



**Evolve**  
Housing  
+ Support

## **Report and Financial Statements**

**Year ended 31 March 2022**

Company number: 4796537  
Registered Charity number: 1099051  
Homes England registration number: H4400

# Evolve Housing + Support

Report and Financial Statements for the year ended 31 March 2022

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# Evolve Housing + Support

Directors, Executives and Advisers

## Directors

Paul Perkin  
Paul Infield  
Rachelle Beltran

Diana Coman  
Evonne Hudson  
Bukky McGlynn  
Simon McGrath  
Nilavra Mukerji

Mark Rowe  
Isabel Sanchez  
David Shrimpton  
Vicky Wallace

Chair  
Vice Chair  
(Appointed 24 June 2021)  
(Resigned 24 March 2022)

(Appointed 24 June 2021)  
(Resigned 21 March 2022)

(Appointed 24 June 2021)  
(Resigned 21 September 2022)  
(Resigned 7 February 2022)

(Resigned 26 October 2021)

## Auditor

BDO LLP  
55 Baker Street  
London W1U 7EU

## Solicitors

Winckworth Sherwood LLP  
Minerva House  
5 Montague Close  
London SE1 9BB

Ashfords LLP  
Ashford House  
Grenadier Road  
Exeter EX1 3LH

## Company Secretary

Jenny Strudwick

## Registered office

16 – 20 Kingston Road  
South Wimbledon  
London, SW19 1JZ

## Bankers

HSBC Bank plc  
139A North End  
Croydon CR0 1TN

Santander UK plc  
100 Ludgate Hill  
London EC4M 7RE

## Audit Committee

Mark Rowe  
David Shrimpton  
Diana Coman  
Evonne Hudson  
Rachelle Beltran  
Bukky McGlynn  
Vicky Wallace

Chair (Resigned 7 February 2022)  
Interim Chair (from 8 February 2022)

(Resigned 24 March 2022)  
(Resigned 21 March 2022)  
(Resigned 26 October 2021)

## Leadership Team

Jeremy Gray  
Debra Ives  
Jenny Strudwick  
Elspeth Hayde  
Pamela Newman

Chief Executive  
Director of Operations  
Director of Corporate Services  
Director of People and Culture  
Deputy Director of Operations

# Evolve Housing + Support

Directors' Report for the year ended 31 March 2022

## STRUCTURE, GOVERNANCE AND MANAGEMENT

Evolve Housing + Support ("Evolve") is a company limited by guarantee, a registered charity and a registered social landlord. It is governed by its Articles of Association.

The governing body of the organisation is the Board, which comprises not less than seven and not more than twelve members.

Board members are elected for a three year period and may be re-elected for two further three year periods. However, once we have fully adopted the new NHF Code of Governance, only one additional term of three years will be allowed. All members of the Board give their time voluntarily and receive no benefits from the organisation. Directors' liability insurance is arranged annually.

A regular appraisal exercise is carried out for Board Members by the Chair, together with an annual skills audit. Both of these allow gaps in the Board to be identified, to enable targeted recruitment. All members are given the opportunity to receive additional training. Current customers sit on our Customer Scrutiny Panel, which reports regularly to senior colleagues and the Board. A register is kept of the interests of Board members and specific declarations of interest are sought at every Board meeting.

The main responsibility of the Board is to formulate the strategic plans of the organisation along with the budget and financial monitoring. It receives regular reports on all aspects of the work of the organisation and meets formally at least quarterly. Away days are held regularly with the Chief Executive and senior managers to discuss and plan future strategy based around a comprehensive business plan. The Board delegates the main day to day decisions to the Chief Executive and the Leadership Team.

The Board has established and formally constituted the Audit Committee as a sub-committee of the Board, with specific terms of reference and functions delegated by the Board and with Board members representing the Board's interest on the committee. The Chief Executive, the Director of Operations and the Director of Corporate Services normally attend all the Audit Committee meetings, as do other senior managers as appropriate.

The Board confirms that the organisation complies with the regulatory frameworks and standards issued by its regulators - the Regulator of Social Housing and the Charity Commission. In addition the organisation has adopted the National Housing Federation's (NHF) Code of Governance 2015, and is working towards adopting the updated 2020 Code. The organisation complied with the relevant requirements of these frameworks, including the Governance and Viability Standard, throughout the year under review, and continues to do so.

Evolve was incorporated as a company limited by guarantee on 12 June 2003, under the name "South London YMCA". It was registered as a charity with the Charity Commission on 19 August 2003 and as a social landlord with the Regulator of Social Housing (formerly the Homes and Communities Agency) on 11 September 2003.

## OBJECTIVES AND ACTIVITIES

### Purposes and Aims

The primary objects of Evolve are:

- to provide, improve and manage houses or hostels providing residential accommodation and associated amenities, facilities and services for people of all ages who are in need, hardship or distress by reason of their social, physical or economic circumstances;
- to relieve or assist in the relief of people of all ages who are in need, hardship or distress by reason of their social, physical or economic circumstances.

Our aim is to help children, young people and adults who are homeless or at risk of homelessness to become independent and resilient. We believe in building on people's strengths, aspirations and goals to help them break the cycle of homelessness. We offer a programme of support tailored to meet people's individual needs, including housing, employment and skills training, mentoring and counselling. We work with young parents and children at risk of exclusion to build the skills and resilience that can help prevent homelessness. Our aims fully reflects the purposes that the organisation was set up to further.

# Evolve Housing + Support

## Directors' Report for the year ended 31 March 2022

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We review our aims, objectives and activities each year. This review looks at what we have achieved and the outcomes of our work. It looks at the success of each key activity and the benefits they have brought to those groups of people we are set up to support. The review also helps us ensure our aims, objectives and activities remain focused on our stated purposes. We refer to the Charity Commission's general guidance on public benefit when reviewing our aims and objectives and in planning our future activities. In particular, the Board considers how planned activities will contribute to the aims and objectives it has set.

