

**Strategic Report, Directors' Report and  
Financial Statements for the year ended 31 March 2020**

**For**

**Solor Care (South West) Limited**



**Solor Care (South West) Limited**

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For the year ended 31 March 2020**

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**Solor Care (South West) Limited**

**Company Information**

**For the year ended 31 March 2020**

**DIRECTORS:**

A Cannon  
S Parker

**SECRETARY:**

L Jordan

**REGISTERED OFFICE:**

Voyage Care  
Wall Island  
Birmingham Road  
Lichfield  
Staffordshire  
WS14 0QP

**REGISTERED NUMBER:**

04186320 (England and Wales)

**SENIOR STATUTORY AUDITOR:**

Stephen Ward

**AUDITOR:**

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

## **Solor Care (South West) Limited**

### **Strategic Report**

**For the year ended 31 March 2020**

The Directors present their Strategic Report for the year ending 31 March 2020.

#### **PRINCIPAL ACTIVITY**

The principal activities of the Company are the provision of high quality care and support services for people with learning disabilities, autism, acquired brain injuries 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 Company's focus is on the needs of the people we support. The principal activities of the Voyage Care Group, of which the Company is a member, are to provide similar care services.

The global pandemic caused by the virus outbreak of COVID-19 and that led the UK to enter a lockdown phase on 23 March 2020 resulted in a relatively minor impact on the Company for the year ended 31 March 2020. Given the inherent uncertainty about the timing and effect of the pandemic, the Directors have given appropriate consideration to these issues in preparing the Strategic Report.

#### **BUSINESS REVIEW**

The Group, of which the Company is a member, 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. 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 West) Limited has net liabilities of £1,836,000 as at 31 March 2020 (31 March 2019: £2,052,000). This analysis is detailed on the Statement of Financial Position (see page 14). Correspondingly, for the year ending 31 March 2020, Solor Care (South West) Limited reported a profit after taxation of £216,000 (2019: £111,000). This analysis is detailed on the Statement of Profit and Loss (see page 12).

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

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 and National Minimum 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 which erodes Group profitability.

###### ***Mitigation***

For the financial year 2019-20, 148 out of 151 Local Authorities have taken the option of charging up to an additional 6% council tax precept. The 'Improved Better Care Fund' additional grant funding, amounting to £2.1 billion a year in 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 AND UNCERTAINTIES - 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 impacting retention. Additionally, significant emphasis is placed on promoting employee retention.

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

***Risk***

The Voyage Care 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.

A dedicated Quality department regularly updates Group policies in line with changing regulations and standards and manages the internal quality audit process.

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

The Group invested £2.5m in training expenditure to ensure employees are fully up-to-date in the best ways of providing care for people we support (2019: £2.3m).

***Reduced financial performance***

***Risk***

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 revolving credit facility contains a covenant such that the Group must exceed minimum profit levels.

***Mitigation***

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.

***COVID-19 / globally transmitted diseases***

***Risk***

The global outbreak of COVID 19 puts significant strain on the business to maintain the high level of care for the people we support during unprecedented times. Future global pandemics could require the business to quickly adapt to operate within the limitations of the pandemic whilst minimising the impact to the people we support.

**Strategic Report - continued**  
**For the year ended 31 March 2020**

**PRINCIPAL RISKS AND UNCERTAINTIES - continued**  
***COVID-19 / globally transmitted diseases - continued***

***Mitigation***

The business has clear and effective business continuity plans that can be quickly enacted to react to severe threats to the business. 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.

***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, we have introduced localised pay increases in certain employment hot spots.

We continue to diligently monitor the terms of Brexit negotiations to identify any potential further impact for the Group during this time of uncertainty so that mitigating actions can be identified.

**KEY PERFORMANCE INDICATORS**

The Board use a number of financial and non-financial performance indicators to monitor the performance of the Group at a consolidated group level. The performance of the Group's key performance indicators listed below are presented in the Strategic Report of Voyage Care HoldCo Limited and include:

- Quality - % of services rated Good or Outstanding by CQC rating scheme;
- Turnover;
- Adjusted EBITDA (before non-underlying items);
- Agency usage;
- Occupancy - both absolute number and % of capacity; and
- Average weekly fee.

**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.

**Strategic Report - continued**

**For the year ended 31 March 2020**

**UNCERTAINTIES FACING THE BUSINESS – continued**

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

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

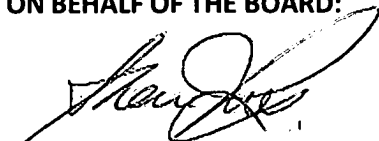
On this basis the Board estimates that a contingent liability for the Group up to a maximum of £16m (2019: £16m) should be disclosed.

**FUTURE PROSPECTS**

Our 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 see 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.

**ON BEHALF OF THE BOARD:**



.....  
S Parker - Director

Date: 31 July 2020

Wall Island  
Birmingham Road  
Lichfield  
Staffordshire  
WS14 0QP

## **Solor Care (South West) Limited**

### **Directors' Report**

**For the year ended 31 March 2020**

The Directors present their Annual Report and the audited financial statements for the year ended 31 March 2020.

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.

### **RESULTS AND DIVIDENDS**

The results for the year are set out in detail on page 12.

The Directors do not recommend the payment of a dividend (2019: £Nil).

### **GOING CONCERN**

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons:

The Group, of which the Company is a member, is funded through a combination of Shareholders' Funds, Unsecured Shareholders Loans, Senior Secured Notes, Second Lien Notes and cash generated through operating profits. These comprised £215 million of 5.875% Senior Secured Notes and £35 million of 10% Second Lien Notes, due in 2023, and a Revolving Credit Facility of £45.0 million, due 2023, of which £45.0 million was drawn at 31 March 2020. The Directors are mindful of the due date of the external financing arrangements and recognise the need to review refinancing or capital structure options at an appropriate time. The Investor and Management Fixed Rate Unsecured Loan Notes are payable at the earlier of an exit or September 2024.

The Directors have prepared a 5-year budget from April 2020, together with detailed 'worse case' cash flow forecasts through to 31 March 2022, which reflect severe but plausible downsides. This indicates that, the Company will have sufficient funds to meet its liabilities as they fall due for that period. Whilst the UK's economic outlook resulting from the global COVID-19 pandemic remains uncertain, the Directors have considered the impact to the Company by conducting extensive scenario analysis on the Group's profitability, the availability of cash to meet liabilities as they fall due and its compliance with the debt covenant. Additionally, the Directors continue to assess the ability to refinance in each scenario.

Those forecasts are dependent on the Company's ultimate parent, Voyage Care HoldCo Limited, not seeking repayment of the amounts currently due to the group and providing additional financial support as needed during that period. Voyage Care HoldCo Limited has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, until such time that the Company is able to realise its assets and discharge its liabilities as they fall due. As with any Company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Taking the above into consideration, the impact of the Contingent Liability set out in Note 18 and the principal risks identified on page 2, the Directors believe that there are no material uncertainties to the Group's ability to operate as a going concern and to continue realising its assets and discharging its liabilities in the normal course of business. Therefore it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.



## **Solor Care (South West) Limited**

### **Directors' Report - continued For the year ended 31 March 2020**

#### **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.

#### **DIRECTORS**

The Directors set out in the table below have held office during the whole of the period from 1 April 2019 to the date of this report.

A Cannon  
S Parker

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.

#### **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: 31 July 2020

Wall Island  
Birmingham Road  
Lichfield  
Staffordshire  
WS14 0QP

## **Solor Care (South West) Limited**

### **Statement of Directors' Responsibilities For the year ended 31 March 2020**

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 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.

## **Independent Auditors' Report to the Members of Solor Care (South West) Limited**

### **Opinion**

We have audited the financial statements of Solor Care (South West) Limited ("the company") for the year ended 31 March 2020 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 2020 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 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 8, 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.

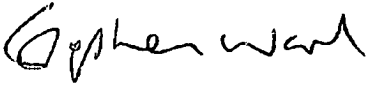
**Auditor's responsibilities**

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](http://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.



**Stephen Ward (Senior Statutory Auditor)**  
**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

KPMG LLP

One Snowhill

Snow Hill Queensway

Birmingham

B4 6GH

Date: 31 July 2020

**Solor Care (South West) Limited**

**Statement of Profit and Loss  
For the year ended 31 March 2020**

	Notes	2020 £'000	2019 £'000
<b>TURNOVER</b>		<b>2,615</b>	<b>2,348</b>
Operating expenses	6	<b><u>(2,211)</u></b>	<b><u>(2,138)</u></b>
<b>OPERATING PROFIT</b>		<b>404</b>	<b>210</b>
Finance income	7	<b>1,396</b>	<b>1,091</b>
Finance expense	8	<b><u>(1,542)</u></b>	<b><u>(1,260)</u></b>
<b>PROFIT BEFORE TAXATION</b>		<b>258</b>	<b>41</b>
Taxation	10	<b><u>(42)</u></b>	<b><u>70</u></b>
<b>PROFIT FOR THE YEAR</b>		<b><u>216</u></b>	<b><u>111</u></b>

**Solor Care (South West) Limited**

**Statement of Other Comprehensive Income  
For the year ended 31 March 2020**

	<b>2020 £'000</b>	<b>2019 £'000</b>
<b>PROFIT FOR THE YEAR</b>	<b>216</b>	<b>111</b>
<b>OTHER COMPREHENSIVE INCOME</b>	<b><u>-</u></b>	<b><u>-</u></b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b><u><u>216</u></u></b>	<b><u><u>111</u></u></b>

**Statement of Financial Position**  
**31 March 2020**

	Notes	2020 £'000	2019 £'000
<b>FIXED ASSETS</b>			
Tangible assets	11	2	27
<b>CURRENT ASSETS</b>			
Debtors due within one year	12	338	206
Debtors due after more than one year	12	<u>20,111</u>	<u>16,147</u>
		20,449	16,353
<b>CREDITORS</b>			
Amounts due within one year	13	<u>(124)</u>	<u>(134)</u>
<b>NET CURRENT ASSETS</b>		<u>20,325</u>	<u>16,219</u>
<i>Due within one year</i>		214	72
<i>Due after more than one year</i>		<u>20,111</u>	<u>16,147</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		20,327	16,246
<b>CREDITORS</b>			
Amounts due after more than one year	14	<u>(22,163)</u>	<u>(18,298)</u>
<b>NET LIABILITIES</b>		<u>(1,836)</u>	<u>(2,052)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	-	-
Retained earnings		<u>(1,836)</u>	<u>(2,052)</u>
<b>EQUITY SHAREHOLDERS' DEFICIT</b>		<u>(1,836)</u>	<u>(2,052)</u>

These financial statements were approved by the Board of Directors on 31 July 2020 and were signed on its behalf by:



.....  
S Parker - Director



**Solor Care (South West) Limited**

**Statement of Changes in Equity  
For the year ended 31 March 2020**

	<b>Called up share capital £'000</b>	<b>Retained earnings £'000</b>	<b>Total equity £'000</b>
<b>Balance at 1 April 2018</b>	-	(2,163)	(2,163)
<b>Changes in equity</b>			
Total comprehensive income	<u>-</u>	<u>111</u>	<u>111</u>
<b>Balance at 31 March 2019</b>	<u>-</u>	<u>(2,052)</u>	<u>(2,052)</u>
<b>Changes in equity</b>			
Total comprehensive income	<u>-</u>	<u>216</u>	<u>216</u>
<b>Balance at 31 March 2020</b>	<u><u>-</u></u>	<u><u>(1,836)</u></u>	<u><u>(1,836)</u></u>

## **Solor Care (South West) Limited**

### **Notes to the Financial Statements For the year ended 31 March 2020**

#### **1. STATUTORY INFORMATION**

Solor Care (South West) 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' (FRS 101) 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;
- disclosures in respect of transactions with wholly owned subsidiaries;
- the effects of new but not yet effective IFRS's;
- the requirements of paragraphs 17 and 18A of IAS 24 "Related Party Disclosures"; 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.

##### **Tangible 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.

**Notes to the Financial Statements - continued**  
**For the year ended 31 March 2020**

**2. ACCOUNTING POLICIES - continued**

**Tangible assets - continued**

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:

Fixtures, fittings and equipment	20%
Computers equipment	33%

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

**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 comprises 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.

**Finance income and expense**

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

**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.

**Notes to the Financial Statements - continued**  
**For the year ended 31 March 2020**

**2. ACCOUNTING POLICIES - continued**

**Taxation including deferred tax - continued**

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 financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons:

The Group, of which the Company is a member, is funded through a combination of Shareholders' Funds, Unsecured Shareholders Loans, Senior Secured Notes, Second Lien Notes and cash generated through operating profits. These comprised £215 million of 5.875% Senior Secured Notes and £35 million of 10% Second Lien Notes, due in 2023, and a Revolving Credit Facility of £45.0 million, due 2023, of which £45.0 million was drawn at 31 March 2020. The Directors are mindful of the due date of the external financing arrangements and recognise the need to review refinancing or capital structure options at an appropriate time. The Investor and Management Fixed Rate Unsecured Loan Notes are payable at the earlier of an exit or September 2024.

The Directors have prepared a 5-year budget from April 2020, together with detailed 'worse case' cash flow forecasts through to 31 March 2022, which reflect severe but plausible downsides. This indicates that, the Company will have sufficient funds to meet its liabilities as they fall due for that period. Whilst the UK's economic outlook resulting from the global COVID-19 pandemic remains uncertain, the Directors have considered the impact to the Company by conducting extensive scenario analysis on the Group's profitability, the availability of cash to meet liabilities as they fall due and its compliance with the debt covenant. Additionally, the Directors continue to assess the ability to refinance in each scenario.

**Notes to the Financial Statements - continued**  
**For the year ended 31 March 2020**

**2. ACCOUNTING POLICIES - continued**

**Going concern - continued**

Those forecasts are dependent on the Company's ultimate parent, Voyage Care HoldCo Limited, not seeking repayment of the amounts currently due to the group and providing additional financial support as needed during that period. Voyage Care HoldCo Limited has indicated its intention to continue to make available such funds as are needed by the Company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, until such time that the Company is able to realise its assets and discharge its liabilities as they fall due. As with any Company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Taking the above into consideration, the impact of the Contingent Liability set out in Note 18 and the principal risks identified on page 2, the Directors believe that there are no material uncertainties to the Group's ability to operate as a going concern and to continue realising its assets and discharging its liabilities in the normal course of business. Therefore it is appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the basis of preparation being inappropriate.

**3. 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 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 impairment requires judgement as to whether certain trade debtors are deemed doubtful although not definitely irrecoverable. The Company presents trade receivables net of allowances for impairment. The Company 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.

*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 2020 was £20,111,000 (2019: £16,147,000) with no impairment loss recognised for the year ended 31 March 2020 or 31 March 2019.

**Solor Care (South West) Limited**

**Notes to the Financial Statements - continued**  
**For the year ended 31 March 2020**

**4. STAFF NUMBERS**

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

	<b>2020</b>	<b>2019</b>
Care	<u>65</u>	<u>64</u>

**5. DIRECTORS EMOLUMENTS**

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

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Emoluments	<b>666</b>	622
Pension contributions	<u>100</u>	<u>78</u>
	<u><b>766</b></u>	<u><b>700</b></u>

The remuneration of the highest paid director was £366,000 (2019: £352,000) and pension contributions of £77,000 (2019: £60,000) were made to a money purchase scheme on their behalf.

One of the Directors active in the year accrued benefits under money purchase pension schemes (2019: three Directors).

The Directors received no emoluments for their services to the Company in the current period (2019: £Nil).

Directors' emoluments were paid by another group company.

**6. OPERATING EXPENSES**

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Direct expenses and consumables	<b>110</b>	105
Staff costs		
Wages and salaries	<b>1,357</b>	1,225
Social security costs	<b>102</b>	92
Other pension costs	<b>28</b>	17
Operating lease rentals	<b>7</b>	9
Depreciation	<b>25</b>	61
Other external charges	<u><b>582</b></u>	<u><b>629</b></u>
	<u><b>2,211</b></u>	<u><b>2,138</b></u>

**7. FINANCE INCOME**

	<b>2020</b> <b>£'000</b>	<b>2019</b> <b>£'000</b>
Amounts receivable from group undertakings	<u><b>1,396</b></u>	<u><b>1,091</b></u>

**Solor Care (South West) Limited**

**Notes to the Financial Statements - continued**  
**For the year ended 31 March 2020**

**8. FINANCE EXPENSE**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Amounts payable to group undertakings	<u><b>1,542</b></u>	<u><b>1,260</b></u>

**9. AUDITOR'S REMUNERATION**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Audit of financial statements	<u><b>6</b></u>	<u><b>5</b></u>

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

**10. TAXATION**

**Analysis of tax expense/(income)**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Current tax:		
UK corporation tax	<b>40</b>	-
Deferred tax:		
Origination and reversal of temporary differences	<b>10</b>	(70)
Effect of tax rate change on opening balance	<u><b>(8)</b></u>	<u>-</u>
Total tax expense/(income) in Statement of Profit and Loss	<u><b>42</b></u>	<u><b>(70)</b></u>

**Factors affecting the tax expense**

The tax assessed for the year is lower (2019: higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Profit before income tax	<u><b>258</b></u>	<u><b>41</b></u>
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019: 19%)	<b>49</b>	<b>8</b>
Effects of:		
Group relief surrendered	-	<b>1</b>
Deferred tax not recognised	<b>(9)</b>	(77)
Fixed asset differences	<u><b>2</b></u>	<u><b>(2)</b></u>
Tax expense/(income)	<u><b>42</b></u>	<u><b>(70)</b></u>

Notes to the Financial Statements - continued  
For the year ended 31 March 2020

10. TAXATION – continued

**Factors that may affect future tax charges**

A UK corporation rate of 19% (effective 1 April 2020) was substantively enacted on 17 March 2020, reversing the previously enacted reduction in the rate from 19% to 17%. This will increase the company's future current tax charge accordingly. The deferred tax asset/liability at 31 March 2020 has been calculated at 19% (2019: 17%).

11. TANGIBLE ASSETS

	Fixtures and fittings £'000	Computer equipment £'000	Totals £'000
<b>Cost</b>			
At 1 April 2019	1,403	4	1,407
Disposals	(19)	-	(19)
At 31 March 2020	<u>1,384</u>	<u>4</u>	<u>1,388</u>
<b>Depreciation</b>			
At 1 April 2019	1,380	-	1,380
Charge for year	23	2	25
Eliminated on disposal	(19)	-	(19)
At 31 March 2020	<u>1,384</u>	<u>2</u>	<u>1,386</u>
<b>Net book value</b>			
At 31 March 2020	<u>-</u>	<u>2</u>	<u>2</u>
At 31 March 2019	<u>23</u>	<u>4</u>	<u>27</u>

12. DEBTORS

	2020 £'000	2019 £'000
Amounts falling due within one year:		
Trade debtors	270	131
Deferred Tax	68	70
Prepayments and accrued income	-	5
	<u>338</u>	<u>206</u>
Amounts falling due after more than one year:		
Amounts due from group undertakings	<u>20,111</u>	<u>16,147</u>
Aggregate amounts	<u>20,449</u>	<u>16,353</u>

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.



Notes to the Financial Statements - continued  
For the year ended 31 March 2020

12. DEBTORS - continued

The movement in deferred tax is attributable to the following:

	2020 £'000
At April 2019	70
Recognised in the Statement of Profit and Loss	<u>(2)</u>
At March 2020	<u>68</u>

The elements of deferred tax are as follows:

	2020 £'000	2019 £'000
Tangible assets	<u>68</u>	<u>70</u>

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020 £'000	2019 £'000
Trade creditors	-	20
Other creditors	-	8
Corporation tax	40	-
Accruals and deferred income	<u>84</u>	<u>106</u>
	<u>124</u>	<u>134</u>

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

	2020 £'000	2019 £'000
Amounts due to group undertakings	<u>22,163</u>	<u>18,298</u>

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.

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £'000	2019 £'000
1	Ordinary share	£1	<u>-</u>	<u>-</u>

Notes to the Financial Statements - continued  
For the year ended 31 March 2020

16. OPERATING LEASES

The Company had commitments under non-cancellable operating leases as follows:

	2020 Other assets £'000	2019 Other assets £'000
Within one year	-	<u>1</u>

During the year £7,000 was recognised as an expense in the Statement of Profit and Loss in respect of operating leases (2019: £9,000).

17. PENSION SCHEMES

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

The pension cost for the Company in 2020 was £28,000 (2019: £17,000). An amount of £Nil (2019: £Nil) is included in creditors at year-end.

18. CONTINGENT LIABILITIES

*Security granted on Revolving Credit Facility*

The Company has guaranteed the amounts due under the Revolving Credit Facility, the Senior Secured Notes and the Second Lien Notes issued by Voyage Care BondCo PLC. Security has been granted over all freehold and long leasehold property.

*Potential liability in relation to sleep in shifts*

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

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

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

**Notes to the Financial Statements – continued**  
**For the year ended 31 March 2020**

**18. CONTINGENT LIABILITIES - continued**

*Potential liability in relation to sleep in shifts - continued*

The Court of Appeal refused permission to appeal against its decision but a panel of Supreme Court judges subsequently granted Mrs Tomlinson-Blake permission to appeal. The Supreme Court gives such permission only in cases of public importance which it considers justify its attention. The appeal was heard in February 2020 and a ruling is expected in the Summer of 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 (2019: £16m) should be disclosed.

**19. ULTIMATE PARENT UNDERTAKING**

The Company's immediate parent undertaking is Solor Care Holdings (3) 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