REGISTERED NUMBER: 02507430 (England and Wales)

Strategic Report, Directors' Report and

Financial Statements for the year ended 31 March 2019

for

Solor Care South East Limited

Contents of the Financial Statements
For the year ended 31 March 2019

Solor Care South East Limited

Company Information
For the year ended 31 March 2019

DIRECTORS:	A Cannon S Parker
SECRETARY:	L Jordan
REGISTERED OFFICE:	Voyage Care Wall Island Birmingham Road Lichfield Staffordshire WS14 0QP
REGISTERED NUMBER:	02507430 (England and Wales)
SENIOR STATUTORY AUDITOR:	Colin Brearley
AUDITOR:	KPMG LLP, Statutory Auditor One Snowhill Snow Hill Queensway Birmingham B4 6GH

Solor Care South East Limited

Strategic Report
For the year ended 31 March 2019

The Directors present their Strategic Report for the year ended 31 March 2019.

PRINCIPAL ACTIVITY
The principal activities of the Company are the provision of high quality care and support services for people with learning disabilities, acquired brain injuries and other complex needs. The principal activities of the Voyage Care Group, of which the Company is a member, are to provide similar care services.

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

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

Solor Care South East Limited has net assets of £4,466,000 (2018: £3,833,000) as at 31 March 2019. This analysis is detailed on the Statement of Financial Position (see page 12). Correspondingly, for the year ending 31 March 2019, Solor Care South East Limited reported a profit after taxation of £633,000 (2018: £804,000). This analysis is detailed on the Statement of Profit and Loss (see page 10).

KEY PERFORMANCE INDICATORS
The Board use a number of financial and non-financial performance indicators to monitor the performance of the business at a consolidated group level. These include:

- Turnover;

- Adjusted EBITDA (before non-underlying items);

- Agency usage;

- Quality - % of services rated Good or Outstanding by CQC rating scheme;

- Occupancy - both absolute number and % of capacity;

- Average weekly fee; and

- Staff turnover.

PRINCIPAL RISKS
The principal risks facing the business and the controls in place to mitigate these are similar to those of the Group as a whole and are as follows:

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

Mitigation
For the financial year 18-19, 148 out of 152 Local Authorities have taken the option of charging up to an additional 6% council tax precept, entirely dedicated to social care funding which will allow local government to raise an additional c.£4.5 billion by 2020. The 'Improved Better Care Fund' additional grant funding, amounting to £1.4 billion a year in real-terms for 2019-20, has been introduced to integrate NHS and social care through a single local pooled budget so that people can manage their own health and wellbeing, and live independently in their communities for as long as possible.

PRINCIPAL RISKS – continued

Recruitment and retention of skilled care workers

Risk

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

Mitigation

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

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

Risk

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

Mitigation

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

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

The Group invested £2,300,000 in training expenditure to ensure employees are fully up-to-date in the best ways of providing care for people we support (2018: £2,100,000).

Maintaining high occupancy levels and average weekly hours

Risk

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

Mitigation

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

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

Brexit

Risk

Britain's decision to leave the European Union may lead to more challenging employee recruitment and retention environment. The Group has a relatively low proportion of non-UK EU employees at 4% and therefore the direct impact could be low, however the indirect impact resulting from general tightening of employment markets could affect the Group's ability to recruit.

Mitigation

The Group monitors local employment markets across the UK and where necessary will implement measures to recruit the required employees. For example, during FY2019 we have introduced localised pay increases in certain employment hot spots.

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

Solor Care South East Limited

Strategic Report - continued
For the year ended 31 March 2019

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

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

The Tomlinson-Blake decision, in which the Group was not directly involved, was appealed in the Court of Appeal in March 2018. Local authorities and other providers were also represented. In a major decision, the Court of Appeal ruled that for the purposes of the regulations on NMW, time spent on a sleep-in shift does not count as "time work" for NMW purposes. As a consequence of this, official guidance was again changed. Accordingly, in February 2019, consistently with the Court of Appeal ruling and the official guidance, the Group reduced the allowance paid for a sleep-in.
The Court of Appeal refused permission to appeal against its decision but a panel of Supreme Court judges subsequently granted Mrs Tomlinson-Blake permission to appeal. The Supreme Court gives such permission only in cases of public importance which it considers justify its attention. The appeal is listed to be heard in February 2020. Notwithstanding that permission to appeal was granted, our legal advice is that it is unlikely that the Court of Appeal ruling will be overturned.

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

In the light of knowledge of how HMRC has dealt with these issues in the past (in particular, in introducing a non-statutory Scheme for resolution of issues in this area) the Board's judgment is that there is only a remote possibility that penalties would be imposed in those circumstances and therefore nothing has been included in this respect. On this basis the Board estimates that a contingent liability for the Group up to a maximum of £16m should be disclosed.

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

FUTURE PROSPECTS
Our philosophy continues to be to place 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 there is no one more important.

Over the coming years, we see growing demand for high quality care services which meet the needs of those who require support, care managers and families and we look forward to continuing strong growth.

ON BEHALF OF THE BOARD:

....
S Parker - Director

Date: ..17..... December 2019

Wall Island
Birmingham Road
Lichfield
Staffordshire
WS14 0QP

Solor Care South East Limited

Directors' Report
For the year ended 31 March 2019

The Directors present their Annual Report and the audited financial statements for the year ended 31 March 2019.

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

GOING CONCERN

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

£215 million of 5.875% Senior Secured Notes and £35 million of 10% Second Lien Notes are due in 2023 and a Revolving Credit Facility of £45.0 million due 2023 was £23.0 million drawn at 31 March 2019. The Directors are mindful of the due date of the external financing arrangements and recognise the need to review refinancing or capital structure options at the appropriate time. The Investor and Management Fixed Rate Unsecured Loan Notes are payable at the earlier of an exit or September 2024.

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

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

EMPLOYEE INVOLVEMENT

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

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.

RESULTS AND DIVIDENDS

The results for the year are set out in detail on page 10.

The Directors do not recommend the payment of a dividend (2018: £Nil).

DIRECTORS

The Directors shown below have held office during the whole of the period from 1 April 2018 to the date of this report.

A Cannon

Other changes in Directors holdings office are as follows:
P Sealey - resigned 10 January 2019
S Parker - appointed 10 January 2019

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

So far as the Directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the Company's auditors are unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Solor Care South East Limited

Directors' Report - continued
For the year ended 31 March 2019

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

ON BEHALF OF THE BOARD:

....
S Parker - Director

Date: ....17.... December 2019

Wall Island
Birmingham Road
Lichfield
Staffordshire
WS14 0QP

Solor Care South East Limited

Statement of Directors' Responsibilities
For the year ended 31 March 2019

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

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

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

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

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

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

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

Independent Auditor's Report to the Members of Solor Care South East Limited

Opinion
We have audited the financial statements of Solor Care South East Limited ("the company") for the year ended 31 March 2019 which comprise the Statement of Profit and Loss, Statement of Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and related notes, including the accounting policies in note 2.

In our opinion the financial statements:
- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Going concern
The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report
The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:
- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

Directors' responsibilities

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

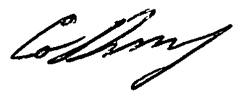
Auditor's responsibilities

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

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

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

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



Colin Brearley (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Date: 17 December 2019

Solor Care South East Limited

Statement of Profit and Loss
For the year ended 31 March 2019

	Notes	2019 £'000	2018 £'000
TURNOVER		**4,271**	4,051
Operating expenses	5	**(3,721)**	(3,668)
OPERATING PROFIT		**550**	383
Finance income	6	**2,503**	2,103
Finance expense	7	**(2,427)**	(1,720)
PROFIT BEFORE TAXATION		**626**	766
Taxation	9	**7**	38
PROFIT FOR THE FINANCIAL YEAR		**633**	804

Solor Care South East Limited

Statement of Other Comprehensive Income
For the year ended 31 March 2019

	2019 £'000	2018 £'000
PROFIT FOR THE YEAR	633	804
OTHER COMPREHENSIVE INCOME	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	633	804

Solor Care South East Limited

Statement of Financial Position
31 March 2019

	Notes	2019 £'000	2019 £'000	2018 £'000	2018 £'000
FIXED ASSETS					
Tangible assets	10		**7,531**		488
CURRENT ASSETS					
Debtors falling due within one year	11	**427**		250	
Debtors falling due after more than one year	11	**36,292**		31,210	
Cash in hand		**2**		1	
		36,721		31,461	
CREDITORS					
Amounts falling due within one year	12	**(907)**		(339)	
NET CURRENT ASSETS			**35,814**		31,122
Due within one year			*(478)*		*(88)*
Due after more than one year			*36,292*		*31,210*
TOTAL ASSETS LESS CURRENT LIABILITIES			**43,345**		31,610
CREDITORS					
Amounts falling due after more than one year	13		**(38,728)**		(27,652)
PROVISIONS FOR LIABILITIES	14		**(151)**		(125)
NET ASSETS			**4,466**		3,833
CAPITAL AND RESERVES					
Called up share capital	15		**-**		-
Share premium			**182**		182
Retained earnings			**4,284**		3,651
EQUITY SHAREHOLDERS' FUNDS			**4,466**		3,833

The financial statements were approved by the Board of Directors on 17 December 2019 and were signed on its behalf by:

S Parker - Director

Solor Care South East Limited

Statement of Changes in Equity
For the year ended 31 March 2019

	Called up share capital £'000	Share premium £'000	Retained earnings £'000	Total equity £'000
Balance at 1 April 2017	-	182	2,847	3,029
Changes in equity				
Total comprehensive income	-	-	804	804
Balance at 31 March 2018	-	182	3,651	3,833
Changes in equity				
Total comprehensive income	-	-	633	633
Balance at 31 March 2019	-	182	4,284	4,466

1. STATUTORY INFORMATION

Solor Care South East Limited is a private Company, limited by shares, registered in England and Wales. The Company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

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

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

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

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

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

- a cash flow statement and related notes;

- the effects of new but not yet effective IFRS's; and

- certain disclosures required by IFRS 13 "Fair Value Measurement" and the disclosures required by IFRS 7 "Financial Instrument Disclosures".

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

Adoption of new and revised standards

IFRS 9 Financial Instruments
IFRS 9 Financial Instruments replaces the provisions of IAS 39 Financial Instruments: Recognition and Measurement that relate to the recognition, classification and measurement of financial assets and financial liabilities, de-recognition of financial instruments, impairment of financial assets and hedge accounting. The adoption of IFRS 9 Financial Instruments from 1 April 2018 did not result in significant changes in accounting policies nor adjustments to the amounts recognised in the financial statements. In accordance with the transitional provisions in IFRS 9 Financial Instruments, comparative figures have not been restated.

On 1 April 2018 (the date of initial application of IFRS 9 Financial Instruments), the Company's management has assessed the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 Financial Instruments categories. The main effects resulting from this reclassification are as follows:

- Trade and other receivables are now classified as 'Amortised cost' under IFRS 9 (previously 'Loans and receivables' under IAS 39). Trade receivables are subject to the new expected credit loss model in IFRS 9 Financial Instruments and therefore the Company has revised its impairment methodology.

2. ACCOUNTING POLICIES - continued

Adoption of new and revised standards - continued

IFRS 15 Revenue from Contracts with Customers
The Company has adopted IFRS 15 Revenue from Contracts with Customers from 1 April 2018 which resulted in no changes in financial statement amounts or disclosures.

IFRS 16 Leases
This is the first set of the Company's financial statements in which IFRS 16 has been applied and the date of transition was 1 April 2018.

IFRS 16 introduced a single, on-balance sheet accounting model for lessees. As a result, the Company, as a lessee, has recognised right-of-use assets representing its rights to use the underlying assets and lease liabilities representing its obligation to make lease payments. Lessor accounting remains similar to previous accounting policies.

The Company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 April 2018. Accordingly the comparative information presented for 2018 has not been restated - i.e. it is presented, as previously reported, under IAS 17 and related interpretations. The details of the changes in accounting policies are disclosed below.

Definition of a lease
Previously, the Company determined at contract inception whether an arrangement was or contained a lease under IFRIC 4 Determining Whether an Agreement contains a lease. The Company now assesses whether a contract is or contains a lease based on the new 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.

On transition to IFRS 16, the Company elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under IAS 17 and IFRIC 4 were not reassessed. Therefore the definition of a lease under IFRS 16 has been applied only to contracts entered into or changed on or after 1 April 2018.

As a lessee
As a lessee, the Company previously classified leases as operating or finance leases based on its assessment of whether the leases transferred substantially all of the risks and rewards of ownership. Under IFRS 16, the Company recognises right-of-use assets and lease liabilities for most leases. The Company has elected not to recognise right-of-use assets and lease liabilities for some leases of low-value (e.g. IT equipment). The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company presents the right-of-use assets in 'Tangible fixed assets', the same line item as it presents underlying assets of the same nature that it owns. The Company presents lease liabilities in 'creditors' in the Statement of Financial Position. The carrying amounts of the right of use assets are as below:

Right-of-use Asset	**Property £'000**	**Motor Vehicles £'000**	**Total £'000**
Balance as at 1 April 2018	7,678	1	7,679
Balance as at 31 March 2019	6,979	93	7,072

The Company recognises a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less accumulated depreciation and impairment losses, and adjusted for certain re-measurements of the lease liability. When a right-of-use asset meets the definition of investment property, it is presented in investment property. The right-of-use asset is initially measured at cost, and subsequently measured at fair value, in accordance with the Company's accounting policies.

2. ACCOUNTING POLICIES - continued

Adoption of new and revised standards – continued

IFRS 16 Leases - continued

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 Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in the estimate of the amount expected to be payable under a residual value guarantee, or as appropriate, changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

i. Significant accounting policies
The Company 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 Company 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.

ii. Transition to IFRS 16
Previously, the Company classified property leases as operating leases under IAS 17. Some leases include an option to renew the lease for an additional period after the end of the non-cancellable period. Some leases provide for additional rent payments that are based on changes in price indices.

At transition, for leases classified as operating leases under IAS 17, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 April 2018. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments and any onerous lease provisions at the transition date.

The Company used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17:

- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application;
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease; and
- Reliance upon previous assessment of whether leases are onerous before the date of initial application.

C. Impacts on financial statements
i. Impact on transition
On transition to IFRS 16, the Company recognised additional right-of-use assets and additional lease liabilities, recognising the difference in retained earnings. The impact on transition is summarised below:

Statement of Financial Position	**1 April 2018 £'000**
Right-of-use assets presented in tangible assets	7,679
Prepayments	1
Accruals	2,928
Lease liabilities	(10,608)

Operating lease commitment reconciliation	**1 April 2018 £'000**
Operating lease commitment at 31 March 2018 as disclosed in the Company's financial statements	10,742
Different lease conditions under IFRS 16	(134)
Lease liabilities recognised at 1 April 2018	10,608

2. **ACCOUNTING POLICIES - continued**

Adoption of new and revised standards - continued

IFRS 16 Leases - continued

ii. Impact for the period
As a result of applying IFRS 16, the Company has recognised depreciation and interest costs, instead of an operating lease expense. During the period ended 31 March 2019, the Company recognised £740,000 of depreciation charges and £389,000 of interest costs from those leases. Operating lease charges that would have been recognised under the previous accounting policy would have been £1,167,000 and as a result there has been a net increase in profit before tax.

Judgements, estimates and assumptions
In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses.

The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The key assumptions which have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Impairment of trade debtors
Determining the extent of the provision requires judgement as to whether certain trade debtors are deemed doubtful although not definitely irrecoverable. The provision is calculated on specific trade debtors identified by examining aged debtor analyses.

Dilapidation provisions
Determining the extent of the provision requires an estimation of future lease & dilapidation costs and a discount rate in order to calculate present value. The carrying amount of provision at 31 March 2019 was £151,000 (2018: £125,000) (see note 14).

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 judgements relating to leases have been considered:

- Assessing whether a contract is or contains a lease - At the inception of a contract, management determine whether the contract is or contains a lease. Management assess whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration;
- Discount rate - Determining the incremental borrowing rate requires management to consider how much the Group would have to pay to borrow over a similar term, with a similar security, and the funds necessary to obtain an asset of a similar value to the right of use asset in a similar environment; and
- 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

Impairments of amounts due from group undertakings
Determining whether amounts due from group undertakings have been impaired requires an estimation of the debt's value in use. The value in use calculation requires the Group to estimate expected future cash flows and suitable discount rates in order to calculate present values. The carrying amount of amounts due from group undertakings at 31 March 2019 was £36,292,000 (2018: £31,210,000) with no impairment loss recognised for the year ended 31 March 2019 or 31 March 2018.

2. ACCOUNTING POLICIES - continued

Tangible fixed assets
Tangible fixed assets 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%**
Motor vehicles	**25%**
Computers and software costs integral	**33%**
Right-of-use asset	**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.

Provisions
Provisions are recognised when the Company has a present obligation as a result of a past event, it is probable that the Company 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 debtors, cash in hand and trade and other payables.

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

Cash in hand
Cash in hand comprise cash balances and call deposits.

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

Turnover
Turnover in respect of the provision of care services represents the fair value of fee income receivable for the period and is recognised in respect of the care that has been provided in the relevant period.

Turnover invoiced in advance is included in deferred income, until the service is provided, whilst turnover invoiced in arrears is included in accrued income until invoiced.

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

2. ACCOUNTING POLICIES - continued

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

Tax currently payable is based on the taxable profit or loss for the year. Taxable profit or loss differs from 'profit / loss before tax' as reported in the Statement of Profit and Loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible.

Tax is calculated using tax rates enacted or substantively enacted at the date of the Statement of Financial Position.

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

Operating leases
The Company has elected not to recognise a right-of-use asset or lease liability for some low value leases and the Company recognises these lease payments as an expense on a straight-line basis over the lease term.

Employee benefit costs
The Company operates a defined contribution pension scheme. Contributions payable to the Company's pension scheme are charged to the Statement of Profit and Loss in the period to which they relate.

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

£215 million of 5.875% Senior Secured Notes and £35 million of 10% Second Lien Notes are due in 2023 and a Revolving Credit Facility of £45.0 million due 2023 was £23.0 million drawn at 31 March 2019. The Directors are mindful of the due date of the external financing arrangements and recognise the need to review refinancing or capital structure options at the appropriate time. The Investor and Management Fixed Rate Unsecured Loan Notes are payable at the earlier of an exit or September 2024.

After reviewing the Company's forecasts and projections, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

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

3. EMPLOYEES

	2019 £'000	2018 £'000
Wages and salaries	**2,100**	2,033
Social security costs	**140**	144
Other pension costs	**25**	17
	2,265	2,194

The average number of employees during the year was as follows:

	2019	2018
Care	**135**	124

4. DIRECTORS' EMOLUMENTS

Emoluments paid to the Directors in respect of their services to the group including this Company:

	2019 £'000	2018 £'000
Emoluments	**622**	708
Compensation on loss of office	**-**	240
Pension contributions	**78**	82
	700	1,030

The remuneration of the highest paid Director was £352,000 (2018: £416,000) and pension contributions of £60,000 (2018: £60,000) were made to a money purchase scheme on their behalf.

Included in the total remuneration is a discretionary payment of £40,000 (2018: £Nil) made to one Director. Three of the Directors active in the year accrued benefits under money purchase pension schemes (2018: three Directors).

The Directors received no emoluments for their services to the Company in the current period (2018: £Nil).

Directors' emoluments were paid by another group company.

5. OPERATING EXPENSES

	2019 £'000	2018 £'000
Direct expenses and consumables	132	142
Staff costs	2,265	2,194
Operating lease rentals:		
Hire of plant and machinery	7	13
Other operating leases	3	755
Depreciation	878	181
Other external charges	436	383
	3,721	3,668

6. FINANCE INCOME

	2019 £'000	2018 £'000
Amounts receivable from group undertakings	2,503	2,103

7. FINANCE EXPENSES

	2019 £'000	2018 £'000
Unwinding of discount on provision	7	64
Unwinding of lease liabilities	389	-
Amounts payable to group undertakings	2,031	1,656
	2,427	1,720

8. AUDITOR'S REMUNERATION

	2019 £'000	2018 £'000
Audit of financial statements	5	4

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

9. TAXATION

Analysis of tax income

	2019 £'000	2018 £'000
Deferred tax:		
Origination and reversal of temporary differences	(7)	(7)
Adjustment in respect of prior periods	-	(31)
Total tax income in Statement of Profit and Loss	(7)	(38)

9. **TAXATION - continued**

Factors affecting the tax income

The tax assessed for the year is lower (2018: lower) than the standard rate of corporation tax in the UK. The difference is explained below:

	2019 £'000	2018 £'000
Profit before income tax	626	766
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2018: 19%)	119	145
Effects of:		
Fixed asset differences	(5)	1
Expenses not deductible for tax purposes	10	-
Group relief claimed	(133)	(154)
Adjustments to tax charge in respect of previous periods (deferred tax)	-	(31)
Effect of change in tax rate on deferred tax balances	2	1
Tax income	(7)	(38)

Factors that may affect future tax charges

A reduction in the UK corporation tax rate from 20% to 19% (effective from 1 April 2017) was substantively enacted on 26 October 2015. Further reduction to 18% (effective 1 April 2020) was also substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the Company's future current tax charge accordingly. The deferred tax asset at 31 March 2019 has been calculated based on these rates.

10. **TANGIBLE FIXED ASSETS**

	Freehold property £'000	Right-of-use-assets £'000	Fixtures & fittings £'000	Motor vehicles £'000	Computer equipment £'000	Totals £'000
Cost						
At 1 April 2018	148	-	1,617	9	15	1,789
Adjustment on initial application of IFRS16	-	7,679	-	-	-	7,679
Adjusted balance as at 1 April 2018	**148**	**7,679**	**1,617**	**9**	**15**	**9,468**
Additions	-	133	107	-	2	242
Disposals	-	(1)	-	-	(1)	(2)
At 31 March 2019	**148**	**7,811**	**1,724**	**9**	**16**	**9,708**
Depreciation						
At 1 April 2018	4	-	1,278	9	10	1,301
Charge for year	1	740	134	-	3	878
Eliminated on disposal	-	(1)	-	-	(1)	(2)
At 31 March 2019	**5**	**739**	**1,412**	**9**	**12**	**2,177**
Net book value						
At 31 March 2019	**143**	**7,072**	**312**	**-**	**4**	**7,531**
At 1 April 2018 (application of IFRS16)	144	7,679	339	-	5	8,167
At 31 March 2018	144	-	339	-	5	488

11. DEBTORS

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Trade debtors	**302**	128
Deferred tax asset	**124**	117
Prepayments and accrued income	**1**	5
	427	250
Amounts falling due after more than one year:		
Amounts due from group undertakings	**36,292**	31,210
Aggregate amounts	**36,719**	31,460

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

The movement in deferred tax is attributable to the following:

	Deferred tax asset £'000
At beginning of year	117
Recognised in the Statement of Profit and Loss	7
At end of year	124

The elements of deferred taxation are as follows:

	2019 £'000	2018 £'000
Tangible fixed assets	124	117

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £'000	2018 £'000
Trade creditors	**7**	27
Other creditors	**13**	11
Lease liabilities	**714**	-
Accruals and deferred income	**173**	301
	907	339

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2019 £'000	2018 £'000
Lease liabilities	**9,243**	-
Accruals and deferred income	**-**	2,788
Amounts due to group undertakings	**29,485**	24,864
	38,728	27,652

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

14. PROVISIONS FOR LIABILITIES

	2019 £'000	2018 £'000
Other provisions:		
Dilapidations	151	125

	2019 £'000
At beginning of year	125
Amounts recognised	19
Unwinding of discount	7
At end of year	151

The dilapidation provision is as a result of the Company entering into certain leases where the Company is required to return each property to its original condition when the lease expires. A provision has been recognised for the present value of such costs and will unwind over the term of each lease.

The Company'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 2019, a pre-tax discount rate of 1.50% was applied which is equal to the Government's risk free rate (31 March 2018: 1.50%). The provisions recognised will unwind over the term of each lease.

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019 £'000	2018 £'000
100	Ordinary shares	£1	-	-

16. PENSION SCHEMES

The Company contributes on a defined contribution basis to the Peoples Pension under Auto-enrolment.

The pension cost for the Company in 2019 was £25,000 (2018: £17,000). An amount of £Nil (2018: £Nil) is included in creditors at the year-end.

17. CONTINGENT LIABILITIES

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

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

The Tomlinson-Blake decision, in which the Group was not directly involved, was appealed in the Court of Appeal in March 2018. Local authorities and other providers were also represented. In a major decision, the Court of Appeal ruled that for the purposes of the regulations on NMW, time spent on a sleep-in shift does not count as "time work" for NMW purposes. As a consequence of this, official guidance was again changed. Accordingly, in February 2019, consistently with the Court of Appeal ruling and the official guidance, the Group reduced the allowance paid for a sleep-in.

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

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

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

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

On this basis the Board estimates that a contingent liability for the Group up to a maximum of £16m should be disclosed.

18. ULTIMATE PARENT UNDERTAKING

The Company's immediate parent undertaking is Solor Care Limited and its ultimate parent undertaking is Voyage Care HoldCo Limited, both of which are registered in England and Wales.

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

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