### **How our activities deliver public benefit**

Our main activity is the provision of supported housing and those who benefit from our services are described below. Our charitable activities focus on the support of homeless people and those at risk of homelessness, with the aim of supporting them to develop the skills and/or insight needed to live independently. The Directors have taken due regard of the Charity Commission guidance on public benefit and have satisfied themselves that the charitable activities undertaken by the organisation are for the furtherance of its charitable purposes and satisfy the requirements of public benefit.

### **Who uses and benefits from our services?**

Whilst our objects are not geographically limited, our funding streams mean that the services we provide are primarily to the residents of the London Boroughs of Croydon, Lambeth, Lewisham, Bromley, Merton, Sutton and the Royal Borough of Kensington and Chelsea. We plan to expand these services into neighbouring boroughs as opportunities arise.

Our core client group is homeless and vulnerable people of all ages. Our accommodation-based services cover a broad range of customer groups, including young people at risk, teenage parents, care leavers, young families with no recourse to public funds, single homeless adults, people with severe and enduring mental health needs and previously excluded rough sleepers with complex needs.

Access to our accommodation-based services is managed via the local authority which funds the particular service. This process ensures that our services continue directly to meet the needs of the boroughs in which we work.

During the year we have continued to provide our Work and Learning service and our Health and Wellbeing service to deliver focussed support and training to our customers.

In addition to our residential services we also run mentoring schemes for 11 to 15 year old children under-attaining or at risk of exclusion from school and a peer support service to support severely disadvantaged people within the community to overcome multiple barriers to accessing training, volunteering and employment opportunities.

### **Fundraising**

Charity law requires charities to make a statement regarding fundraising activities. The legislation defines fundraising as 'soliciting or otherwise procuring money or other property for charitable purposes'. Such amounts receivable are presented in these accounts in other operating income.

We have a Fundraising Strategy and a Stakeholder Engagement Strategy, both approved by our Board. We do not work with any professional fundraisers, nor do we use cold calling or direct mail. We are registered with the Fundraising Regulator and comply with their code of practice. The day to day management of all income generation is delegated to the executive team who are accountable to the Directors.

We have received no complaints in relation to fundraising activities in the year under review.

# Evolve Housing + Support

Directors' Report for the year ended 31 March 2022

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## STRATEGIC REPORT

### ACHIEVEMENTS AND PERFORMANCE

In June 2019, the Board approved our 2019-22 Business Plan. Our strategic objective is to inspire our team to create positive change, reach more people and sustain our future. As a result of the pandemic, we were unable to progress many of our plans, and in June 2021, the Board agreed to extend the term of the current plan to 2023.

This report gives a snapshot of the many achievements and improvements in service provision for our customers during the year to 31 March 2022. The coronavirus pandemic continued to affect operations for the entire year, with all efforts concentrated on keeping customers and colleagues safe and maintaining the financial security of the organisation.

The Directors acknowledge that the achievements of the year were only possible through the hard work of our colleagues and the commitment of our partners, including the London Boroughs of Croydon, Lambeth, Lewisham, Bromley, Merton, Sutton and the Royal Borough of Kensington and Chelsea, Homes England, National Lottery Community Fund, Walcot Foundation, The Mayor of London's Rough Sleepers' Innovation Fund, St Giles Trust, Sir Walter St John's Educational Charity, European Social Fund, Greater London Authority, London Hostels Association and many charitable trusts, groups and individuals also continue to support our work.

### Operations

At 31 March 2022, Evolve provided 598 beds of supported housing in the London Boroughs of Croydon, Lambeth, Bromley, Sutton and Merton, and the Royal Borough of Kensington and Chelsea.

The support we offer within our accommodation-based services is funded through local authority contracts, and we work to ensure that we are meeting the needs of our customers and the strategic needs of our commissioners. Our teams are equipped to work with and support the most vulnerable and complex people within the communities we serve and have the flexibility to be able to change our service offering to meet new strategic needs if required.

### Health and Safety

Building safety (and fire safety) continues to be a core priority in our Business Plan and day to day work. All our buildings have regular fire safety inspections by the London Fire Brigade and have expert fire risk assessments in place. We have invested in our fire safety work and practice in order to prepare for the Building Safety Bill.

We completed the remediation of cladding at one property during the year. The cost of this work is very significant (in excess of £2.5m) and we are taking legal action against the developer to recover these costs.

### Ensuring customers and colleagues were safe during 2021-22

Much of our focus in 2021-22 was centred around easing of pandemic restrictions and returning to normal business activities whilst at the same time ensuring our customers and colleagues were safe. We refined, communicated and reviewed our infection control policies. During 2021 we repeated our individual Covid risk assessments with all colleagues by line managers having structured reviews with each of their team to discuss the impact of Covid on them both at work and at home. We also introduced Mental Health First Aiders with over 40 of our colleagues attending accredited training which will help them to support others when they are experiencing mental health challenges. We have reviewed colleagues' sick leave policy beyond the boundaries of our normal policy. Specifically, we paid full pay for all Covid related absence for an eighteen-month period, and we also permanently increased our occupational sick pay for colleagues in their first year of employment to ensure that they do not suffer financial hardship due to staying away from work to reduce the spread of infection.

# Evolve Housing + Support

## Directors' Report for the year ended 31 March 2022

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### Improving Quality

In the 2021 customer survey, overall customer satisfaction with Evolve services remained high at 86%, compared to 88% in 2020.

In 2021, we began the process of becoming accredited by the Domestic Abuse Housing Alliance to improve our approach to domestic abuse both for customers and staff. We now have customer and staff domestic abuse policies in place, and we have planned changes to our customer case management system, so we can better record and report domestic abuse cases to identify further improvements.

We have been working to improve our approach to co-production and creating more meaningful opportunities for customers to co-produce at Evolve. For the first year since the pandemic, we have customer auditors conducting part of our current service audits. We have developed our Co-production Strategy which details our plans to embed co-production across the organisation. Later this year, we aim to increase customer involvement in policy review along with delivering co-production training to customers.

We launched our Asset-based framework and best practice How-To-Guide for staff working with customers, these were all rolled out through a roadshow to service staff at the start of 2022.

### Community Services

Throughout the past year, the pandemic and its various lockdowns had a large impact on our customers and our ability to run activities and events in the same way as pre-pandemic. We were unable to have volunteers in the same way in services, so we instead tailored our way of working to the needs of each service, this approach has seen a gradual increase in those volunteering with us. It also meant that we continued to be flexible and responsive to how we delivered services from the communities team.

Our work and learning programme for young people continued in 2021/22 through a mix of unrestricted funds and a grant from the London Hostels Association which continued the programme until November 2021. In January 2022, we were successful in a continuation grant from the London Hostels Association, which will ensure funding till September 2022. We have worked with 288 young people during 2021, with 184 of these having direct interaction with the coordinator. The other 104 young people engaged in activities or events that supported their work and learning goals. We have delivered an online entrepreneurship course and 12 workshops. We have developed effective partnerships with DWPs across all boroughs and business leaders across London. In 2022, we continued to work with Ian Willard, who is funded through the DWP in Croydon to work with young people and has 44 young people engaged across 2 of our services.

Our counselling programme is a swift access counselling service provided for the customers of our accommodation-based services by volunteer counsellors. The service was financially supported by unrestricted fundraising money throughout 2021 and was embedded within the Health and Wellbeing service. The service is delivered by trainee counsellors enabling them to achieve their practice hours and full qualification. We received 147 referrals and conducted 109 assessments within 14 days of referral being received, 77 went onto complete counselling, with others being supported by the Psychological Wellbeing team. We continued to deliver counselling to external Peer Circles and Thames Reach customers. Face-to-face counselling was reinstated in March 2021, however many of our customers have enjoyed a mix of on-line and face to face sessions. A total of 372 sessions were delivered during the year.

Peer Circles, supported by the National Lottery Community Fund and European Social Fund, supports severely disadvantaged people within the communities of South London to overcome multiple barriers to accessing training, volunteering and employment opportunities. The project is in partnership with St Giles Trust and has been funded until June 2022. This partnership has seen an increase in resources funded by them. These include, in addition to the coordinator, two part time trainees, both of whom come with lived experience. In 2021/22 we worked with 127 customers in this programme and are on track to meet our targets. The continued pandemic meant we were unable to work with many people face-to-face and this saw a drop in numbers, especially new sign ups, however when restrictions were lifted, face to face work was restarted and Peers began coming back into the services to work with customers. Some of these peers went on to volunteer within our local services.

# Evolve Housing + Support

## Directors' Report for the year ended 31 March 2022

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The Health and Wellbeing programme, funded by the National Lottery Community Fund, completed its 3-year programme and was then funded internally by us for a 5 month period. We were then successful in gaining a further 3-year funding grant from the National Lottery Community Fund beginning in February 2022. During the pandemic, we saw an increase in referrals for those suffering isolation and ran groups and activities where we could build the resilience and strengths of our customers. Workshops began again and we adapted to deliver a range of services through on-line and face to face methods. Many of our customers preferred on-line and this saw productivity grow and more customers seen. We worked with a total of 652 customers during the 2018-2021 full project period. This included 631 one-to-one interventions and 425 drop in sessions. New ways of delivering therapy were formed and included using gaming and other technology to reach customers. In 2021 we developed therapy using virtual reality and continued to see positive outcomes throughout 2022. The Psychological Wellbeing Therapists continue to be flexible to the needs of each service during the pandemic.

The Horizons programme continued throughout 2021/22 and was funded internally through unrestricted funds. We continued to support young people in 3 schools in Lambeth and Lewisham who were at risk of exclusion or disengagement. We worked with over 100 young people through a mixture of one-to-one mentoring, support with examination preparation and group work. Students were supported through lockdowns and the coordinator worked with both the parents and teachers to provide support.

In November 2021, we ran our second Career Change programme to attract new colleagues from outside the housing sector. Eight new colleagues undertook a four-week initial training programme and began in services in December 2021. Feedback from colleagues and services has been extremely positive and we are developing an evaluation and continuation programme to build on this success. We worked with a secondee from the government fast track scheme to evaluate and develop this programme further.

In late 2021, we launched the co-production strategy, and this was given board approval in January 2022. We further developed the Together with Tenants action plan for working with customers and the two documents are now linked with a delivery plan.

### FINANCIAL REVIEW

The Directors present the report and financial statements for the year ended 31 March 2022. The statements are presented according to the requirements of the Statement of Recommended Practice (SORP) Accounting by Registered Social Landlords and FRS102.

The key financial results for the year are shown below.

- Turnover for the year amounted to £13,168k compared with £12,815k for the year ended 31 March 2021.
- A deficit of £2,113k was recorded for the year, compared to a surplus of £228k in the previous year.
- Adjusting for cladding remediation costs and legal fees in relation to the associated litigation, a surplus of £539k was recorded on normal operations, compared to a surplus of £1,167k in the previous year.
- Interest payable, less receivable, was £123k for the year compared with £132k for the previous year.

During the year to 31 March 2022 we continued our investment in fire safety and building maintenance. Void losses are higher than budget but continued tight control over costs and a reforecast at the half year enabled us to reprioritise expenditure and achieve a satisfactory result on core activities for the year.

During the year, we completed the cladding remediation on one of our buildings, work which was required due to poor and unsafe installation. Total remediation costs were £2.75m, of which £2.14m were incurred in the year under review. We are taking legal action against the developer of that building and we have incurred significant legal costs in the year (£512k). The matter seems likely to go to court, with a date for the hearing in November 2023. These exceptional costs resulted in an overall deficit for the year.



# Evolve Housing + Support

## Directors' Report for the year ended 31 March 2022

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The coronavirus pandemic continued to affect our operations. Whilst our primary income sources (rent and grants for support) were largely unaffected, we continued to experience increased staff costs, as colleague absence had to be covered with agency staff.

### Going concern

We carry out stress testing on our budget projections and prepare seven year forecasts to model various scenarios. Compliance with bank covenants is monitored quarterly and reported to the Audit Committee. After reviewing the Annual Budget, the Business and Corporate Plans, seven-year forecasts, revised budgets and cash flow taking in to account the financial effects of the pandemic, the Board considers that the organisation has adequate resources to continue in operational existence for the foreseeable future. Accordingly, we continue to adopt the going concern basis in preparing the accounts.

### PLANS FOR THE FUTURE

Our 2019-2022 Business Plan was approved by the Board at their meeting in June 2019. The plan sets out our ambition and strategic objectives for the three-year period. At their meeting in March 2021, the Board agreed to extend the period of the current business plan by one year, to 2023, to acknowledge that we were unable to work on some of our strategic objectives due to the pandemic. From this plan, we developed our corporate plan for the coming year. Our plan for 2021/22 was agreed in March 2021.

Our key objectives for the 2021/22 year were:

- Our ongoing response to the pandemic, with a focus on customer safety and colleague wellbeing;
- Our strategy and work on equality, diversity and inclusion;
- cladding remediation and building safety;

To achieve these objectives, we will strive to:

#### Inspire our team:

- support colleagues to mitigate the impact of the pandemic on their wellbeing;
- review recruitment and induction processes to drive inclusivity and colleague engagement;
- Analyse information from the race dialogue listening groups and staff survey and develop an action plan.

#### Create positive change:

- Support customers to mitigate the effects of the pandemic;
- Complete remediation of cladding and plan remaining programme of major fire safety works;
- Complete first year of plan to implement Psychologically Informed Environments at all services.

#### Reach more people:

- Increase engagement rates across a wide range of social media platforms;
- Continue discussions on a new development;
- Develop strategic partnerships.

#### Sustain our future:

- Respond to the financial impact of the pandemic through budgetary management
- Pursue cladding legal action to a successful conclusion;
- Improve and implement collaboration tool to enhance new ways of working.

The pandemic will have long lasting effects on our operations. Where appropriate, we have introduced agile working policies to increase the flexibility for our colleagues to work from various locations, including their homes. We have maintained and strengthened our infection control policies and procedures to ensure safe environments for customers and colleagues. We have adhered to Government guidance throughout the crisis and will continue to adapt our operations as the situation changes.

Lambeth Council have announced a major restructuring of their homeless young people's pathway. This will have a significant effect on our operations, and as a result our long term strategy is under review.

# Evolve Housing + Support

## Directors' Report for the year ended 31 March 2022

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### Risk and Internal Control

In order to observe best practice and ensure that the highest form of good governance is followed, particularly in relation to the management of risk, internal auditors are engaged to carry out regular reviews. The Audit Committee have reviewed the internal audit arrangements and agreed to appoint specialist providers appropriate to the work required, with a view to having regular specialist reviews.

Policies and procedures have been put in place to ensure good governance and these are regularly reviewed and added to as required. Likewise, detailed procedures covering all aspects of finance related systems and reporting have been developed to supplement the organisation's financial regulations.

The Board is responsible for safeguarding the assets of the organisation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Board has considered the key risks facing the organisation. Future Government's reforms to the welfare system remain a risk to our main revenue stream. Rental income provides the major source of income to the organisation and our customers rely on benefits to pay their rent.

A major area of risk relates to Supporting People funding, on which the organisation also relies heavily, particularly with regard to the arrangements for competitive tendering that all Local Authorities now follow. The risks inherent with this funding stream are addressed in a number of ways. We ensure that the quality of all our services is maintained to a very high standard and that all tender submissions are keenly priced. Good relations are maintained with local authorities, and we work with Council colleagues to ensure the continued strategic relevance of the organisation's services to the Councils' ongoing strategies. In addition, colleagues ensure that the Councils are kept fully briefed on the organisation's services and the importance of maintaining funding. We are also working to widen our income streams and thus reduce our reliance on this form of local authority funding.

The organisation's Statement of the System of Internal Controls is set out on page 11.

### VALUE FOR MONEY

#### Board acknowledgement of responsibility

The Board accepts its responsibility for knowing how our assets are used to further our aims and purposes. The Board and senior management team regularly review the organisation's development and investment strategies with the aim of ensuring that we continue to make appropriate use of our assets in order to achieve further growth. A key aim for the Board is to demonstrate that we are maximising the return on our assets and investments, in line with our risk appetite, and achieving value for money.

#### Value for Money at Evolve

Our strategic objectives aim to deliver our charitable purpose. They therefore reflect the value we are seeking to maximise in the context of value for money. To measure our success, we set key performance indicators (KPIs) and targets against our objectives.

Our key strategic objectives remain unchanged and can be summarised in one cohesive statement of intent: *Inspire our team to create positive change, reach more people and sustain our future.*

# Evolve Housing + Support

## Directors' Report for the year ended 31 March 2022

Our strategic objectives and key priorities are summarised below:

| Strategic Objective    | 2021/22 key priorities  | Measure                                      |
|------------------------|---|--|
| Inspire our team       | Respond to the impact of the pandemic and manage colleague absences | KPI – days lost to sickness absence          |
| Create positive change | Respond to the impact of the pandemic on customers                  | KPI – % of customers with staying safe plans |
| Reach more people      | Seek additional funding to ensure services continue uninterrupted   | Funds raised compared to increased costs     |
| Sustain our future     | Manage void losses and arrears                                      | KPIs - % lost from voids and arrears         |

We report here on our organisational metrics and targets and the RSH metrics as required by the VfM standard. Median figures are taken from the Smaller Providers' Benchmarking Group (SPBM) data for our peer group. The peer group is comprised of 25 smaller housing associations primarily providing supported accommodation across the country. However, half the group also provide general needs housing which operates on a lower cost base and higher margins.

| RSH Metric                                    | 2019/20 | 2020/21 | 2021/22 Actual | 2021/22 Target | SPBM 2021/22 Median | 2022/23 Target |
|---|---------|---------|----------------|----------------|---------------------|----------------|
| Headline social housing cost per unit (£'000) | £12.3   | £14.9   | £14.3          | £14.5          | £13.9               | £15.2          |
| EBITDA interest cover (%)                     | 455%    | 166%    | -1128%         | 414%           | 913%                | 445%           |
| Operating Margin: social housing lettings (%) | 3.52%   | 2.73%   | -14.23%        | 2.44%          | 14.74%              | 0.60%          |
| Operating margin: organisation (%)            | 2.19%   | 1.73%   | -16.04%        | 1.77%          | 8.77%               | 0.36%          |
| Return on capital employed (%)                | 1.59%   | 1.26%   | -13.67%        | 1.28%          | 3.3%                | 0.29%          |
| Gearing (%)                                   | 3.8%    | -1.4%   | 10.5%          | 10%            | 10.06%              | 5%             |
| Reinvestment (%)                              | -       | 1.99%   | -              | 2%             | 3.44%               | 2%             |
| New supply delivered                          | -       | -       | -              | -              | -                   | -              |

| Evolve Metric                          | 2019/20 | 2020/21 | 2021/22 Actual | 2021/22 Target | SPBM 2021/22 Median | 2022/23 Target |
|--|---------|---------|----------------|----------------|---------------------|----------------|
| Colleague absences (working days lost) | 11.2    | 9.8     | 12.7           | 6              | 5.6                 | 6              |
| Customers with staying safe plans (%)  | 99.5%   | 99.3%   | 99.2%          | 100%           | -                   | 100%           |
| Additional funds raised (£'000)        | N/A     | £202k   | £5k            | £125k          | N/A                 | £25k           |
| Void losses (%)                        | 5.2%    | 4.9%    | 5.4%           | 3%             | 6.18%               | 3%             |
| Arrears (%)                            | 2.61%   | 3.96%   | 3.14%          | 2.22%          | 5.51%               | 2.22%          |

Our results for the year were adversely affected by the cost of cladding remediation at one of our services. The total cost of remediation was £2.75m, £2.14m of which was incurred in 2021/22. We are taking legal action against the developer of the building, as the cladding needed to be replaced due to faulty installation. Legal costs to date are £970k, of which £497K was incurred in 2021/22. Mediation has failed and a court date has been set for November 2023. Further significant legal costs will be incurred in 2022/23 and 2023/24 unless a settlement is reached.

Our headline social housing cost per unit are high, although much closer to the peer group median, which has risen significantly this year. This reflects our hard work to keep cost increases as low as possible, whilst maintaining the quality of our services. Many of our customers have complex needs and as a specialist supported housing provider it is to be expected that our service charge costs will be relatively high because of the special additional services we need to provide, including higher staffing levels, greater security and safety equipment, etc. We continue to spend significant sums on fire safety work, which together with static funding from our commissioning partners puts pressure on our margins.

# Evolve Housing + Support

## Directors' Report for the year ended 31 March 2022

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Discussions regarding our development plans continued with a partner local authority. However, we are unable to progress these plans whilst the legal case is on-going. We continue to pay down our bank loans, deliberately allowing gearing to fall, in order to increase our borrowing capacity for future developments.

More information on value for money, including details of our social value, can be found in our full VFM review and on our website.

### RESERVES POLICY

The Directors believe that a general reserve representing between three and six months' unrestricted expenditure should be maintained to allow the organisation to be managed efficiently. There is a need to match variable income with fixed commitments and the nature of the reserves and to provide a buffer for uninterrupted services. This level of reserves would provide sufficient funds for the maintenance of the current activities of the organisation in the event of a significant drop in funding and also provide time to allow the Directors to consider changes in activities or new sources of funding.

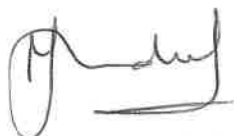
During the year, our total reserves decreased from £13,273k to £11,161k. The majority of these reserves are held as fixed assets and, as such, could not be readily converted to cash. Free reserves, defined as those which could be freely spent on our charitable objects (and excluding restricted funds), amount to £1.24m, representing approximately 1 month of expenditure (2021: £3.34m, representing 3 months of expenditure). The significant expenditure on cladding remediation and legal costs, and the resulting loss for the year, have depleted our reserves. However, we maintain a positive cash flow and generate a surplus on underlying operating activities.

### PROVISION OF INFORMATION TO AUDITOR

All of the current board members have taken all the steps that they ought to have taken to make themselves aware of any information needed by the organisation's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

### BY ORDER OF THE BOARD

The Directors' Report including the Strategic Report was approved by the Board on 22 September 2022 and signed on its behalf by:



Jenny Strudwick (Company Secretary)

# Evolve Housing + Support

## Statement of the System of Internal Controls

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The Board is at the centre of governance and is responsible, in particular, for ensuring that the organisation operates effectively and achieves its objectives. The Board acknowledges its ultimate responsibility for ensuring that the organisation has in place a sound system of internal controls that are appropriate to the various business environments in which it operates.

These controls focus on the significant risks that threaten the organisation's ability to meet its objectives and provide reasonable assurance with respect to:

- the reliability of key information and performance indicators used within the organisation or for publication;
- the maintenance of proper records;
- the safeguarding of assets against unauthorised use or disposition; and
- the organisation's compliance with relevant laws and regulations.

The Board is confident that procedures are in place that effectively identify all risks that might prevent the organisation achieving its objectives and which manage such risks and mitigate their effects. The organisation has management arrangements, resources, skills and systems that are appropriate to the circumstances, scale and scope of its operations and ensure that its activities are backed by proper systems of assurance for internal control.

The Board maintains a sound system of internal controls and conducts annual reviews of the effectiveness of the system. The review covers the whole range of controls including financial, operational and compliance controls and risk management. The key steps that the Board takes are to:

- identify/review the organisation's business objectives, the possible opportunities and the risks or threats to achieving those objectives;
- form/review the organisation's framework for managing the identified risks; and
- identify how the Board is to obtain assurance that the risk management policies adopted are adequate and operating effectively.

Assurance is obtained by:

- the identification and evaluation of applicable risks;
- the design of a system of controls; and
- the operation of those controls.

The organisation's risk management and risk identification activities provide assurance that the organisation is focusing on and addressing the key risks that threaten the attainment of the organisation's business objectives. Particular attention is paid to how the organisation's risk profile is changing over time. Such activities include the Leadership Team reviewing key risks at their regular meetings. Members of the Leadership Team regularly discuss these risks with service managers and their teams to ensure their full involvement in the risk management process.

The Board recognises that performance indicators have an important role in assurance by allowing the Board and the Audit Committee to assess whether the organisation is meeting its objectives. At Board meetings key performance indicators are reported on regularly.

# Evolve Housing + Support

## Statement of Directors' Responsibilities

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The Directors (who are also the trustees of Evolve Housing + Support) are responsible for preparing the strategic report, annual report and the financial statements in accordance with applicable law and regulations.

Company law and social housing legislation requires the board to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law, the Board 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 organisation and of the surplus or deficit of the organisation for that period.

In preparing these financial statements, the Board are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed and the Statement of Recommended Practice: Accounting by Registered Providers of Social Housing 2018, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the organisation's transactions and disclose with reasonable accuracy at any time the financial position of the organisation and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. It is also responsible for safeguarding the assets of the organisation and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board members are responsible for ensuring that the report of the board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

Financial statements are published on the website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the website is the responsibility of the board. Board responsibility also extends to the ongoing integrity of the financial statements contained therein.

## Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Organisation's affairs as at 31 March 2022 and of the Organisation's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

We have audited the financial statements of Evolve Housing + Support ("the Organisation") for the year ended 31 March 2022 which comprise the statement of comprehensive income, the statement of financial activities, the statement of financial position, the statement of changes in reserves, the cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Independence

We remain independent of the Organisation in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

## Conclusions relating to going concern

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

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

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

## Other information

The board are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information including the Strategic Report, Statement of the Systems of Internal Controls and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

# Independent Auditor's Report to the Members of Evolve Housing + Support

## Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Organisation and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the Directors' Report.

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

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

## Responsibilities of the Directors

As explained more fully in the Directors' responsibilities statement set out on page 12, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

## Auditor's responsibilities for the audit of the financial statements

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

### *Extent to which the audit was capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Based on our understanding of the Organisation and the industry in which it operates, we identified that the principal laws and regulations that directly affect the financial statements to be the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

In addition the Organisation is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: employment law, data protection and health and safety legislation. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence if any. Audit procedures performed by the engagement team included:



- Discussions with management and internal audit, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading minutes of meeting of those charged with governance, and reviewing correspondence with HMRC;
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to the revenue recognition assumptions for grant awards; and
- In addressing the risk of fraud through management override of controls; testing the appropriateness of journal entries and other adjustments, in particular any journals posted to cash and material journal adjustments.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

### Use of our report

This report is made solely to the members of the Organisation, as a body, in accordance with the Housing and Regeneration Act 2008 and Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Organisation'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 Organisation and the members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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Philip Cliftlands (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Gatwick, West Sussex

29 September 2022

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

# Evolve Housing + Support

## Statement of Comprehensive Income for the year ended 31 March 2022

|  | Note | 2022               | 2021         |
|--|------|--------------------|--------------|
|  |      | £                  | £            |
| Turnover                                       | 4    | 13,168,293         | 12,815,472   |
| Operating costs                                | 4    | (12,795,991)       | (12,658,368) |
| Other operating income                         | 4    | 289,612            | 1,009,656    |
|  |      | 661,914            | 1,166,760    |
| Profit on disposal of tangible fixed assets    | 12   | 1,000              | 192          |
| Development costs written off                  | 13   | -                  | (6,000)      |
| Cladding remediation costs                     |      | (2,140,080)        | (566,179)    |
| Legal fees                                     |      | (511,888)          | (234,766)    |
| <b>Operating (deficit)/surplus</b>             | 4,9  | <b>(1,989,054)</b> | 360,007      |
| Interest receivable and similar income         | 14   | 13,982             | 19,904       |
| Interest payable and financing costs           | 15   | (137,472)          | (151,574)    |
| <b>Total comprehensive income for the year</b> |      | <b>(2,112,544)</b> | 228,337      |

The notes on pages 21 to 35 form part of these financial statements.

All amounts derive from continuing activities.

# Evolve Housing + Support

## Statement of Financial Activities for the year ended 31 March 2022

|   |       | Unrestricted       |                        | Restricted             |               |               |
|---|-------|--------------------|------------------------|------------------------|---------------|---------------|
|   | Notes | Housing activities | Non-housing activities | Non-housing activities | 31 March 2022 | 31 March 2021 |
|   |       | £                  | £                      | £                      | £             | £             |
| <b>Income</b>                               |       |                    |                        |                        |               |               |
| Grants and Donations                        | 4     | -                  | 31,447                 | 244,053                | 275,500       | 986,178       |
| Charitable activities                       | 4     | 13,168,293         | -                      | -                      | 13,168,293    | 12,815,472    |
| Other trading activities                    | 6     | -                  | 14,112                 | -                      | 14,112        | 23,478        |
| Interest receivable                         | 14    | -                  | 13,982                 | -                      | 13,982        | 19,904        |
|   |       | 13,168,293         | 59,541                 | 244,053                | 13,471,887    | 13,845,032    |
| <b>Expenditure</b>                          |       |                    |                        |                        |               |               |
| Raising Funds                               | 4     | -                  | 109,999                | -                      | 109,999       | 195,420       |
| Charitable activities                       | 4     | 14,962,257         | 60,831                 | 257,358                | 15,280,446    | 13,188,619    |
| Other trading activities                    | 4     | -                  | 57,514                 | -                      | 57,514        | 75,274        |
| Interest payable                            | 15    | 80,717             | 56,755                 | -                      | 137,472       | 151,574       |
|   |       | 15,042,974         | 285,099                | 257,358                | 15,585,431    | 13,610,887    |
| <b>Net income</b>                           | 9     | (1,874,681)        | (225,558)              | (13,305)               | (2,113,544)   | 234,145       |
| Profit on disposal of tangible fixed assets | 12    | 1,000              | -                      | -                      | 1,000         | 192           |
| Development costs written off               | 13    | -                  | -                      | -                      | -             | (6,000)       |
| <b>Net movement in funds</b>                |       | (1,873,681)        | (225,558)              | (13,305)               | (2,112,544)   | 228,337       |
| <b>Reconciliation of funds</b>              |       |                    |                        |                        |               |               |
| Opening balance as at 1 April 2021          |       | 6,915,105          | 6,229,248              | 128,941                | 13,273,294    | 13,044,957    |
| <b>Closing balance as at 31 March 2022</b>  |       | 5,041,424          | 6,003,690              | 115,636                | 11,160,750    | 13,273,294    |

The notes on pages 21 to 35 form part of these financial statements.

The surplus for the period includes all gains and losses recognised in the period.

All amounts derive from continuing activities.

# Evolve Housing + Support

## Statement of Financial Position at 31 March 2022

Registered Company number: 4796537

|  | Note | 2022<br>£         | 2021<br>£         |
|--|------|-------------------|-------------------|
| <b>Fixed assets</b>  |      |                   |                   |
| Tangible fixed assets – housing properties                     | 16   | 26,436,222        | 27,311,163        |
| Tangible fixed assets - other                                  | 17   | 2,308,803         | 2,382,421         |
|  |      | <b>28,745,025</b> | <b>29,693,584</b> |
| <b>Current assets</b>  |      |                   |                   |
| Debtors – receivable within one year                           | 18   | 1,070,047         | 1,115,751         |
| Cash and cash equivalents                                      |      | 3,646,731         | 5,540,751         |
|  |      | <b>4,716,778</b>  | <b>6,656,502</b>  |
| <b>Creditors: amounts falling due within one year</b>          | 19   | <b>3,361,264</b>  | <b>3,191,700</b>  |
| <b>Net current assets</b>                                      |      | <b>1,355,514</b>  | <b>3,464,802</b>  |
| <b>Total assets less current liabilities</b>                   |      | <b>30,100,539</b> | <b>33,158,386</b> |
| <b>Creditors: amounts falling due after more than one year</b> | 20   | <b>18,939,789</b> | <b>19,885,092</b> |
| <b>Net assets</b>  |      | <b>11,160,750</b> | <b>13,273,294</b> |
| <b>Funds and Reserves</b>                                      |      |                   |                   |
| General Housing Reserve - Unrestricted                         |      | 5,041,424         | 6,915,105         |
| Non-Housing Reserves   |      |                   |                   |
| Unrestricted   |      | 6,003,690         | 6,229,248         |
| Restricted   |      | 115,636           | 128,941           |
|  |      | <b>11,160,750</b> | <b>13,273,294</b> |

The financial statements were approved by the Board of Directors and authorised for issue on 22 September 2022.



**Paul Perkin**  
Chair

The notes on pages 21 to 35 form part of these financial statements.

## Evolve Housing + Support

### Statement of Changes in Reserves for the year ended 31 March 2022

|                          | General<br>Housing<br>Reserve –<br>Unrestricted | Non-Housing<br>Reserve -<br>Unrestricted | Non-Housing<br>Reserve -<br>Restricted | Total<br>Reserves |
|--------------------------|---|--|--|-------------------|
|                          | £   | £  | £                                      | £                 |
| Balance at 1 April 2021  | 6,915,105                                       | 6,229,248                                | 128,941                                | 13,273,294        |
| Deficit for the year     | (1,873,681)                                     | (225,558)                                | (13,305)                               | (2,112,544)       |
| Balance at 31 March 2022 | 5,041,424                                       | 6,003,690                                | 115,636                                | 11,160,750        |

### Statement of Changes in Reserves for the year ended 31 March 2021

|                                | General<br>Housing<br>Reserve –<br>Unrestricted | Non-Housing<br>Reserve -<br>Unrestricted | Non-Housing<br>Reserve -<br>Restricted | Total<br>Reserves |
|--------------------------------|---|--|--|-------------------|
|                                | £   | £  | £                                      | £                 |
| Balance at 1 April 2020        | 6,548,754                                       | 6,390,892                                | 105,311                                | 13,044,957        |
| Surplus/(deficit) for the year | 366,351   | (161,644)                                | 23,630                                 | 228,337           |
| Balance at 31 March 2021       | 6,915,105                                       | 6,229,248                                | 128,941                                | 13,273,294        |

# Evolve Housing + Support

## Statement of Cash Flows for the year ended 31 March 2022

|   | Note | 2022<br>£          | 2021<br>£        |
|---|------|--------------------|------------------|
| <b>Cash flows from operating activities</b>                 |      |                    |                  |
| <b>(Deficit)/Surplus for the financial year</b>             |      | <b>(2,112,544)</b> | <b>228,337</b>   |
| Adjustments for:  |      |                    |                  |
| Depreciation of fixed assets - housing properties           | 16   | 874,941            | 875,634          |
| Depreciation of fixed assets - other                        | 17   | 73,618             | 91,172           |
| Amortised government grants                                 | 5    | (401,190)          | (401,190)        |
| Interest payable and financing costs                        | 15   | 137,472            | 151,574          |
| Interest receivable and similar income                      | 14   | (13,982)           | (19,904)         |
| Profit on the disposal of fixed assets - housing properties | 12   | -                  | -                |
| Profit on the disposal of fixed assets - other assets       | 12   | (1,000)            | (192)            |
| Previously capitalised development costs written off        | 13   | -                  | -                |
| Decrease/(Increase) in trade and other debtors              |      | 45,704             | 178,419          |
| Increase/(Decrease) in trade and other creditors            |      | 183,803            | 175,107          |
| <b>Net cash generated from operating activities</b>         |      | <b>(1,213,178)</b> | <b>1,278,957</b> |
| <b>Cash flows from investing activities</b>                 |      |                    |                  |
| Proceeds from disposal of fixed assets - housing properties |      | -                  | -                |
| Proceeds from disposal of fixed assets - other              |      | 1,000              | 192              |
| Purchases of fixed assets - housing properties              |      | (22,649)           | (519,494)        |
| Purchases of fixed assets - other                           | 17   | -                  | -                |
| Interest received   | 14   | 13,982             | 19,904           |
| <b>Net cash from investing activities</b>                   |      | <b>(7,667)</b>     | <b>(499,398)</b> |
| <b>Cash flows from financing activities</b>                 |      |                    |                  |
| Interest paid   | 15   | (137,742)          | (151,574)        |
| Repayment of loans - bank                                   |      | (535,703)          | (536,677)        |
| <b>Net cash used in financing activities</b>                |      | <b>(673,175)</b>   | <b>(688,251)</b> |
| <b>Net increase/(decrease) in cash and cash equivalents</b> |      | <b>(1,894,020)</b> | <b>(91,308)</b>  |
| Cash and cash equivalents at beginning of year              |      | 5,540,751          | 5,449,443        |
| <b>Cash and cash equivalents at end of year</b>             |      | <b>3,646,731</b>   | <b>5,540,751</b> |
| <b>Net Debt</b>   |      |                    |                  |
| Cash and cash equivalents                                   |      | 3,646,731          | 5,540,751        |
| Borrowings - repayable in one year                          | 22   | (546,371)          | (537,960)        |
| Borrowings - repayable after more than one year             | 22   | (4,297,203)        | (4,841,316)      |
| <b>Net Debt</b>   |      | <b>(1,196,743)</b> | <b>161,475</b>   |

| Reconciliation of net debt | 1 April 2021   | Cash flows         | Non cash changes | 31 March 2022      |
|----------------------------|----------------|--------------------|------------------|--------------------|
| Cash at bank               | 5,440,751      | (1,894,020)        | -                | 3,646,731          |
| Short term loans           | (537,960)      | -                  | (8,411)          | (546,371)          |
| Long term loans            | (4,841,316)    | 535,703            | 8,411            | (4,297,202)        |
| <b>Net debt</b>            | <b>161,475</b> | <b>(1,358,317)</b> | <b>-</b>         | <b>(1,196,842)</b> |

The notes on pages 21 to 35 form part of these financial statements.

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# Evolve Housing + Support

Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

## 1 Legal status

Evolve Housing + Support is a company limited by guarantee (company number 4796537) and a registered charity (number 1099051) and is registered with Homes England as a social housing provider (number H4400).

## 2 Accounting policies

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Evolve Housing + Support includes FRS 102 "the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland", the Statement of Recommended Practice (SORP), "Accounting by registered social housing providers" 2018, the Accounting Direction for Private Registered Providers of Social Housing 2019 and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying accounting policies.

The following principal accounting policies have been applied:

### *Going concern*

Upon review of the organisation's financial position and resources, the Board notes the strong cash position with funds earmarked, though not restricted, to fund future developments. Our development plans have been delayed and the Board have agreed that some of the invested funds can be used to provide the necessary cash flow to fund the cladding remediation work. With forecasts that show positive cash whilst still maintaining a substantial buffer (of approximately 1/4 of 2021 operating expenditure), the Board believes that the organisation is well placed to manage its business risks and has a reasonable expectation that the organisation has adequate resources to continue in operational existence for at least twelve months from the date of approval of the financial statements. It therefore continues to adopt the going concern basis in preparing the annual financial statements.

### *Income*

Income is measured at the fair value of the consideration received or receivable. Grant income is accounted for on an entitlement basis. The organisation generates the following material income streams:

- Rental income receivable (after deducting lost rent from void properties available for letting);
- Service charges receivable;
- Management fee income from managed services;
- Supporting People income;
- Government/Local Authority grants (including Coronavirus Job Retention Scheme in 2021)
- Charitable grants and donations;
- Letting income from non-accommodation space;
- Bank interest.

### *Supported housing schemes*

The organisation receives Supporting People grants from a number of London Boroughs. The grants received in the period as well as costs incurred in the provision of support services have been included in the Statement of Comprehensive Income. Any excess of cost over grant received is borne by the organisation.

### *Service charges*

The organisation calculates and charges service charges to its customers based on expenditure estimated each year as part of the annual budgeting process.



# Evolve Housing + Support

Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

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## 2 Accounting policies (continued)

### *Management of units owned by others*

Management fees receivable and reimbursed expenses are shown as income and included in management fees receivable. Costs of carrying out the management contracts and rechargeable expenses are included in operating costs.

### *Value Added Tax*

The organisation charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the organisation and not recoverable from HM Revenue and Customs. Recoverable VAT arises from partially exempt activities and is credited to the Statement of Comprehensive Income.

### *Finance costs*

Finance costs are charged to expenditure over the term of the debt using the effective interest rate method so that the amount charged is at a constant rate on the carrying amount.

### *Pension costs*

Contributions to the organisation's defined contribution pension schemes are expensed in the year in which they become payable.

### *Tangible fixed assets - housing properties*

Housing properties constructed or acquired (including land) on the open market since the date of transition to FRS 102 are stated at cost less depreciation and impairment (where applicable).

The cost of housing land and property represents the purchase price and any directly attributable costs of acquisition which may include an appropriate amount for staff costs and other costs of managing development.

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. All other repair and replacement expenditure is charged to the Statement of Comprehensive Income.

### *Depreciation of housing property*

Housing land and property is split between land, structure and other major components that are expected to require replacement over time.

Land is not depreciated because of its indefinite useful economic life.

Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefits are expected to be consumed.

The cost of all other housing property (net of accumulated depreciation to date and impairment, where applicable) and components is depreciated over the useful economic lives of the assets on the following basis:

# Evolve Housing + Support

Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

## 2 Accounting policies (continued)

Housing properties are split between the structure and the major components which require periodic replacement. The costs of replacement or restoration of these components are capitalised and depreciated over the determined average useful economic life as follows:

| