people we support in the Community Based Care services were 40 years of age or younger, and 82% (2022: 84%) were 60 years of age or younger.

Of the care we provide, 97% (2022: 97%) is paid for by Local Authorities and Integrated Care Boards (''ICBs'') and, during the year ended 31 March 2023, we received revenue from over 250 (2022: over 250) of these publicly funded purchasers across the UK. The Group's long-standing relationships with Local Authorities and CCGs are built on a strong reputation for providing quality services to the people we support.

Market environment and outlook

National policy has created a clear framework for growth of services which enable people with disabilities and other complex needs to live an ordinary life in the community. Local Authorities and ICBs continue to re-balance care towards community-based support with registered care homes providing a valuable and necessary contribution for the increasing number of those with the most complex and specialist needs.

The overall demand for specialist care and support services is increasing and Voyage Care remains aligned to the strategic direction of the sector and the needs of those we support.

Local Authority and NHS customers prioritise developing relationships with high quality stable providers, such as Voyage Care, who can offer solutions to some of their key challenges:

Increasing volume of people requiring care:

- Research conducted by the National Audit Office indicates that there will be an estimated 29% growth in the number of working age adults requiring social care services by 2038.
- Projections in demand indicate sustained growth in both community-based support and care home services to meet the needs of younger adults with disabilities; a clear growth opportunity for Voyage Care as we have a well-established pathway of specialist care and support solutions.

The rising cost of providing care:

- The annual increase to the National Living Wage, sector wide resourcing challenges, energy costs and other inflationary pressures impacted the Group's cost base. By operating efficiently and with scale, the Group can help to mitigate at least some of the adverse impact on our customers.

Market environment and outlook continued

Access to the required level of funding:

- In "State of Care 2022", the latest version of their annual report, the CQC once again noted the sustained pressure on the wider health and care sector which it describes as being 'gridlocked'. The report acknowledges that healthcare leaders are increasingly recognising the 'crucial role' of social care and that they are committed to 'invest in and commission social care services with partners in local government, in recognition of the benefits for their whole local system'. The report also explains how there is a risk of worsening outcomes for people if the 'historical underinvestment and lack of sustained recognition and reward for the social care workforce' continues. As in the previous year, the report notes the inequalities faced by some groups in accessing and receiving high quality care, with people with learning disabilities and autism facing increased challenges, reinforcing the vital need for our sector-leading services.
- In the 2022 Autumn Statement the government announced it would be delaying the planned reforms to the 2014 Care Act until October 2025 but would be distributing £1.3 billion to Local Authorities in FY24 and £1.9 billion in FY25 through the Social Care Grant to meet the care needs of their local population.
- The Government also increased the referendum limit for council tax increases to 3% per year from April 2023, and gave Local Authorities with social care responsibilities the ability to increase the adult social care precept by up to 2% per year, from 1% previously. Forecasts assume that £550m can be raised in FY24 and £1.2billion in FY25 if 95% of Local Authorities set maximum council tax increase and leverage the social care precept.
- Two further sources of additional funding were announced: £1.6 billion over two years from the Better Care Fund and a ringfenced grant of around £1 billion over two years to support more effective hospital discharge.

Throughout the Covid-19 pandemic the Government provided financial support to the social care sector to ensure the critical and non-discretionary provision continued through the most challenging of times. This financial support and the commitment to a more sustainable longer term financial model for the social care sector from all political parties provides optimism for the future funding environment despite shorter term challenges.

Principal risks and uncertainties

The table below presents the principal risks facing the business and the controls in place to mitigate these, with measurement against the mitigated assessment made at March 2022 using the following key:

⬆ Risk assessed to have increased
➡ Risk assessed to have stayed the same
⬇ Risk assessed to have decreased

Principal risks and uncertainties continued

Risk	Mitigation	Change from previous year
Ensuring the provision of high quality care to the people we support		
The Voyage Care business model is built on our reputation of delivering consistently high-quality care. A reduction in quality standards against our peers would harm the Group's reputation and have a negative impact on the lives of the people we support and our ability to achieve commercial success.	A dedicated Quality department regularly updates Group policies in line with changing regulations and standards and manages the internal quality audit process. The Quality, Safety and Risk Committee, with an independent chair, as explained on page 29 provide oversight of the area to the Board of Directors. The Group invested £2.1 million in training expenditure to ensure employees are fully up-to-date in the best ways of providing care for people we support (2022: £2.1 million). Fee levels are routinely revisited with funders to reflect the evolving care needs of the people we support to ensure that the appropriate level of care can be provided for the funding available. Payroll costs are controlled by regular reviews of weekly care hours, through an in-house management system.	→
Covid-19/globally transmitted diseases		
The global outbreak of Covid-19 put significant strain on the Group to maintain the high level of care for the people we support during unprecedented times. Future global pandemics could require the Group to quickly adapt to operate within the limitations of the pandemic whilst minimising the impact to the people we support.	The Group has clear and effective business continuity plans that can be quickly enacted to react to severe threats. The granularity of the business continuity plans and the strength of local management teams allow the executive management team to react to the changes in the situation presented and to disseminate appropriate actions throughout the Group. The Group's response to, and resilience shown, during the Covid-19 pandemic demonstrates our ability to continue operating in unprecedented circumstances.	→

Principal risks and uncertainties continued

Local authority funding		
With continuing high levels of inflation and as staffing costs continue to increase due to National Living Wage uplifts, there is a risk that the additional funding from local authorities is insufficient to compensate for the increased costs experienced by Voyage Care and other care providers.	The sustainable funding of social care in the UK continues to be revisited by the Government, with: • Additional exceptional funding available for social care in each of the last seven years; • A commitment to the funding of health and social care which is to be maintained at the same level as if the Health and Social Care Levy was in place, ensuring long-term investment in social care. The Government continues to consider more sustainable funding models for the sector. Voyage Care has a robust and systematic process in relation to the calculation and negotiation of appropriate fee increases for all the local authorities it serves. Nonetheless, our ability to secure the required fee uplifts is ultimately dependent upon the funding available to commissioners.	↑
Recruitment and retention of skilled care workers		
The key to the Group's success is the quality of the people we employ. The Group needs to attract, recruit and retain sufficient employees to meet our objectives. Additionally, losing key employees inhibits the strength of delivering consistently high-quality care.	The Group continues to evolve its People Strategy and Employee Value Proposition to attract and retain colleagues. The Group has a bespoke system to deal with recruitment from first point of contact to employment, including Disclosure and Barring Service checks. Employee KPIs are closely monitored to identify underlying trends impacting recruitment and retention. Our emphasis on employee retention is explained further in the Colleagues section on page 21.	→

Principal risks and uncertainties continued

Reduced financial performance		
To achieve the Group's strategy to deliver great quality care with commercial success the Group must have a robust financial performance. The Group's finance facility contains a covenant such that the Group must exceed minimum EBITDA levels. The recent inflation environment has increased the risk that our cost increases are not fully recovered.	The Group sets annual financial budgets to appraise the financial performance and has a dedicated Commercial team to identify opportunities and work with customers to agree on sustainably funded care packages.	
Cyber and data security		
Cyber and data security continue to be subject to cyberattack threats. A data breach or attack could result in operational disruption leading to possible reduced income, increased costs, loss of data and reputational damage.	The Group, through its specialist teams, continuously reviews data security and invests in leading anti-virus software as well as ensuring third party providers are subject to the same rigour. Internal data protection teams minimise data risks and ensure compliance with GDPR. During the year, we have made further investments in the below to mitigate the risk: • Improvements to better identify and respond to potential security incidents and events; • Introduction of additional authentication steps to access company technology; • Improved adherence to latest version levels, through automation and quicker release of security updates.	

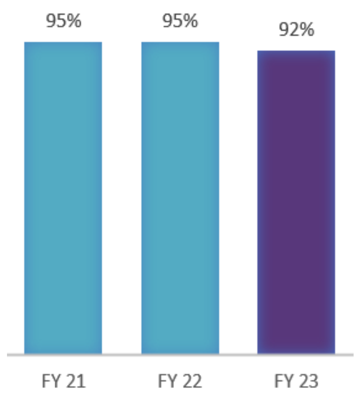
The Group's financial risks and the controls in place to mitigate them are presented in more detail on page 18 and 19.

Financial review

The Group's financial performance for the year ended 31 March 2023 has been impacted by cost inflation and the mandatory increase in the National Living Wage for workers aged 23 years and over of 6.62% (2022: 2.18%). Notwithstanding that, we achieved an underlying adjusted EBITDA, before non-underlying items, of £38.9m which, whilst a reduction of £9.8m from the year ended 31 March 2022, we consider to be a positive performance considering the significant financial cost challenges.

Key performance indicators

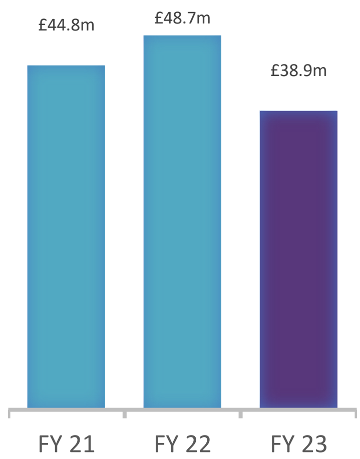
The financial and non-financial KPIs set out below focus on the drivers of value that will enable the Group to achieve its strategic aims and objectives.

Good or Outstanding services (%)	**92% (2022: 95%)**
Definition: The percentage of total services that are rated as either good or outstanding at the last inspection by CQC as at 31 March 2023.	
Performance: This is a direct measure of the Group's performance against the strategic aim of delivering great quality care. During the year, the CQC changed their regulatory approach and focussed on inspecting services with suspected risks. Accordingly, the sector's average rating, as well as the Group's, reduced. We maintained market leading quality standards with 92% of services rated as either good or outstanding at its last inspection by CQC.	

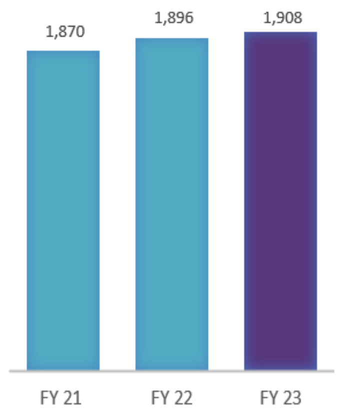
Revenue	**£315.2 million** **(2022: £292.6 million)**
Definition: The fair value of fee income receivable for the provision of care services delivered in the period.	
Performance: Group revenue increased by 7.7% to £315.2 million. This was split between an increase of 9.8% in Registered revenue to £203.7 million and an increase of 4.2% in Community Based Care revenue to £111.4 million. As explained in other key performance indicators, increases in average weekly fees and average hourly rates have contributed to an increase in total revenue.	

Financial review *continued*

Underlying Adjusted EBITDA (before non-underlying items)	**£38.9 million (2022: £48.7 million)**
Definition: Operating profit adding back depreciation, impairment, amortisation and profit or loss on disposal of property, plant and equipment, and before non-underlying items.	
Performance: Group underlying adjusted EBITDA (before non-underlying items) decreased by 20.1% to £38.9 million. This was split between a decrease of 19.0% in Registered EBITDA to £30.2 million and a decrease of 23.8% in Community Based Care to £8.7 million. The Group has continued to deliver revenue growth but has faced economic challenges with staffing costs, energy prices and general inflationary increases.	



Registered occupancy	**1,908 (2022: 1,896)**
Definition: The average number of individuals that the Group provides care to in a Registered setting across the period.	
Performance: The average Registered occupancy increased by 0.6% to 1,908. The increases in occupancy have been assisted by the Group specialising in higher acuity care.	



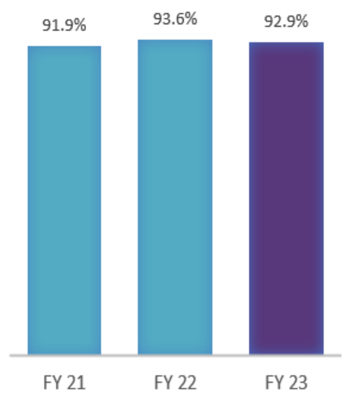
Financial review *continued*

Registered occupancy as a percentage of capacity — 92.9% (2022: 93.6%)

Definition: The percentage of Registered capacity that is occupied.

Performance: Registered occupancy as a percentage of capacity decreased by 0.7% to 92.9%. The decrease is primarily due to the rebalancing of the Group's portfolio which we continuously review to optimise our commercial success.

Maintaining high occupancy is important for the strategic objectives of the business to recover services' fixed costs across more people we support in turn driving commercial success.

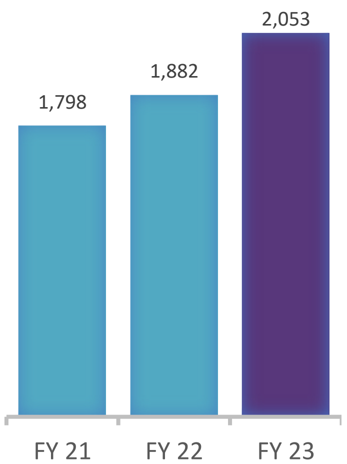


Registered average weekly fee — £2,053 (2022: £1,882)

Definition: The mean weekly fee receivable for care provided to people we support in a Registered setting.

Performance: The average weekly fee increased by 9.1% to £2,053 which drives the Group's revenue growth.

The increase is primarily the result of active negotiations with commissioners to obtain inflationary fee increases, address underfunded support packages and higher fees to reflect the evolving needs of the people we support.



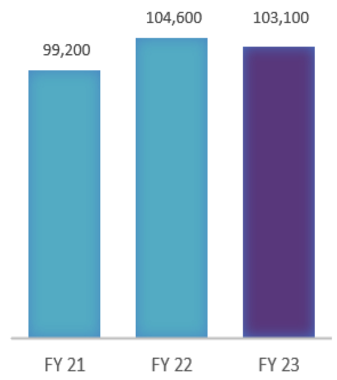
Community Based Care places — 1,636 (2022: 1,687)

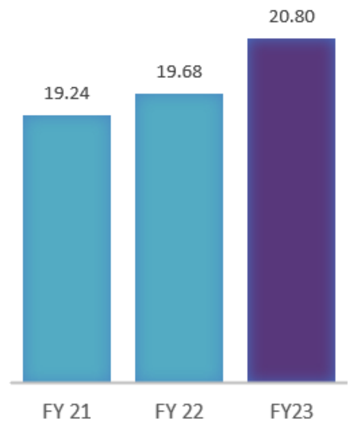
Definition: The number of places available in Community Based Care, including Supported Living, Children's Complex Care and Outreach placements, as at the end of the financial year.

Performance: The average number of available places decreased by 51 to 1,636. The Group develops relationships with registered social landlords to accommodate additional demand through winning commissioning tenders but this has been offset by exiting non-core packages and those packages which are no longer economically sustainable for the high quality care we deliver.

The KPI is important as it measures the capacity within the Group to deliver care to additional people.

Financial review *continued*

Community Based Care average weekly direct care hours	**103,100 (2022: 104,600)**
Definition: The average direct weekly care hours delivered in Community Based Care, including Supported Living, Children's Complex Care and Outreach placements, across the period.	
Performance: The average weekly direct care hours delivered in Community settings decreased by 1.5% to 103,100. We continuously review our portfolio against the financial viability of packages and the availability of colleagues to deliver the expected high quality of care.	

Community Based Care average revenue per direct care hour	**£20.80 per hour** **(2022: £19.68 per hour)**
Definition: The mean hourly fee receivable for direct care provided to people we support in a Community Based Care, including Supported Living, Children's Complex Care and Outreach placements.	
Performance: The average hourly fee receivable for care provided in community settings increased by 5.7% to £20.80 per hour. The KPI is an important metric for measuring the Group's commercial success in the Community Based Care division. The year on year increase is primarily the result of active negotiations with commissioners to award inflationary fee increases, albeit the increase was insufficient to offset our cost inflation.	

Financial review *continued*

Consolidated Statement of Profit and Loss

A summary of the Group's Consolidated Statement of Profit and Loss and performance commentary on key items is shown below:

	2023	2022	Change	
	£000	£000	£000	%
Revenue	315,218	292,592	22,626	7.7
Underlying adjusted EBITDA (before non-underlying)	38,905	48,707	(9,802)	(20.1)
Non-underlying items	(3,876)	(3,121)	(755)	(24.2)
Depreciation and impairment of property, plant and equipment	(21,698)	(14,730)	(6,968)	(47.3)
Profit on disposal of assets	140	169	(29)	(17.2)
Amortisation of intangible assets	(2,306)	(2,580)	274	10.6
Operating profit	11,165	28,445	(17,280)	(60.8)
Net finance expense	(17,078)	(20,916)	3,838	18.3
(Loss)/Profit before taxation	(5,913)	7,529	(13,442)	(178.5)

Revenue

Revenue increased by 7.7% to £315,218k, primarily due to fee increases in the Registered Care division and an increase in the average revenue generated per hour in the Community Based Care division.

Underlying adjusted EBITDA (before non-underlying items)

Underlying Adjusted EBITDA (before non-underlying items) decreased by £9,802k to £38,905k, primarily due to staff costs increases from National Living Wage rates and cost inflation, offset by increased revenue, as described above. In addition to mandatory increases in National Living Wage and National Minimum Wage, the Group made further significant investments in enhancing pay and benefits for our colleagues to improve attraction and retention and accordingly reduce agency usage and improve quality.

Non-underlying items

Non-underlying items was a cost of £3,876k (2022: £3,121k). This was predominantly driven by the expense of share-based payments, professional advice, consultancy fees and costs in relation to restructuring the Group's workforce and property impairments (see note 6).

Financial review *continued*

Operating profit

Operating profit decreased by £17,280k to £11,165k primarily due to an increase in the depreciation and impairment of property, plant and equipment of £3,223k due to a full year's depreciation of high additions in the prior year and property impairments of £619k and an increase in non-underlying items.

Net finance expense

Net finance expenses of £17,078k (2022: £20,916k) relates to interest and finance charges on Senior Secured Notes of £15,898k, Revolving Credit Facility (RCF) commitment fees and interest payable of £657k, and the unwinding of IFRS 16 lease liabilities of £648k. Total net finance expenses reduced by £3,838k due to a reduction in the interest rate on the Senior Secured Notes following the refinancing in February 2022 and due to the prior year charge of £2,117k for the unamortised debt costs on the previous Senior Secured and Second Lien Notes.

Consolidated Statement of Financial Position

A summary of the Group's Consolidated Statement of Financial Position and commentary on key items is shown below:

	2023	2022	Change
	£000	£000	£000
Goodwill and intangible assets	56,485	53,759	2,726
Property, plant and equipment	372,135	373,300	(1,165)
Current assets	52,293	57,800	(5,507)
Current liabilities	(66,889)	(65,479)	(1,410)
Non-current loans and borrowings	(256,962)	(257,121)	159
Other non-current liabilities	(18,651)	(17,530)	(1,121)
Equity	138,411	144,729	(6,318)
IFRS 16 lease liability	(16,731)	(17,606)	875
Net debt *	238,821	228,663	10,158
Leverage *	6.57x	5.06x	1.51x

* Net debt is calculated by adding Senior Secured Loan Notes and amounts utilised under the RCF and deducting unrestricted cash balances. Leverage is calculated as the multiple of Underlying Adjusted EBITDA (before non-underlying items) to net debt including IFRS 16 lease liabilities. Management believe net debt and leverage are important metrics to monitor the Group's exposure to external debt.

Goodwill and intangible assets

Goodwill and intangible assets increased by £2,726k to £56,485k primarily due to the goodwill and intangible assets arising from the purchase of trade and assets of several Registered services and Community Based Care packages from another care provider for £4.3m (see note 28). The increase has been offset by amortisation of intangible assets.

Financial review *continued*

Property, plant and equipment

Property, plant and equipment decreased by £1,165k to £372,135k predominantly due to depreciation charges and an impairment charge of £4,855k offset by acquired freehold property from the purchase of the trade and assets of multiple services (see note 28) and net additions to grow and maintain the existing property portfolio.

Net current liabilities

Net current liabilities increased by £6,917k to £14,596k mainly due to the Group continuing to invest cash generated from operations in the development and maintenance of the Group's property portfolio to support high quality care and the acquisition of several Registered services and Community Based Care packages from another care provider for £4.3m.

Loans, borrowings, net debt and leverage

A summary of the Group's external borrowings, cash balances and net debt and commentary on key changes is shown below:

	2023	2022	Interest rate	Repayment
	£000	£000		
Senior Secured Loan Notes	250,000	250,000	5.875%	Feb-27
Revolving Credit Facility (RCF):				
Utilised	2,000	-	SONIA + 3.250%	Nov-26
Non-utilised	48,000	50,000	1.138%	
Gross debt	**252,000**	**250,000**		
Cash and cash equivalents	(15,488)	(24,085)		
Restricted cash and cash equivalents	2,309	2,748		
Net debt	**238,821**	**228,663**		

Non-current loans and borrowings decreased by £159k to £256,962k predominantly due to the decrease of lease liabilities offset by an increase in loan notes due to the unwinding of debt issue costs.

Net debt increased by £10,158k to £238,821k predominantly due to investments made in the Group's property portfolio, a trade and assets acquisition and lower cash flows generated due to a reduction in operating profit. Leverage increased by 1.51 times to 6.57 times adjusted EBITDA as at 31 March 2023 due to the increase in net debt and lower Underlying Adjusted EBITDA (before non-underlying items) for the reasons previously explained.

The Group's RCF is subject to a financial covenant when it is more than 40% utilised. Throughout the year, the Group operated within its covenant and actively monitors its projected compliance using financial forecasts.

Financial review *continued*

Consolidated Statement of Cash Flow

A summary of the Group's consolidated Statement of Cash Flow and commentary on key changes is shown below:

	2023	2022	Change
	£000	£000	£000
Cash and cash equivalents	15,488	24,085	(8,597)
Net cash flows from operating activities before interest and tax	32,949	38,766	(5,817)
Interest paid	(15,845)	(20,893)	5,048
Tax rebate / (paid)	308	(2,671)	2,979
Net cash flows used in investing activities	(22,334)	(21,656)	(678)
Net cash flows used in financing activities	(3,675)	(10,207)	6,532
Net decrease in cash and cash equivalents	(8,597)	(16,661)	8,064

The Group generated net cash inflows from operating activities before interest and tax payments of £32,949k, a decrease of £5,817k. The decrease is primarily due to lower cash flows generated from operating profits offset by positive working capital movements. Interest paid decreased by £5,048k to £15,845k mainly due to the refinancing of the Group's external borrowings in February 2022, and Corporation tax payments decreased by £2,979k to an inflow of £308k.

Net cash flows used in investing activities increased by £678k to £22,334k primarily due to payments of £18,455k to acquire property, plant and equipment to improve the existing portfolio and invest in activities to support the growth and development of the Group. Proceeds generated from the sale of certain freehold properties and owned vehicles increased by £1,771k to £2,066k and the Group completed a trade and assets acquisition for £4,303k (2022: acquisition of a company £3,564k).

Net cash flows used in financing activities decreased by £6,532k to £3,675k primarily due to lower payments made in relation to the Group's refinancing activity, totalling £1,015k (2022: £5,699k). Additionally, the Group drew down on its Revolving Credit Facility that generated a cash inflow to the Group of £2,000k (2022: £Nil). Offsetting the reductions were higher payments for property and vehicle leases that totalled £4,660k (2022: £4,508k).

Accordingly, the Group decreased its cash and cash equivalents at the 31 March 2023 by £8,597k (2022: £16,661k).

Financial review *continued*

Financial risk management

Interest rate risk

At 31 March 2023, the Group had £250 million of 5.875% Senior Secured Notes due February 2027 in issue. These Notes are fixed interest rate instruments and as such are not exposed to fluctuations in interest rates.

In addition, the Group had access to a £50 million RCF which expires in November 2026. The RCF bears variable interest on utilised balances based on the Sterling Overnight Index Average rate (SONIA) plus up to 3.25% margin dependent upon the Group's consolidated net leverage. The Group was drawn £2.0m on the RCF as at 31 March 2023. The Group accepts the inherent interest risk on the RCF and continues to keep the risk under review.

To maximise interest receivable, surplus cash is deposited each evening in a flexible interest-bearing current account which is linked to the Bank of England Bank Rate.

Fee and cost risk

Contracts with Local Authorities and ICBs account for 97% of revenue. There is a risk that budget constraints, public spending cuts and other financial pressures could cause such publicly funded purchasers to spend less money on the type of service that we provide. We continue to diligently monitor any impact for the Group in our negotiations with publicly funded purchasers.

The Group is not exposed to commodity price risk but as a provider of care services the Group is subject to both general and industry specific wage pressures, including legislative changes concerning the National Living Wage level.

Credit risk

The Group's exposure to credit risk from customers defaulting is very low given 97% of the Group's revenue is attributable to publicly funded bodies. Voyage Care has no significant concentrations of credit risk, with the exposure spread over many Local Authorities and CCGs.

Liquidity risk

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

Borrowing facilities are arranged as necessary to finance projected cash requirements and the refinancing of the Group in February 2022 secured appropriate facilities for the foreseeable future with maturity dates in 2026 and 2027. Adequate borrowing is maintained for general corporate purposes including working capital.

Financial review *continued*

Financial risk management *continued*

Taxation policy

The Group has developed a taxation strategy that is reviewed by the Directors annually. The taxation strategy can be accessed from: www.voyagecare.com/about-voyage-care/legal-information/.

The key drivers to the overall effective tax rate are: movements in interest restrictions and deferred tax thereon; amortization of intangible assets recognized on consolidation only, and movements on properties that have been historically revalued on consolidation.

The key drivers to the current tax rate are: restrictions to interest deductions on shareholder debt under the UK's corporate interest restriction regime; and expected benefit from the capital allowances 'super deduction' for qualifying investments.

Corporate Social Responsibility

Stakeholder engagement and section 172(1) statement

Section 172 of the Companies Act 2006 requires a Director of a company to act in the way he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole and having regard to the stakeholders and matters set out in in s.172 (1) (a-f) of the Companies Act. The stakeholders considered in this regard are the Group's employees, the people we support and their families, Local Authorities and ICBs that commission the care that we provide, our suppliers, the industry regulators, our Bondholders, those that live in the societies that we provide care in and HMRC.

The following explains some of the ways that the directors have complied with the requirements of section 172 of the Companies Act 2016:

The likely consequences of any decision in the long term

During the year, the Group undertook a strategic review to consider how value is created and preserved in the short, medium and long term. The output and the financial forecast was reviewed, challenged and agreed with the Board of Directors in 2022. Performance of the Group against the agreed plan is reviewed through monitoring performance against strategic KPIs.

A long term incentive plan for certain senior employees incentivises the delivery of long term objectives.

Corporate Social Responsibility continued

Stakeholder engagement and section 172(1) statement continued

The interests of the company's employees

Our colleagues are integral to delivering the Group's purpose of providing great quality care with commercial success. Our values, to support the delivery of our purpose, were created collaboratively between our colleagues and the people we support. We are committed to creating a diverse, inclusive and transparent working culture that allows our colleagues to fulfil their potential with a rewarding career in social care. Pages 21 to 22 explains the way we achieve this.

The need to foster the company's business relationships with suppliers, customers and others

The Group holds close relationships with our Local Authority and ICB customers and routinely obtains an independent review on the strength of the relationships. During the year under review, the Group created a new Executive level role to exclusively work on managing and developing these collaborative relationships further.

The Group provides regularly financial and strategic information to our regulator, CQC, our Bondholders and associated ratings agencies, and our financing providers.

The impact of the company's operations on the community and the environment

See pages 23 and 24 for information on our commitment to reducing our environmental impact.

The homes of the people we support are often important parts of local communities. Local management engage with local communities as appropriate to integrate the people we support within the communities in which they reside.

The desirability of the company maintaining a reputation for high standards of business conduct

This is integral to our purpose. Page 1 explains some of the activities we endeavour to ensure we maintain our sector leading quality scores in our regulated environment.

The need to act fairly with members of the company

The Group is owned by Wren House Infrastructure Management Limited who have three investor directors on the overall Board of Directors at VC Healthcare TopCo Limited, along with a non-executive Chair, three executive employee directors, and an independent non-executive director. The balanced composition of the Group's Board of Directors provides a range of contributions to the decision making processes to ultimately deliver the Group's purpose. The Board believes that this balanced composition, together with the presence of the three investor directors helps to ensure fair treatment of the members of the company and all stakeholders.

Corporate Social Responsibility continued

Corporate governance arrangements

The Group remains committed to ensuring effective governance is in place to deliver its purpose.

For the year ended 31 March 2023, under The Companies (Miscellaneous Reporting) Regulations 2018, the Company has followed the Wates Corporate Governance Principles for Large Private Companies.

Details of our performance against the Wates Corporate Governance Principles for Large Private Companies can be found on pages 32 to 34.

Colleagues

The key to the Group's success is the wellbeing, development, skills and capabilities of the people we employ and it is recognised that engaged colleagues provide better outcomes for the people we support.

The Group's People department works closely with our colleagues to foster consultation in all matters, ensure fair pay for all and facilitate flexible working where feasible. The Group's policies ensure any discrimination will not be tolerated, either directly or indirectly, in recruitment or employment. We demonstrate the Group's commitment by promoting equal opportunities for current and potential employees, promoting an environment free from discrimination, bullying, harassment and challenging behaviour and providing support and encouragement to our colleagues to develop their careers and increase their contribution to Voyage Care. The Group promotes the wellbeing offerings available to colleagues to support their physical, emotional and financial wellbeing regularly through communications and our internal intranet.

To enhance engagement and wellbeing with colleagues at all levels, a People Strategy has been developed with the aim to become the employer of choice in our sector. Over the last 12 months a number of initiatives have already been implemented across recruitment, wellbeing, reward and recognition, induction and learning and development. The implementation of our People Strategy is enhancing our people proposition to ensure we have the skills and engaged workforce we need to deliver excellent care to the people we support and enable our wider growth strategy. Our strategy contains 3 key pillars:

1. Develop and deliver enhanced Employee Value Proposition - ensure colleagues feel valued and are rewarded for their efforts to promote stable and well supported colleague teams that know and understand the people we support and who support one another;
2. Reinforce development culture – create a workforce for the future and become the best place to work by recognising colleague strengths and areas for development through continued learning;
3. Update recruitment strategy and approach – deliver best in class candidate experience and recruit the right people with values that align to the Group.

The different pillars of the people strategy will be enabled by critical technology investment to support us becoming the employer of choice in our sector.

Corporate Social Responsibility continued

Colleagues continued

The Group recognises the recruitment, training and retention of skilled employees is critical to its success. As a result, we have continued to invest in training, £2.1 million in the year ended 31 March 2023 (2022: £2.1 million), to ensure that our colleagues are fully up to date in the best ways of providing care for those we support.

In addition, the Group has an in-house learning and development team which is dedicated to delivering training courses on all relevant subjects, enabling our colleagues to gain the necessary skill set, knowledge and confidence to achieve Voyage Care's high standards of care for the people we support. We continue to review our in-house delivery against sector leading independent training providers to ensure our colleagues and learners have a full suite of resources to be able to specialise in all relevant areas and aid their career development.

Voyage Care recognises that human rights principles of fairness, respect, equality, dignity and autonomy are at the heart of good care provision. It is also known that there is a strong link between the quality of care and equality for colleagues that requires work on basic fairness and building an inclusive culture that recognises and celebrates diversity. It is our expectation that people we support, colleagues, visitors and others are treated with consideration, dignity and respect and are free from harassment or intimidation at all times. This expectation is communicated to our colleagues through an equality, diversity and human rights policy available on the company intranet.

Voyage Care is committed to having a diverse workforce in terms of gender, background, experience and nationality at all levels within the organisation.

A summary of the gender diversity throughout the Group to Voyage BidCo Limited is as follows:

	2023			2022		
	Female	**Male**	**Total**	**Female**	**Male**	**Total**
Director	-	2	**2**	-	2	**2**
Senior Executive	9	6	**15**	9	7	**16**
Employee	8,132	2,535	**10,667**	8,274	2,412	**10,686**
Total	**8,141**	**2,543**	**10,684**	**8,283**	**2,421**	**10,704**

We are committed to the development of our people and ensuring gender equality by design. As at April 2022, the Group's overall median gender pay gap was 0.4% (2021: 1.3%), with a mean figure of 3.6% (2021: 4.5%). The Group's most recent gender pay gap report can be accessed at: www.voyagecare.com/about-voyage-care/legal-information/.

Corporate Social Responsibility continued

Social, community and human rights issues

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

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

The Group ensures business activities are conducted in such a way that we are not complicit in the abuse of fundamental human rights. These principles are reflected in all that we do and are essential to the practices of an ethical company. Voyage Care is committed to supporting human rights through compliance with laws and regulations in all aspects of the Group's operations and operate with a zero-tolerance approach to bribery and corruption. Where regulations have been introduced, the Group has taken appropriate steps for having policies to discourage unethical business conduct, thus ensuring its employees are protected. The Group's continuing commitment to tackle modern slavery in our business and supply chains is detailed in our Modern Slavery Act Statement published on our website: www.voyagecare.com/about-voyage-care/modern-slavery-statement/.

Environmental

Voyage Care recognise that businesses have a critical role to play in the transition to a low-carbon future and that the Group has an opportunity to be a leader in the field. Accordingly, the Group has set an objective of becoming carbon positive by 2035 and an intention to make significant reductions in the overall carbon emissions by 2025. The Group has an Environment and Sustainability Committee, consisting of employees and people we support, with the objective of continuing to identify opportunities to reduce the Group's environmental impact, whilst contributing to the delivery of the Group's overall strategy.

Corporate Social Responsibility continued

Environmental continued

In accordance with streamlined energy and carbon reporting requirements, during the year ended 31 March 2023, the Group's carbon emissions were as follows:

	2023		2022	
	Global tonnes of CO_2e	MwH	Global tonnes of CO_2e	MwH
Combustion of fuel and operation of facilities (Scope 1)	6,482	33,218	6,536	33,645
Electricity, heat, steam and cooling purchased for own use (Scope 2)	1,731	8,360	1,785	8,409
Business travel where the Group is responsible for purchasing fuel (Scope 3)	601	2,489	604	2,457
Total (Location-based)	**8,814**	**44,067**	**8,925**	**44,511**
Total (Market-based)	**7,139**		**7,208**	
Emissions intensity (Scope 1 and 2) per employee (tCO_2e/number of employees)	**0.61**		**0.62**	

We continue to develop innovative ways to reduce our emissions. Additionally, we have committed to an investment project to significantly reduce the carbon emissions on a selection of our services in the short term as a pilot for future investments. Some of the other initiatives that the Group has deployed to achieve its commitment of significantly reducing carbon emissions by 2025 are:

- All electricity is now purchased from renewable sources;
- An environmental policy for colleagues requiring environmental issues be considered when making all decisions;
- Eliminating paper procedures, manuals and forms where possible;
- Only Electric and hybrid vehicles are available as company cars for those colleagues who have them;
- Maintenance team vans electric only;
- Encouraging the reduction, reuse of or recycling of waste created at our services;
- Launched 'Mission Zero' a behavioural change campaign to encourage colleagues and people we support to save energy and thereby reduce our carbon footprint; and
- Independent assessment of current energy usage and developing strategy to reduce this usage, including through retrofit of our existing property estate.

The Group's energy consumption calculations are based on GHG Protocol Accounting and Reporting Standard (revised edition).

Corporate Social Responsibility continued

Anti-corruption and anti-bribery matters

We operate a zero-tolerance approach to bribery and corruption and are committed to operating in accordance with the Bribery Act 2010. We have implemented and enforce effective systems to counter bribery and have an anti-bribery and corruption policy to inform of responsibilities throughout the organisation. We are committed to ensuring that the entire organisation acts professionally, fairly and with integrity in all our business dealings and relationships.

Uncertainties facing the business

There are no material uncertainties facing the business.

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 wellbeing 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

A Cannon
Director

Wall Island
Birmingham Road
Lichfield
Staffordshire
WS14 0QP
18 July 2023

The Directors present their annual report and the audited financial statements for the year ended 31 March 2023.

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

Principal activities

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

Results and dividends

The results for the year are set out in detail on page 40.

The Directors do not recommend the payment of a dividend (2022: £Nil).

Going concern

Notwithstanding net current liabilities of £14.6m (2022: £7.7m) at 31 March 2023 the Voyage Bidco Group financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons:

The Group, of which the Company is a member, is funded through a combination of Shareholders' Funds, Unsecured Shareholder Loans, Senior Secured Notes and cash generated from operations. These include £250 million of 5.875% Senior Secured Notes listed on the Channel Islands Stock Exchange that are due in February 2027 and a Revolving Credit Facility of £50 million, due 2026, of which £48 million was undrawn at 31 March 2023.

The Directors have prepared cash flow forecasts in order to assess going concern for a period to 31 March 2025, which take into account sensitised cash flow forecasts and reflect severe but plausible downsides. This indicates that the Group will have sufficient funds to meet its liabilities as they fall due for that period. In preparing these forecasts, the Directors have completed extensive scenario planning, including consideration of a reduction in fee inflation, the impact of increased levels of cost inflation throughout the going concern period, the potential impact of the principal risks identified on pages 6 to 9, and compliance with the debt covenant associated with the Revolving Credit Facility.

Taking the above into consideration and the principal risks of the Group, the Directors believe that there are no material uncertainties to the Group's ability to operate as a going concern and to continue realising its assets and discharging its liabilities in the normal course of business. It is, therefore, appropriate to prepare the financial statements on a going concern basis.

Financial risk management

Refer to the Strategic Report for details of the Group's financial risk management policies and procedures.

Employee involvement

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

The Group offers an Employee Assistance Programme to enable colleagues to seek support on work, home and life issues to allow the Group to offer improved support to colleagues working in challenging environments.

Disabled persons

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

Streamlined energy and carbon reporting

In accordance with streamlined energy and carbon reporting requirements, the Group's energy usage has been reported in the Strategic Report on pages 23 to 24.

Institutional investors

The Group was established in 1988 to provide long-term care for people with learning disabilities as a result of the UK Government's introduction of its ''Care in the Community'' policy, aimed at moving people with learning disabilities from long-term institutions, especially hospitals, into care facilities that replicate a normal domestic dwelling. In September 2001, Duke Street, a private equity firm, acquired the business. In April 2006, the Group was acquired by HgCapital and SL Capital Partners and in November 2007, the business was rebranded under the Voyage Care name. In August 2014, the Group was acquired by investment funds managed by Partners Group and Duke Street. And most recently, in January 2022, the Group was acquired by Wren House Infrastructure Management Limited, a global infrastructure investment manager.

Wren House Infrastructure Limited has a focus on delivering risk adjusted equity returns through a disciplined investment approach, a long-term responsible investment horizon and active asset management. Wren House Infrastructure Management Limited are owned by the Kuwait Investment Authority, being the ultimate owner of the Voyage Care Group.

Directors

The Directors that served during the year were:

Company
Andrew Cannon
Shaun Parker

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

Summarised below is a brief description of the experience of the individuals who are current members of the Board of Directors of the Company:

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

Shaun Parker (Chief Financial Officer) is an experienced finance professional with over 25 years in Finance Director and Chief Financial Officer roles. During this time Shaun has worked for Mars Petcare in the UK and Germany, Diageo in the USA and UK, and CPP Group in the UK. Immediately prior to joining Voyage Care, Shaun was CFO of Tunstall Healthcare Group, the leading provider of alarm equipment and response solutions to support elderly and vulnerable people in their homes. Shaun has extensive experience of finance leadership in growing businesses as well as leading corporate transactions, including numerous refinancings, an IPO, and mergers and acquisitions. In addition to his role at Voyage Care, Shaun is also a non-executive Director of Spaghetti Bridge, a privately owned schools group which supports young people with a range of needs who have significant barriers to learning.

Committees of the Board

The Board of Directors of the Voyage Care Group, as explained further in the statement of corporate governance arrangements on page 32, has established a Quality, Safety and Risk Committee, an Audit Committee, a Remuneration Committee and an Investment Committee to cover each of the entities in the Group, including Voyage BidCo Limited. The membership, purpose and responsibilities of each committee are summarised below:

Committees of the Board *continued*

Quality, Safety and Risk Committee

Voyage Care's purpose is to deliver great quality care and support, and we are privileged to support over 3,400 adults and children, enabling them to live the life they want to lead and achieve their personal goals. We are proud of the quality of the care and support we provide; Voyage Care has more services rated Good and Outstanding (or equivalent) by the regulators than any other adult social care provider. However, as a learning organisation we recognise there are always opportunities to improve further.

The Quality, Safety and Risk Committee (QSR) provides independent challenge and review which drives quality improvements and the performance of best practice throughout the organisation. The QSR uses appropriate metrics about how Voyage Care is fulfilling its purpose and aims to continually improve feedback loops and delivery. In addition, the QSR provides an independent review of serious care, support and clinical incidents to ensure that, in all cases referred to the Committee, compliance with the relevant standards and regulations has been achieved, or exceptions reported. The Committee will also support and advise the Group to help provide a safe and secure care, support and clinical environment in the services, so to maximise the prospects of successful outcomes for all people we support.

The Quality, Safety and Risk Committee is chaired by Dean Fathers and, in addition comprises the Chief Executive, the Chief Operating Officer, the Quality Director, the Legal Director and Investor Directors.

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

Audit Committee

The purpose of the Audit Committee is to review the financial statements and controls of the Group on behalf of the Board. The Committee is responsible for being assured that the principles and policies comply with statutory requirements and with the best practices in accounting standards. The Committee will also consult with the external auditors reviewing key risk areas, seeking to satisfy itself that the internal control and compliance environment is adequate and effective and recommending to the Board the appointment and level of remuneration of the external auditors. The Audit Committee is chaired by the Group's non-executive chair and includes representatives from the Group's parent entity, Wren House Infrastructure Management Limited. The Chief Executive Officer and Chief Financial Officer attend meetings but are not members of the Audit Committee. The Group's Senior Statutory Auditor is also invited to Audit Committee meetings and, on each occasion, spends time with the Committee without executive management being present.

Committees of the Board *continued*

Remuneration Committee

The function of the Remuneration Committee is to provide oversight of the terms and conditions of senior employees on behalf of the Board. The Committee is responsible for making determinations on all matters concerning the remuneration of the senior managers, amending terms of the senior managers service contract and approving, if appropriate, all proposed appointments of new senior managers. The Remuneration Committee is chaired by the Group's non-executive chair and, in addition comprises the Chief Executive Officer and representatives from the Group's parent entity, Wren House Infrastructure Management Limited.

Investment Committee

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

The Investment Committee is chaired by the Company's Chief Financial Officer and, in addition comprises the Group's non-executive chair, Chief Executive Officer, Chief Operating Officer, Commercial Director and representatives from the Group's parent entity, Wren House Infrastructure Management Limited.

Corporate governance

The Group's corporate governance arrangements are set out on pages 32 to 34.

Statement of disclosures to auditor

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

Auditor

KPMG LLP resigned as auditors on 2 November 2022. The Directors appointed RSM UK Audit LLP to fill the vacancy.

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

By order of the Board

S Parker
Director

Wall Island
Birmingham Road
Lichfield
Staffordshire
WS14 0QP
18 July 2023

The Company is committed to effective corporate governance and has followed the principles contained in the Wates Corporate Governance Principles for large private companies for the year ended 31 March 2023. Further explanation of how each principle has been applied is set out below.

Purpose and leadership

An effective Board develops and promotes the purpose of a company, and ensures that its values, strategy and culture align with that purpose

As set out on page 1, the Group's purpose is to deliver great quality care with commercial success. Guided by our values on page 1, we aim to make a significant positive impact each day to the c. 3,500 people we support. The Board actively promotes the purpose and values of the company by communicating these widely across the company and through the work of the Board, its interaction with colleagues in Board meetings and in the various service visits undertaken by Board members. The Board has made sure that the recent Strategy review has taken full account of the purpose, values and culture of the Group. Senior management recruitment and performance appraisal both place our purpose, values and culture at the centre of what we expect from our senior team.

The Group invests in a suite of communication tools to ensure consistent information is conveyed throughout the organisation whilst promoting a culture for colleagues to openly discuss themes and collaborate on issue resolution.

Board composition

Effective Board composition requires an effective chair and a balance of skills, backgrounds, experience and knowledge, with individual directors having sufficient capacity to make a valuable contribution. The size of a Board should be guided by the scale and complexity of the company.

Following the acquisition of the Voyage Care Group by Wren House Infrastructure Management Limited on 14 January 2022, the Group Board of Directors was re-formed to include a new non-executive Director in addition to the non-executive chair, investor Directors (three) and executive Directors (three), making a total of eight Board members which we believe is appropriate for a Group of our size and complexity. The Board has a diverse range of skills and experiences, in particular, the chair has significant experience successfully chairing other organisations in addition to the Group. Gender diversity on the Board has been enhanced as it now comprises five male and three female members, with the addition of the new Board members. In addition to the directors of Voyage Bidco Limited whose background and experiences are listed on page 28 and form part of the Executive management team, details of the Group's Chair and Non-Executive Directors can be found in the Strategic Report of Vienna Healthcare Midco 1 Limited.

The Voyage Care Board meet monthly to review, discuss and challenge all pertinent matters of the Group, including care quality, operational performance, talent management, risk management and financial performance. This is in addition to regular executive interaction, non-executive discussions, and service visits where required and on a regular basis.

Board composition continued

The two Directors of Voyage BidCo Limited are two of the three executive Directors on the Voyage Care Group Board of Directors.

Director responsibilities

The Board and individual directors should have a clear understanding of their accountability and responsibilities. The Board's policies and procedures should support effective decision making and independent challenge

Each Board member of the Group Board of Directors has a clear understanding of their accountability and responsibilities. Matters reserved for the Board are clearly defined, Board approved and fully documented delegation of authorities is in place and well communicated.

Certain matters are delegated to Board Committees, that each include members of the Board of Directors in addition to relevant members of the Group's executive team. Each committee has terms of reference which have been approved by the Board. The committees are: Quality, Safety and Risk Committee (led by an independent experienced chair); Audit Committee; Remuneration Committee; and Investment Committee. Pages 28 to 30 include brief details of the purpose and composition of the committees.

Board meetings are held monthly, with the agenda set by the Chair in consultation with Board members. A schedule of upcoming Board and Committee meetings which includes topics to be discussed is maintained and reviewed at every Board meeting, ensuring that relevant subjects are discussed and giving time for preparation of supporting materials. The Board's intention is to hold two extended Board "away day" meetings every year, one to discuss Quality of Care and the other to discuss Strategy, both key areas requiring the Board's focus and input.

Board Governance is kept under regular review by the Board.

Opportunity and risk

A Board should promote the long-term sustainable success of a company by identifying opportunities to create and preserve value, and establishing oversight for the identification and migration of risks

Our principal risks and uncertainties are detailed on pages 6 to 9 and details of our financial risk management are explained on pages 18 and 19. They are monitored and managed by the Board and in the appropriate Board committees of the Board.

During the year, the Board commissioned a strategic review. This was led by the Chief Executive Officer and carried out by external strategy consultants with support from the Executive team. Throughout the project, the Board were involved in setting the scope, reviewing progress and output, identifying strategic options for further analysis, defining a number of financial scenarios, and choosing the strategic direction and key projects for investment. The Board reviewed and approved the required investment and are monitoring progress against the strategy using agreed key performance indicators and regular updates on the strategic projects at the board meetings.

Remuneration

A board should promote executive remuneration structures aligned to the long-term sustainable success of a company, taking into account pay and conditions elsewhere in the company

The Board of Directors delegates the oversight of the terms and conditions of senior employees to the Remuneration Committee.

The Remuneration Committee is responsible for making determinations on all matters concerning the remuneration of the senior managers, amending terms of the senior managers service contract and approving, if appropriate, all proposed appointments of new senior managers.

The remuneration policy is designed to attract, retain and motivate senior employees of the highest quality whilst incentivising them to deliver our purpose to deliver great quality care with commercial success.

Senior employees participate in a performance related bonus scheme, whereby annual bonuses can be earned by achievement against a number of key performance indicators, most notably quality and EBITDA, subject to a quality of earnings assessment.

The Group operates a long term incentive plan for the Executive management team and certain other senior employees based on achieving sustainable growth for the Group.

Details of the Directors' remuneration can be found on page 63.

Stakeholder relationships and engagement

Directors should foster effective stakeholder relationships aligned to the company's purpose. The Board is responsible for overseeing meaningful engagement with stakeholders., including the workforce, and having regard to their views when taking decisions.

The Group remains committed to operating in a responsible and sustainable way and engaging in effective and proactive communication with all stakeholders as appropriate. Some of the ways that this achieved is explained on pages 19 and 20.

Board members and the chair of the Quality, Safety and Risk Committee regularly visit the Group's services to meet colleagues and people we support. These visits allow Board members to personally assess the quality, safety and environment of our services, and give the opportunity for two-way communication directly with colleagues. This supplements the regular review of these matters in Board meetings.

Management are encouraged to pro-actively communicate and engage with key stakeholders with support from Directors as required. Stakeholder engagement is reviewed during Board meetings.

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

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under that law they have elected to prepare the Group financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 *Reduced Disclosure Framework.*

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant, reliable and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- for the Parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Group and Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

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

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VOYAGE BIDCO LIMITED

Opinion

We have audited the financial statements of Voyage Bidco Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the consolidated statement of profit and loss, consolidated statement of other comprehensive income, consolidated and company statements of financial position, consolidated and company statements of changes in equity, consolidated statement of cash flow and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK-adopted International Accounting Standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards including FRS 101 "Reduced Disclosure Framework"(United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2023 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or the parent company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 35, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VOYAGE BIDCO LIMITED

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the group and parent company operate in and how the group and parent company are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are UK-adopted IAS, FRS 101 and the Companies Act 2006 and tax compliance regulations. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures, inspecting correspondence with tax authorities and evaluating advice received from tax advisors.

The most significant laws and regulations that have an indirect impact on the financial statements are those in relation to care quality. We performed audit procedures to inquire of management and those charged with governance whether the group is in compliance with these law and regulations and inspected correspondence with relevant authorities.

The group audit engagement team identified the risk of management override of controls and revenue recognition as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to: testing journal entries and other adjustments; evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business; challenging judgments and estimates applied in the preparation of the financial statements; tests of control and substantive analytical procedures over revenue; focused testing of revenue transactions around the year end; tests to identify the completeness of revenue; and the application of data analytics procedures to identify specific revenue transactions for further investigation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VOYAGE BIDCO LIMITED

Use of our report

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.

Richard King (Senior Statutory Auditor)
For and on behalf of RSM UK Audit LLP, Statutory Auditor
Chartered Accountants
Suite A, 7th Floor
East West Building
2 Tollhouse Hill
Nottingham
NG1 5FS

18 July 2023

Voyage BidCo Limited
Consolidated Statement of Profit and Loss
For the year ended 31 March 2023

		2023			2022		
		Underlying	Non-underlying items (2)	Total	Underlying	Non-underlying items (2)	Total
	Notes	£000	£000	£000	£000	£000	£000
Revenue	5	315,218	-	315,218	292,592	-	292,592
Operating expenses	10	(295,322)	(8,731)	(304,053)	(261,026)	(3,121)	(264,147)
Adjusted EBITDA (1)		**38,905**	**(3,876)**	**35,029**	**48,707**	**(3,121)**	**45,586**
Depreciation and impairment of property, plant and equipment	10	(16,843)	(4,855)	(21,698)	(14,730)	-	(14,730)
Profit on disposal of assets	10	140	-	140	169	-	169
Amortisation of intangible assets	10	(2,306)	-	(2,306)	(2,580)	-	(2,580)
Operating profit		19,896	(8,731)	11,165	31,566	(3,121)	28,445
Finance income	11	349	-	349	97	-	97
Finance expense	12	(17,427)	-	(17,427)	(18,896)	(2,117)	(21,013)
(Loss) / profit before taxation		**2,818**	**(8,731)**	**(5,913)**	**12,767**	**(5,238)**	**7,529**
Taxation	13	(1,398)	995	(403)	(5,246)	943	(4,303)
(Loss) / profit for the period from continuing operations		**1,420**	**(7,736)**	**(6,316)**	**7,521**	**(4,295)**	**3,226**
(Loss) / profit attributable to equity holders of the parent		**1,420**	**(7,736)**	**(6,316)**	**7,521**	**(4,295)**	**3,226**

(1) Adjusted EBITDA represents earnings before interest, tax, depreciation and impairment, amortisation and profit on disposal of assets.
(2) Further breakdown and description of non-underlying items disclosed in note 6.

Voyage BidCo Limited
Consolidated Statement of Other Comprehensive Income
For the year ended 31 March 2023

	Notes	2023 £000	2022 £000
(Loss) / profit for the year		(6,316)	3,226
Items that will not be reclassified to profit and loss			
Remeasurements of the defined benefit liability	27	3	3
Remeasurements of prior year tax charge	13	(4)	-
Deferred tax movement for the year	23	(1)	42
		(2)	45
Total comprehensive (expense) / income attributable to equity holders of the parent for the financial year		**(6,318)**	**3,271**

Voyage BidCo Limited
Consolidated Statement of Financial Position
At 31 March 2023

	Notes	2023		2022	
		£000	£000	£000	£000
Non-current assets					
Goodwill	14	49,256		48,745	
Intangible assets	15	7,229		5,014	
Property, plant and equipment	16	372,135		373,300	
			428,620		**427,059**
Current assets					
Trade and other receivables	18	34,133		31,160	
Corporation tax receivable		2,672		2,555	
Cash and cash equivalents	19	15,488		24,085	
		52,293		57,800	
			52,293		**57,800**
Total assets			**480,913**		**484,859**
Current liabilities					
Loans and borrowings	21	6,336		3,841	
Trade and other payables	22	42,907		37,601	
Accruals and deferred income		17,008		23,412	
Provisions	24	638		625	
			66,889		**65,479**
Non-current liabilities					
Loans and borrowings	21	256,962		257,121	
Tax liabilities	23	17,363		16,232	
Provisions	24	1,107		1,021	
Employee benefits	27	181		277	
			275,613		**274,651**
Total liabilities			**342,502**		**340,130**
Net assets			**138,411**		**144,729**

Voyage BidCo Limited
Consolidated Statement of Financial Position *continued*
At 31 March 2023

	Notes	2023		2022	
		£000	£000	£000	£000
Equity					
Capital and reserves					
Issued share capital	25	-		-	
Share premium		252,872		252,872	
Retained earnings		(114,461)		(108,143)	
Total equity attributable to equity holders of the parent			**138,411**		**144,729**

These financial statements were approved by the Board of Directors on 18 July 2023 and were signed on its behalf by:

S Parker
Director

Company registered number: 05752534

Voyage BidCo Limited
Company Statement of Financial Position
At 31 March 2023

	Notes	2023 £000	2022 £000
Non-current assets			
Investments	17	130,874	130,874
Current assets			
Trade and other receivables due within one year	18	50	-
Trade and other receivables due after more than one year	18	522,705	502,659
Total current assets		522,755	502,659
Total assets		653,629	633,533
Current Liabilities			
Accruals and deferred income		83	-
Non-current Liabilities			
Trade and other payables	22	769,411	719,650
Total liabilities		769,494	719,650
Net liabilities		**(115,865)**	**(86,117)**
Equity			
Capital and reserves			
Called up share capital	25	-	-
Share premium		252,872	252,872
Profit and loss account		(368,737)	(338,989)
Equity shareholders' deficit		**(115,865)**	**(86,117)**

Under section 408 of the Companies Act 2006, the Company is exempt from the requirement to present its own Statement of Profit and Loss and related notes that form part of these approved financial statements. The amount of loss after taxation for the financial year for the Company is £29,748k (2022: £30,072k).

These financial statements were approved by the Board of Directors on 18 July 2023 and were signed on its behalf by:

S Parker
Director

Company registered number: 05752534

Voyage BidCo Limited
Consolidated Statement of Changes in Equity

For the year ended 31 March 2023

Group	**Issued share capital**	**Share premium**	**Retained earnings**	**Total parent equity**
	£000	**£000**	**£000**	**£000**
At 1 April 2022	-	252,872	(108,143)	144,729
Total comprehensive income for the year				
Loss for the year	-	-	(6,316)	(6,316)
Other comprehensive expense	-	-	(2)	(2)
Total comprehensive expense for the year	-	-	(6,318)	(6,318)
At 31 March 2023	**-**	**252,872**	**(114,461)**	**138,411**

For the year ended 31 March 2022

Group	**Issued share capital**	**Share premium**	**Retained earnings**	**Total parent equity**
	£000	**£000**	**£000**	**£000**
At 1 April 2021	-	252,872	(111,414)	141,458
Total comprehensive income for the year				
Profit for the year	-	-	3,226	3,226
Other comprehensive income	-	-	45	45
Total comprehensive income for the year	-	-	3,271	3,271
At 31 March 2022	**-**	**252,872**	**(108,143)**	**144,729**

Voyage BidCo Limited
Company Statement of Changes in Equity

For the year ended 31 March 2023

Company	**Issued share capital**	**Share premium**	**Retained earnings**	**Total parent equity**
	£000	**£000**	**£000**	**£000**
At 1 April 2022	-	252,872	(338,989)	(86,117)
Total comprehensive income for the year				
Loss for the year	-	-	(29,748)	(29,748)
Other comprehensive income	-	-	-	-
Total comprehensive expense for the year	-	-	(29,748)	(29,748)
At 31 March 2023	**-**	**252,872**	**(368,737)**	**(115,865)**

For the year ended 31 March 2022

Company	**Issued share capital**	**Share premium**	**Retained earnings**	**Total parent equity**
	£000	**£000**	**£000**	**£000**
At 1 April 2021	-	252,872	(308,917)	(56,045)
Total comprehensive income for the year				
Loss for the year	-	-	(30,072)	(30,072)
Other comprehensive income	-	-	-	-
Total comprehensive expense for the year	-	-	(30,072)	(30,072)
At 31 March 2022	**-**	**252,872**	**(338,989)**	**(86,117)**

Voyage BidCo Limited
Consolidated Statement of Cash Flow
For the year ended 31 March 2023

	2023	2022
	£000	£000
Cash flows from operating activities		
(Loss) / profit for the year	(6,316)	3,226
Adjustments for:		
Depreciation and impairment of property, plant and equipment	21,698	14,730
Profit on disposal of non-current assets	(140)	(169)
Amortisation of intangible assets	2,306	2,580
Finance income	(349)	(97)
Finance expense	17,427	21,013
Tax expense	403	4,303
Movements in working capital:		
Increase in trade and other receivables	(2,987)	(7,823)
Increase in trade and other payables	5,450	2,361
Decrease in accruals and deferred income	(4,546)	(1,503)
Increase in provisions, employee benefits and other financial liabilities	3	145
Cash generated from operating activities	32,949	38,766
Interest paid	(15,845)	(20,893)
Tax rebate / (paid)	308	(2,671)
Net cash generated from operating activities	17,412	15,202
Cash flows from investing activities		
Interest received	220	26
Payments to acquire property, plant and equipment	(18,455)	(17,519)
Payments to acquire intangible assets	(1,862)	(894)
Proceeds from sales of property, plant and equipment	2,066	295
Net cash outflow on acquisition of subsidiaries	(4,303)	(3,564)
Net cash used in investing activities	(22,334)	(21,656)
Cash flows from financing activities		
Issue of new notes	-	250,000
Repayment of existing notes	-	(250,000)
Payment of transaction costs	(1,015)	(5,699)
Proceeds from loans and borrowings	2,000	-
Property, vehicle and other lease payments	(4,660)	(4,508)
Net cash used in financing activities	(3,675)	(10,207)
Net decrease in cash and cash equivalents in the period	(8,597)	(16,661)
Cash and cash equivalents at the beginning of the period	24,085	40,746
Cash and cash equivalents at the end of the period	**15,488**	**24,085**

1 Reporting entity

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

The registered office of the Company is Voyage Care, Wall Island, Birmingham Road, Lichfield, Staffordshire. WS14 0QP.

2 Basis of preparation

The Group financial statements have been prepared and approved by the Directors in accordance with International Accounting Standards in accordance with UK-adopted International Accounting Standards ("UK-adopted IFRSs").

The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest thousand.

The Company financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") .

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of international accounting standards in conformity with the requirements of the Companies Act 2006 ("UK-adopted IFRSs"), but makes amendments where necessary in order to comply with Companies Act 2006.

In the transition to FRS 101 from UK-adopted IFRSs, the Company has made no measurement and recognition adjustments. In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Statement of Cash Flow and related notes;
- Certain disclosures regarding revenue;
- Certain disclosures regarding leases;
- Comparative period reconciliations for share capital and intangible assets;
- Disclosures in respect of transactions with wholly owned subsidiaries;
- Disclosures in respect of IAS 24 Related Party Transactions;
- Disclosures in respect of capital management;
- Disclosures in respect of IFRS 2 Share-Based Payments; and
- Disclosures in respect of IFRS 7 Financial Instruments.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Group financial statements.

The Group and Company financial statements have been prepared under the historical cost convention except for certain financial instruments which are stated at fair value through the Statement of Profit and Loss.

The details of the accounting policies are disclosed in note 3 and see also note 29 for related disclosures. The further amendment, which extended the concession period, has been early adopted.

2 Basis of preparation *continued*

Going concern

Notwithstanding net current liabilities of £14.6m (2022: £7.7m) at 31 March 2023 the Voyage Bidco Group financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons:

The Group, of which the Company is a member, is funded through a combination of Shareholders' Funds, Unsecured Shareholder Loans, Senior Secured Notes and cash generated from operations. These include £250 million of 5.875% Senior Secured Notes listed on the Channel Islands Stock Exchange that are due in February 2027 and a Revolving Credit Facility of £50 million, due 2026, of which £48 million was undrawn at 31 March 2023.

The Directors have prepared cash flow forecasts in order to assess going concern for a period to 31 March 2025, which take into account sensitised cash flow forecasts and reflect severe but plausible downsides. This indicates that the Group will have sufficient funds to meet its liabilities as they fall due for that period. In preparing these forecasts, the Directors have completed extensive scenario planning, including consideration of a reduction in fee inflation, the impact of increased levels of cost inflation throughout the going concern period, the potential impact of the principal risks identified on pages 6 to 9, and compliance with the debt covenant associated with the Revolving Credit Facility.

Taking the above into consideration and the principal risks of the Group, the Directors believe that there are no material uncertainties to the Group's ability to operate as a going concern and to continue realising its assets and discharging its liabilities in the normal course of business. It is, therefore, appropriate to prepare the financial statements on a going concern basis.

3 Accounting policies

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

Basis of consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. In assessing control, the Group takes into consideration potential voting rights. The acquisition date is the date on which control is transferred to the acquirer. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

Business combinations and goodwill

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

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

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

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

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

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

3 Accounting policies *continued*

Intangible assets

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

Customer relationships	2 - 10 years
Non-compete	2 - 3 years
Brands	1 - 4 years

Software costs

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

Internally generated intangible assets are only capitalised at the development stage and subsequently amortised on a straight-line basis over its estimated useful life. Development expenditure is capitalised only if the expenditure can be measured reliably, the process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete the development and to use or sell the asset. Expenditure in relation to the research stage is recognised in profit or loss when incurred. The estimated useful life of software costs is as follows:

Software not integral	3 years
Internally generated	5 years

Property, plant and equipment

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

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

Freehold land	Nil
Freehold buildings	2%
Fixtures, fittings and equipment	20%
Computers integral	33%
Motor vehicles	25%
Right-of-use assets	Duration of lease

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.

3 Accounting policies *continued*

Impairment of goodwill and property, plant and equipment

The carrying amounts of the Group’s non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated. For goodwill the recoverable amount is estimated each year at the same time.

Calculation of recoverable amount

The recoverable amount of an asset or cash-generating unit (“CGU”) is the greater of its value in use and its fair value less costs to sell. At each reporting date, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGU's. Goodwill arising from a business combination is allocated to CGU's or groups of CGU's that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less cost of disposal. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognised whenever the carrying amount of an asset or its CGU exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit and Loss.

Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to CGU, and then to reduce carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed

In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3 Accounting policies *continued*

Provisions

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

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

Non-derivative financial instruments

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

Trade, group and other receivables

Trade, group and other receivables are recognised at amortised cost, being transaction cost less impairment.

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.

Impairment of financial assets

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, and when estimating ECLs the Group considers reasonable and supportable information that is relevant and available without undue cost or effort.

Measurement of ECLs

The Group measures allowances at an amount equal to the lifetime expected credit loss using both quantitative and qualitative information and analysis based on the Group's historical experience and forward looking information.

3 Accounting policies *continued*

Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire; or
- it transfers the rights to receive the contractual cash flows in a transaction in which either: substantially all of the risks and rewards of ownership of the financial asset are transferred; or the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in Statement of Profit or Loss.

Revenue

IFRS 15 provides a single, principles-based approach to the recognition of revenue from all contracts with customers. It focuses on the identification of performance obligations in a contract and requires revenue to be recognised either at a point in time or over time, when the Group satisfies performance obligations by transferring the promised goods or services to its customers.

Revenue arises mainly from the provision of high quality care and support services for people with learning disabilities, brain injuries and other complex needs in a Registered and Community Based Care setting.

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

Non-underlying items

The Group separately identifies and discloses certain items, referred to as non-underlying items, by virtue of size and nature. 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.

These items typically include impairments and costs of share-based payments, acquisitions and restructuring.

3 Accounting policies *continued*

Financing income and expense

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

Financing expenses comprise interest payable on Loan Notes, other third party borrowings, unwinding of the discount on provisions and lease liabilities. In addition, transaction costs that are directly attributable to the arrangement of borrowings are capitalised and recognised in the consolidated Statement of Profit and Loss using the effective interest method.

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 through the Statement of Other Comprehensive Income, 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.

Government grants

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

Employee benefits

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

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Group pays fixed contributions into a separate fund 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.

3 Accounting policies *continued*

Employee benefits - continued

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 has 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.

Share-based payments

Share based payments have been awarded to key management personnel and senior employees that vest between 2027 and 2029 on tiered hurdles of investor IRR levels at the vesting periods. The grant-date fair value of equity-settled share payment arrangements granted to key management personnel and senior employees is generally recognised as an expense, with a corresponding increase in equity over the vesting period of the awards.

The fair value of the key management and senior employee share purchase plan has been measured using a Monte Carlo simulation.

Investment in subsidiaries

Investments in subsidiaries are stated at cost less impairment.

Segment reporting

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

3 Accounting policies *continued*

Leases

A. Definition of a lease

The Group assesses whether a contract is or contains a lease based on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

B. As a lessee

As a lessee, the Group recognises right-of-use assets and lease liabilities for most leases. The Group has elected not to recognise right-of-use assets and lease liabilities for some leases that are low value and/or short term in nature. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

3 Accounting policies *continued*

Leases continued

B. As a lessee continued

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, to the extent that the right-of-use asset is reduced to nil, with any further adjustment required from the remeasurement being recorded in profit or loss. The Group presents right-of-use assets that do not meet the definition of investment property in 'property, plant and equipment' and lease liabilities in 'loans and borrowings' in the statement of financial position. The Group has applied judgements to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which significantly affects the amount of lease liabilities and right-of-use assets recognised.

UK-adopted IFRS not yet applied

The following UK-adopted IFRSs have been issued but have not been applied in these financial statements. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (effective date to be confirmed);
- Annual Improvements to IFRS Standards 2018-2020 (effective date to be confirmed);

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

4 Accounting estimates and judgements

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

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

The key assumptions which may cause a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Impairment of goodwill
Determining whether goodwill is impaired requires judgement as to the determination of the CGUs and an estimation of the value in use of the cash generating units (CGUs) to which goodwill has been allocated. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the CGUs, and a suitable discount rate in order to calculate present value. The carrying amount of goodwill at 31 March 2023 was £49,256k (2022: £48,745k) (see note 14).

Non-Underlying items
Determining whether a transaction is non-underlying requires Management judgement. Management considers the size, nature and occurrence of each transaction and uses their historical experience to determine whether the Group separately identifies and discloses certain items as non-underlying.

Credit impaired financial assets
The Group recognises loss allowances for expected credit losses on its financial assets measured at amortised costs. Expected credit losses are a probability weighted estimate of credit losses and are measured as the present value of lifetime cash shortfalls. To determine the lifetime expected credit loss Management use both quantitative and qualitative information to estimate future cash flows, and a suitable discount rate in order to calculate present value.

Valuation of lease liabilities and right of use assets
The application of IFRS 16 requires management to make judgements that impact the valuation of lease liabilities and the valuation of right of use assets. The following critical judgement relating to leases has been considered:

- Lease term - Determining the lease term requires management to consider all facts and circumstances that create an economic incentive to exercise an extension or termination option. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

5 Operating segments

Information reported to senior management for the purposes of resource allocation and assessment of performance of each segment focuses on the type of care services provided by the Group. The 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 Care: supporting individuals in our specially adapted homes; and
- Community Based Care: supporting individuals in their own home.

The reported segmental information represents income and expenditure generated from external customers and external suppliers only. There were no inter-segment transactions reported during the current period (2022: £Nil).

Although it is not a requirement or intention to comply with IFRS 8, Management have elected to disclose information in relation to the Group's operating segments.

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

	Segment results		
For the year ended 31 March 2023	**Registered**	**Community Based Care**	**Group**
	£000	**£000**	**£000**
Revenue	203,734	111,484	**315,218**
Adjusted EBITDA (before non-underlying items)	**30,169**	**8,736**	**38,905**
Non-underlying items			(3,876)
Adjusted EBITDA (after non-underlying items)			**35,029**
Depreciation and impairment of property, plant and equipment			(21,698)
Profit on disposal of non-current assets			140
Amortisation of intangible assets			(2,306)
Net finance expense			(17,078)
Taxation			(403)
Loss for the period			**(6,316)**

5 Operating segments *continued*

For the year ended 31 March 2022	***Segment results***		
	Registered	**Community Based Care**	**Group**
	£000	**£000**	**£000**
Revenue	185,559	107,033	**292,592**
Adjusted EBITDA (before non-underlying items)	**37,240**	**11,467**	**48,707**
Non-underlying items			(3,121)
Adjusted EBITDA (after non-underlying items)			**45,586**
Depreciation and impairment of property, plant and equipment			(14,730)
Profit on disposal of non-current assets			169
Amortisation of intangible assets			(2,580)
Net finance expense			(20,916)
Taxation			(4,303)
Profit for the period			**3,226**

6 Non-underlying items

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

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

		2023	**2022**
		£000	**£000**
Non-underlying items:	**Note**		
Day Care income	a	-	(77)
Consultancy fees	b	1,000	59
Refinancing transaction	c	-	2,117
Covid-19 related expenditure	d	490	7,360
Covid-19 related reimbursements	e	(375)	(5,005)
Impairment of property, plant and equipment	f	4,855	-
Integration and acquisition costs	g	213	275
Project costs	h	206	179
Restructuring costs	i	662	330
Share-based payments	j	1,680	-
Taxation	k	(995)	(943)
		7,736	4,295

6 Non-underlying items *continued*

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

(a) *Day Care income*

For the year ended 31 March 2023, the Group was in receipt of funds in relation to backdated VAT on its Day Care business of £Nil (2022: £77k).

(b) *Consultancy fees*

For the year ended 31 March 2023, the Group incurred costs of £1,000k in relation to professional advice and consultancy services to support management to develop a new strategy following the sale of the Group headed by Voyage Care HoldCo Limited, improve procurement capabilities and reduce operating costs (2022: £59k).

(c) *Refinancing transaction*

For the year ended 31 March 2022, the Group released the remaining unamortised debt costs on the existing Loan Notes of £2,117k (2023: £Nil).

(d) *Covid-19 related expenditure*

The impact of the global pandemic caused by the Covid-19 outbreak continued to significantly increase the Group's costs during the year ended 31 March 2023 and as a result additional expenditure of £490k was incurred (2022: £7,360k), in previous years and for consistency these costs have continued to be presented as non-underlying.

(e) *Covid-19 related reimbursements*

During the year ended 31 March 2023, the UK Government significantly reduced the funding to Local Authorities to pass to social care providers in relation to dealing with the impact of the global pandemic caused by the outbreak of Covid-19. As a result, the Group received Government funding of £375k for the reimbursement of costs in relation to the global pandemic (2022: £5,005k).

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

For the year ended 31 March 2023, the Group recognised an impairment charge for certain property, plant and equipment due to the carrying amount of assets exceeding its recoverable amount and as a result an impairment charge of £4,855k was incurred (2022: £Nil).

(g) *Integration and acquisition costs*

For the year ended 31 March 2023, the Group incurred transaction costs in relation to the acquisition of trade and assets of several Registered services and Community Base Care packages from another provider (see note 28) of £209k (2022: share purchase of Woodley House Limited of £107k) and aborted acquisition costs of £4k (2022: £168k).

(h) *Project costs*

The Group is undertaking a programme to improve the quality, accuracy and support for its customers by investing in its head office and operational function including the implementation of an operational ERP system, as a result fees of £206k were incurred (2022: £179k).

(i) *Restructuring costs*

For the year ended 31 March 2023, the Group incurred remuneration costs of £485k in relation to restructuring its workforce (2022: £330k) and settled a pension plan with a lump-sum payment of £177k (2022: £Nil).

(j) *Share-based payments*

During the year ended 31 March 2023, the Group expensed share-based payments for key management personnel and senior employees of £1,680k (2022: £Nil).

(k) *Taxation*

During the year ended 31 March 2023, a taxation credit of £995k arose as a result of certain non-underlying items stated in the non-underlying table (2022: £943k).

7 Staff numbers

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

	Number of employees	
	2023	**2022**
Administration	534	515
Care staff	10,150	10,189
	10,684	10,704

8 Directors' remuneration

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

	2023	**2022**
	£000	**£000**
Remuneration	867	857
Pension contributions	85	90
	952	947

The remuneration of the highest paid director was £499k (2022: £494k) and pension contributions of £60k (2022: £65k) were made to a money purchase scheme on their behalf.

Two of the Directors active in the year accrued benefits under money purchase pension schemes (2022: One Director).

9 Auditor's remuneration

	2023	**2022**
	£000	**£000**
Audit of the Group financial statements	185	23
Audit of financial statements of subsidiaries	120	273
Audit related fees	305	296
Audit related assurance services	-	60
Other non-audit services	-	130
Non-audit fees	-	190
Total audit and non-audit fees	305	486

10 Operating profit before taxation

Operating profit before taxation is stated after charging:

	2023 £000	2022 £000
Direct expenses and consumables	7,887	6,820
Staff costs:		
Wages and salaries	205,810	187,303
Social security costs	16,441	14,265
Other pension costs	4,178	3,792
Operating lease rentals:		
Other lease rentals	495	384
Plant and machinery	289	305
Depreciation of property, plant and equipment	16,843	14,730
Impairment of property, plant and equipment (see note 6)	4,855	-
Profit on disposal of assets	(140)	(169)
Amortisation of intangible assets	2,306	2,580
Other external charges	45,089	34,137
	304,053	264,147

11 Finance income

	2023 £000	2022 £000
Unwinding of discount rate charge	128	-
Bank interest receivable	221	97
	349	97

12 Finance expense

	2023 £000	2022 £000
Bank interest including RCF non-utilisation fees	657	571
Loan notes interest	15,898	17,483
Unamortised debt costs from existing loan notes (see note 6)	-	2,117
Unwinding of discount on provisions and rate change	20	14
Unwinding of lease liabilities	648	655
Other finance costs	204	173
Total finance expense	17,427	21,013

Loan notes interest comprises interest on Senior Secured Notes of £14,688k (2022: £15,900k) and amortisation of issue costs and original issue discount of £1,210k (2022: £1,583k).

13 Taxation

Recognised in the Statement of Profit and Loss	**2023 £000**	**2022 £000**
Analysis of charge in year		
Current tax:		
UK corporation tax on losses of the period	-	525
Adjustments in respect of previous periods	(430)	(73)
	(430)	452
Deferred tax:		
Origination and reversal of timing differences	(494)	710
Adjustments in respect of prior periods	1,414	(622)
Effect of tax rate change on opening balance	(87)	3,763
	833	3,851
Tax on (loss) / profit on ordinary activities	403	4,303

Recognised directly in Statement of Other Comprehensive Income	**2023 £000**	**2022 £000**
Remeasurements of prior year tax charge	4	-
Deferred tax recognised directly in other comprehensive income	1	(42)
	5	(42)

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

	2023 £000	**2022 £000**
(Loss) / profit on ordinary activities before taxation	(5,913)	7,529
Current tax at 19% (2022: 19%)	(1,123)	1,431
Effects of:		
Income not taxable for tax purposes	-	(16)
Expenses not deductible for tax purposes	500	810
Fixed asset depreciation / impairment charges in excess of allowances	311	178
Transfer pricing adjustment	152	71
Group relief received	(196)	(1,219)
Adjustments in respect of prior periods	984	(695)
Adjust opening deferred tax to average rate	(87)	3,763
Other items	(17)	-
Deferred tax not recognised	(121)	(20)
Total tax charge (see above)	403	4,303

Factors that may affect future tax charges
A change to the main UK corporation tax rate from 19% to 25% with effect from 1 April 2023 was announced in the Budget on 3 March 2021, and was substantively enacted on 24 May 2021. As such deferred tax has been recognised at 25% for the year ended 31 March 2023.

14 Goodwill

	Goodwill £000
Cost	
At 1 April 2022	57,301
Acquisitions (see note 28)	511
At 31 March 2023	57,812
Accumulated impairment charge	
At 1 April 2022 and 31 March 2023	8,556
At 31 March 2023	49,256
At 31 March 2022 and 1 April 2022	48,745

On 6 September 2022, the Group acquired the trade and assets of several Registered services and Community Based Care packages from another provider, with the aim to further increase Voyage's presence in the market place. Goodwill of £511k has been recognised in relation to the acquisition (see note 28).

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

A goodwill impairment charge of £Nil occurred during the year ended 31 March 2023 (2022: £Nil).

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

In the current year the Group have amalgamated Community Based Care and Childrens Complex Care into one identifiable CGU.

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

	Goodwill	
	2023 £000	2022 £000
Registered	19,101	18,590
Community based care	30,155	30,155
	49,256	48,745

The Group performs a test for impairment on each CGU. The methodology and inputs of the impairment test is detailed below:

The recoverable amount was determined by the greater of net realisable value and value in use. In assessing value in use, the expected future cash flows were discounted to their present value using a pre-tax discount rate of 7.67% for the Registered CGU and 8.63% for the Community Based Care CGU (2022: 8.60% and 9.41% respectively). The pre-tax discount rates reflect current market assessments of the rate of return expected on equally risky investments.

14 Goodwill *continued*

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

Registered
The recoverable amount of this CGU was based on value in use using the assumptions stated above and a terminal growth rate of 3% (2022: 1.50%). The recoverable amount of £639.8 million (2022: £447.0 million) exceeded its carrying amount by approximately £279.6 million (2022: £89.1 million) and no impairment was required.

Community Based Care
The recoverable amount of this CGU was based on value in use using the assumptions stated above and a terminal growth rate of 3% (2022: 2%). The recoverable amount of £165.1 million (2022: £353.7 million) exceeded its carrying amount by approximately £121.8 million (2022: £304.5 million) and no impairment was required.

Sensitivities

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

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

	2023	**2022**
Registered		
Discount rate	+3.13%	+1.67%
Budgeted revenue growth per year	(7.34%)	(2.92%)
Budgeted staff costs per year	+12.19%	+4.89%
Community Based Care		
Discount rate	+42.88%	+66.42%
Budgeted revenue growth per year	(26.81%)	(17.00%)
Budgeted staff costs per year	+34.20%	+22.85%

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

15 Intangible assets

	Software costs	Customer relationships	Non-compete agreements	Brands	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2021	3,101	12,030	1,560	332	17,023
Acquisitions	-	753	201	11	965
Additions	915	-	-	-	915
Disposals	(73)	-	-	-	(73)
At 31 March 2022	3,943	12,783	1,761	343	18,830
At 1 April 2022	3,943	12,783	1,761	343	18,830
Acquisitions (see note 28)	-	1,192	-	-	1,192
Additions	1,862	-	-	-	1,862
Transfer in	2,150	-	-	-	2,150
Disposals	(71)	-	-	-	(71)
At 31 March 2023	7,884	13,975	1,761	343	23,963
Amortisation					
At 1 April 2021	1,771	7,989	1,258	291	11,309
Provided during the year	511	1,842	187	40	2,580
Amortisation on disposal	(73)	-	-	-	(73)
At 31 March 2022	2,209	9,831	1,445	331	13,816
At 1 April 2022	2,209	9,831	1,445	331	13,816
Provided during the year	1,105	1,024	167	10	2,306
Transfer in	683	-	-	-	683
Amortisation on disposal	(71)	-	-	-	(71)
At 31 March 2023	3,926	10,855	1,612	341	16,734
Net book value					
At 31 March 2023	3,958	3,120	149	2	7,229
At 31 March 2022	1,734	2,952	316	12	5,014
At 1 April 2021	1,330	4,041	302	41	5,714

On 6 September 2022, the Group acquired the trade and assets of several Registered services and Community Based Care packages from another provider, with the aim to further increase Voyage's presence in the market place. Intangible assets of £1,192k have been capitalised in relation to the acquisition (see note 28).

Intangible assets meeting the relevant recognition criteria are initially measured at cost less accumulated amortisation and accumulated impairment. The amortisation charge is recognised in the Statement of Profit and Loss.

The Group previously recognised internally generated developments within property, plant and equipment, this has been reclassified to intangible assets within software costs. Development expenditure is capitalised in line with the Group's accounting policy (see note 3).

16 Property, plant and equipment

	Freehold land and buildings	Fixtures, fittings and equipment *	Motor vehicles	Right-of-use asset	Total
	£000	£000	£000	£000	£000
Cost					
At 1 April 2021	370,879	99,759	7,529	23,689	501,856
Acquisitions	2,750	47	16	-	2,813
Additions	2,725	17,201	-	3,148	23,074
Disposals	(273)	(596)	(884)	(805)	(2,558)
At 31 March 2022	376,081	116,411	6,661	26,032	525,185
At 1 April 2022	376,081	116,411	6,661	26,032	525,185
Acquisitions (see note 28)	2,853	45	-	-	2,898
Additions	5,177	12,546	168	3,251	21,142
Transfers out	-	(2,150)	-	-	(2,150)
Disposals	(2,194)	(1,265)	(953)	(503)	(4,915)
At 31 March 2023	381,917	125,587	5,876	28,780	542,160
Depreciation and impairment					
At 1 April 2021	49,344	75,558	5,971	8,320	139,193
Charge for the year	1,119	8,934	763	3,914	14,730
Depreciation on disposals	(227)	(270)	(846)	(695)	(2,038)
At 31 March 2022	50,236	84,222	5,888	11,539	151,885
At 1 April 2022	50,236	84,222	5,888	11,539	151,885
Charge for the year	1,268	10,726	607	4,242	16,843
Impairment	4,855	-	-	-	4,855
Transfer out	-	(683)	-	-	(683)
Depreciation on disposals	(274)	(1,191)	(930)	(480)	(2,875)
At 31 March 2023	56,085	93,074	5,565	15,301	170,025
Net book value					
At 31 March 2023	325,832	32,513	311	13,479	372,135
At 31 March 2022	325,845	32,189	773	14,493	373,300
At 1 April 2021	321,535	24,201	1,558	15,369	362,663

* Fixtures, fittings and equipment includes Computers Integral.

16 Property, plant and equipment *continued*

For the year ended 31 March 2023 no impairment charge related to assets held for sale (2022: £nil).

For the year ended 31 March 2023 an impairment charge of £4,855k (2022: £nil) was recorded in relation to properties identified for closure, which have been written down to their respective net realisable values.

Included within freehold land and buildings is freehold land totalling £61,653k (2022: £61,931k) which is not depreciated.

Costs of £4,920k (2022: £3,102k) are included within property, plant and equipment in respect of properties in the course of being converted into care homes which are not depreciated until the properties are brought into use.

The Group's freehold and long leasehold properties are subject to a registered debenture that forms security for the aforementioned loans and borrowings.

17 Investments

Company	**Investments in subsidiary undertakings £000**
As at 31 March 2022	130,874
Impairment charge	-
As at 31 March 2023	130,874

17 Investments *continued*

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

Subsidiary	Nature of business	Country of incorporation	Holding	Proportion held %
Voyage Healthcare Group Limited	Intermediate holding company	England	Ordinary	100
Voyage Care Limited *	Intermediate holding company	England	Ordinary	100
Voyage 1 Limited *	Community care	England	Ordinary	100
Voyage 2 Unlimited *	Community care	England	Ordinary	100
Voyage Limited *	Community care	England	Ordinary	100
Voyage Specialist Healthcare Limited*	Community care	England	Ordinary	100
Voyage Care BondCo PLC	Investment company	England	Ordinary	100
Solor Care (South West) Limited *	Community care	England	Ordinary	100
Solor Care London Limited *	Community care	England	Ordinary	100
Solor Care South East (2) Limited *	Community care	England	Ordinary	100
Solor Care West Midlands Limited *	Community care	England	Ordinary	100
Solor Care Holdings (2) Limited *	Intermediate holding company	England	Ordinary	100
Solor Care Limited *	Community care	England	Ordinary	100
Solor Care South East Limited *	Community care	England	Ordinary	100
Solor Care Holdings (3) Limited *	Intermediate holding company	England	Ordinary	100
Solor Care Group Limited *	Community care	England	Ordinary	100
Childrens Complex Care Limited *	Community care	England	Ordinary	100
Focused Healthcare Limited *	Intermediate holding company	England	Ordinary	100
Fox Elms Care Limited *	Community care	England	Ordinary	100
Woodley House Limited *	Community care	England	Ordinary	100
Day Opportunities Limited *	Community care	England	Ordinary	100

* Held by a subsidiary undertaking

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

18 Trade and other receivables

	2023		2022	
	Group	Company	Group	Company
	£000	£000	£000	£000
Trade receivables	9,986	-	10,005	-
Impairment of receivables	(546)	-	(449)	-
Trade receivables (net)	9,440	-	9,556	-
Accrued income	8,774	-	6,581	-
Other receivables	716	-	270	-
Prepayments	2,206	50	2,837	-
Intercompany receivables	12,997	522,705	11,916	502,659
	34,133	522,755	31,160	502,659

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

The amounts due in relation to intercompany receivables 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.

The Group presents trade receivables net of allowances for impairment and during the year there was a debit to the consolidated Statement of Profit and Loss of £97k (2022: credit of £64k).

Movement in the provision for impaired receivables:

	2023	2022
	£000	£000
At 1 April	(449)	(513)
(Increase) / decrease in provision for impaired receivables	(97)	64
At 31 March	(546)	(449)

18 Trade and other receivables *continued*

Expected credit loss
The Group uses a provision matrix adjusted for current conditions and future expectations to measure the expected credit losses of trade receivables from its customers.

Loss allowances are measured at an amount equal to the lifetime expected credit loss using both quantitative and qualitative information and analysis based on the Group's historical experience and forward looking information.

The following table provides information about the exposure to expected credit losses:

	Weighted average loss rate %	Gross carrying amount £000	Impairment loss allowance £000
Between 0 - 30 days	3.7	7,666	285
Between 31 - 60 days	0.9	1,075	10
Between 61 - 90 days	1.8	386	7
Between 91 - 180 days	15.3	419	64
Between 181 - 365 days	35.6	374	133
Greater than 365 days	71.2	66	47
		9,986	546

Expected credit losses on intercompany receivables
The Group recognises loss allowances for expected credit losses on its intercompany receivables measured at amortised cost. Expected credit losses are a probability weighted estimate of credit losses and are measured as the present value of lifetime cash shortfalls.

The Group did not recognise a loss allowance on its intercompany receivable on the ground it was not material. The Company recognised a loss allowance of £910k on its intercompany receivable. (2022: Group and Company, no loss allowance).

19 Cash and cash equivalents

	2023 £000	2022 £000
Cash and cash in hand	13,179	21,337
Cash held on behalf of people we support	123	253
Other restricted cash	2,186	2,495
	15,488	24,085

Cash and cash equivalents includes cash held on behalf of people we support. All interest earned on these funds is returned back to the people we support and are not included in the Statement of Profit and Loss. An equivalent liability of £123k (2022: £253k) exists for this amount and is included in note 22.

20 Non-current assets classified as held for sale

As at 31 March 2023, no assets were classified as held for sale (2022: £Nil).

21 Loans and borrowings

	2023 £000	2022 £000
Bank loans	2,000	-
Loan notes	244,567	243,356
Lease liability	16,731	17,606
	263,298	260,962

Loan notes include unamortised issue costs of £5,433k (2022: £6,644k) which after deducting from the loan note balance due of £250 million results in a net loan note liability of £244,567k (2022: £243,356k).

As at 31 March 2023 there was accrued interest of £1,878k (2022: £2,367k) 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:

2023	Within one year £000	Between two and five years £000	After five years £000	Total £000
Bank loans	2,000	-	-	2,000
Loan notes	-	244,567	-	244,567
Lease liability	4,336	9,217	3,178	16,731
	6,336	253,784	3,178	263,298

2022	Within one year £000	Between two and five years £000	After five years £000	Total £000
Bank loans	-	-	-	-
Loan notes	-	243,356	-	243,356
Lease liability	3,841	9,130	4,635	17,606
	3,841	252,486	4,635	260,962

21 Loans and borrowings *continued*

Loan notes

The Group issued £250 million Senior Secured Loan Notes due 2027. The Notes are listed on the The International Stock Exchange. Accrued interest on the Loan Notes is cash settled bi-annually. In addition, the Group is party to a £50 million Revolving Credit Facility. See note 31 for the security granted on the Senior Secured Notes and the Revolving Credit Facility.

The fair value of the £250 million Senior Secured Loan Notes as at 31 March 2023 was £207,138k (2022: £244,845k).

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

Debt instrument	**Currency**	**Loan balance**	**Interest rate**	**Repayment terms**
		£000		
Senior Secured Loan Notes	GBP	250,000	5.875%	Feb-27
Revolving Credit Facility				
Utilised	GBP	2,000	SONIA +3.25%	Nov-26
Non utilised	GBP	48,000	1.1%	Nov-26

22 Trade and other payables

	2023		**2022**	
	Group	**Company**	**Group**	**Company**
	£000	**£000**	**£000**	**£000**
Trade payables	8,812	-	6,737	-
Other taxes and social security costs	8,658	-	8,431	-
Other payables	20,236	-	18,515	-
Amounts due to related parties	5,078	769,411	3,665	719,650
People we support money payable (see note 19)	123	-	253	-
	42,907	769,411	37,601	719,650

Amounts due to related parties 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.

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

23 Deferred tax assets and liabilities

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 25% (2022: 25%).

Group

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	2023	**2022**	**2023**	**2022**	**2023**	**2022**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Property, plant and equipment	(1,170)	1,098	(27,009)	(27,960)	(28,179)	(26,862)
Intangible assets	198	218	(829)	(820)	(631)	(602)
Employee benefits	45	69	-	-	45	69
Un-utilised losses	5,252	4,194	-	-	5,252	4,194
Corporate interest restriction	5,698	6,435	-	-	5,698	6,435
Other	553	639	(101)	(105)	452	534
Deferred tax assets / (liabilities)	10,576	12,653	(27,939)	(28,885)	(17,363)	(16,232)
Offset of tax	(10,576)	(12,653)	10,576	12,653	-	-
Net deferred tax liabilities	-	-	(17,363)	(16,232)	(17,363)	(16,232)

Movements in deferred tax during the year:

		Recognised in:			
	At 1 April 2022	**Profit and loss**	**Changes in OCI**	**Acquisition of subsidiaries**	**At 31 March 2023**
	£000	**£000**	**£000**	**£000**	**£000**
Property, plant and equipment	(26,862)	(1,317)	-	-	(28,179)
Intangible assets	(602)	268	-	(297)	(631)
Employee benefits	69	(23)	(1)	-	45
Un-utilised losses	4,194	1,058	-	-	5,252
Corporate interest restriction	6,435	(737)	-	-	5,698
Other	534	(82)	-	-	452
Deferred tax liabilities	(16,232)	(833)	(1)	(297)	(17,363)

23 Deferred tax assets and liabilities *continued*

Movements in deferred tax during the prior period:

	At 1 April 2021	Recognised in: Profit and loss	Recognised in: Changes in OCI	Acquisition of subsidiaries	At 31 March 2022
	£000	**£000**	**£000**	**£000**	**£000**
Property, plant and equipment	(19,053)	(7,472)	43	(380)	(26,862)
Intangible assets	(640)	279	-	(241)	(602)
Employee benefits	71	(1)	(1)	-	69
Un-utilised losses	3,062	1,132	-	-	4,194
Corporate interest restriction	4,415	2,020	-	-	6,435
Other	343	191	-	-	534
Deferred tax liabilities	(11,802)	(3,851)	42	(621)	(16,232)

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

Deferred tax assets totalling £1,078k (2022: £593k) have not been recognised as it is improbable that sufficient taxable profits will arise in the related entities against which the assets can be utilised.

24 Provisions

Group	**2023 £000**	**2022 £000**
Current dilapidations	638	625
Non-current dilapidations	1,107	1,021
Provision	1,745	1,646

The movement in provisions were:	**Dilapidations £000**
At 1 April 2022	1,646
Amounts recognised during the year	209
Provision used during the year	(2)
Discount rate change (see note 11)	(128)
Unwinding of discounted amount (see note 12)	20
At 31 March 2023	1,745

The Group's dilapidations provision is determined by discounting expected cash outflows at a pre-tax rate that reflects current market assessments of the time value of money. As at 31 March 2023, a pre-tax discount rate of 3.75% was applied which is equal to the Government's risk free rate (2022: 1.74%). The provisions recognised will unwind over the term of each lease.

25 Share capital

Group and Company	**2023 £000**	**2022 £000**
Allotted, called up and fully paid:		
4 ordinary shares of £1.00 each	-	-
	-	-

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

26 Net debt reconciliation

A summary of the Group's external borrowings, cash balances and net debt is shown below:

	2023 £000	**2022 £000**
Borrowings		
Senior Secured Loan Notes	250,000	250,000
Revolving Credit Facility	2,000	-
Lease liability	16,731	17,606
Gross debt	**268,731**	**267,606**
Cash and cash equivalents	(15,488)	(24,085)
Restricted cash and cash equivalents	2,309	2,748
Net debt (excluding lease liabilities)	**238,821**	**228,663**
Net debt (including lease liabilities)	255,552	246,269

27 Pension schemes

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

Defined contribution plans

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. The Group makes payments to a number of defined contribution plans including the Peoples Pension under Auto-enrolment, a Group Personal Pension Plan and personal pension plans for certain managers.

The Group also contributes to the National Health Service pension scheme for certain employees, whereby the Group is required to make contributions into these schemes at a percentage, as notified by the NHS pension scheme administrator, of the relevant employees' salary. The assets and liabilities of these pension schemes are managed independently of the Group. Employer contribution rates are 14.38% of pensionable salaries. The Group have no ongoing liabilities in relation to these schemes.

The Defined Contribution pension cost for the Group in 2023 was £4,178k (2022: £3,792k). An amount of £893k (2022: £797k) is included in accruals which represents the excess accumulated pension cost over the payment of contributions to the various Defined Contribution schemes.

Defined benefit plan

The Group participates in a group funded defined benefit scheme, the Voyage Retirement Benefit Scheme, for past employees. The scheme is no longer open to new members, and existing members do not accrue additional benefits. The defined benefit plan is administered by a single pension fund that is legally separated from the Group. The board of the pension fund is required by law to act in the best interests of the plan participants and is responsible for setting certain policies.

The defined benefit plan exposes the Group to actuarial risks, such as longevity risk, interest rate risk and market risk.

Payments into this scheme are made in accordance with the advice of the XPS Group, independent actuaries. The latest triennial actuarial valuation was performed on 1 April 2020 using the current unit method. A number of assumptions are required to estimate the timing and amount of future benefit payments, these future payments are discounted back to the valuation date using a prudent discount rate. At the date of the latest triennial actuarial valuation at 1 April 2020, the market value of the assets of the scheme was £1,219k and the actuarial value of the assets was sufficient to cover 73% of the benefits that had accrued to members, after allowing for expected future increase in earnings.

27 Pension schemes *continued*

IAS 19 valuation

The pension valuation for the Voyage Retirement Benefit Scheme at 1 April 2020 has been updated by the actuary on an IAS 19 basis as at 31 March 2023. The scheme has no active members (2022: none) and 11 deferred members (2022: 14). The major assumptions used in this valuation were:

	2023	**2022**
	%	**%**
Rate of increase in salaries	0.0	0.0
Rate of increase in pensions in payment	3.2	3.9
Discount rate	4.9	2.8
Inflation assumption	3.2	3.9

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

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

Current pensioner aged 65: 19.4 years (male), 21.4 years (female).

Future retiree upon reaching 65: 20.6 years (male), 22.8 years (female).

At 31 March 2023, the weighted-average duration of the defined benefit obligation was 13 years (2022: 17 years).

27 Pension schemes *continued*

Scheme assets / (liabilities)

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

	Value at 31 March 2023 £000	Value at 31 March 2022 £000
Fair value of plan assets		
Fair value of plan assets	2,257	2,525
Present value of scheme liabilities	(1,442)	(1,854)
Net defined benefit asset	815	671
Effect of asset ceiling / minimum funding requirements	(996)	(948)
Net recognised defined benefit liability	**(181)**	**(277)**

Any surplus resulting from this calculation 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.

Movements in present value of defined benefit obligation:

	2023 £000	2022 £000
At 1 April	1,854	1,857
Current service cost	-	-
Interest expense	26	25
Remeasurement arising from:		
Financial	(374)	(41)
Demographic	(10)	-
Experience	230	27
Contributions by members	-	-
Benefits paid	(284)	(14)
At 31 March	1,442	1,854

27 Pension schemes *continued*

Movements in fair value of plan assets:	**2023**	**2022**
	£000	**£000**
At 1 April	2,525	2,304
Interest income	47	35
Actual return on plan assets, excluding interest income	(130)	101
Contributions:		
By employer	99	99
By members	-	-
Benefits paid	(284)	(14)
At 31 March	2,257	2,525

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

	2023	**2022**
	£000	**£000**
Current service cost	-	-
Interest on present value of defined benefit obligation	26	25
Interest on fair value of plan assets	(47)	(35)
	(21)	(10)

Analysis of amounts recognised in the Statement of Other Comprehensive Income:

	2023	**2022**
	£000	**£000**
Remeasurement of defined benefit obligation	(154)	(14)
Return on plan assets, excluding amounts included in net interest	130	(101)
Change in effect of the asset ceiling, excluding amounts included in net interest	21	112
	(3)	(3)

History of plan

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

Statement of Financial Position	**2023**	**2022**	**2021**	**2020**	**2019**
	£000	**£000**	**£000**	**£000**	**£000**
Present value of scheme liabilities	(1,442)	(1,854)	(1,857)	(1,720)	(1,985)
Fair value of scheme assets	2,257	2,525	2,304	1,889	2,154
Surplus	815	671	447	169	169

The Company expects to contribute approximately £99k (2022: £99k) to its defined benefit plan in the next financial year.

28 Business combination

On 6 September 2022, the Group acquired the trade and assets of several Registered services and Community Based Care packages from another provider, with the aim to further increase Voyage's presence in the market place.

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

	Fair value
	£000
Property, plant and equipment	2,898
Deferred tax	(298)
Net assets	**2,600**
Customer relationships	1,192
Goodwill	511
	4,303
Satisfied by:	
Cash	4,303
Total cost of acquisition	**4,303**

The acquisition cost comprises of cash consideration of £4,303k.

From acquisition on 6 September 2022 to 31 March 2023 the business combination contributed revenue of £2,864k and a profit after tax of £553k. The revenue and profit after tax is reported within the Group's results for the year ended 31 March 2023. If acquired on 1 April 2022 the business contributions to revenue for the year to 31 March 2023 would have been £4,910k and a profit after tax of £948k.

The Group incurred acquisition costs of £209k which have been expensed as a non-underlying item in the Statement of Profit and Loss.

29 Related party transactions

As permitted by FRS 101, the Company has taken advantage of the exemption for wholly owned subsidiaries not to disclose related party transactions with group entities.

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

- Compensation paid to key management personnel, in addition to the Company directors, in respect of their services to the Company and other member companies of the Group:

	2023 £000	2022 £000
Short-term employee benefits	**1,198**	1,013
Compensation on loss of office	**29**	330
Post-employment benefits	**53**	74
	1,280	1,417

On 28 April 2023 the Group established a share option programme that entitled key management personnel and senior employees to purchase shares in VC Healthcare TopCo Limited, the top parent company in the Group. Under the programme £1.23m of share-based payments were accrued in the year to 31 March 2023 (2022: £Nil) for key management personnel.

Compensation of key management personnel of the Company and other member companies of the Group includes salaries, non-cash benefits and contributions towards a post-employment contribution benefit plan.

- During the year, close family members of key management personnel were employed by the Group in administration roles and received remuneration totalling £Nil (2022: £15k). At the year end, amounts totalling £Nil (2022: £Nil) were owed to the individuals.

- At the year end, amounts totalling £7,917k (2022: £8,125k) were due from the Group headed by VC Healthcare TopCo Limited. During the year, transactions with the Group totalled £208k (2022: £9,237k).

30 Capital commitments

Significant capital expenditure contracted for at the year end but not recognised as liabilities is as follows:

	2023 £000	2022 £000
Property, plant and equipment	**580**	-

31 Contingent Liability

Security granted on the Senior Secured Notes and the Revolving Credit Facility
Certain wholly owned subsidiaries in the Voyage Care Group have guaranteed the amounts due under the Senior Secured Loan Notes and the Revolving Credit Facility held in Voyage Care BondCo PLC. The Group's freehold and long leasehold properties are subject to a registered debenture that forms security for the aforementioned loans and borrowings.

32 Controlling party

The Company's immediate parent undertaking is Voyage Care BidCo Limited which is registered in England and Wales. At the period end, the Directors consider the ultimate controlling party to be the Kuwait Investment Authority ("KIA"), which is registered at Ministries Complex, Al Murqab, P.O. Box: 64, Safat, Zip Code: 13001, Kuwait City, Kuwait.

The largest parent in which the results of the Company are consolidated is that headed by VC Healthcare Topco Limited. Copies of the Group financial statements are available from 3rd floor, 44 Esplanade, St Helier, JE4 9WG, Jersey.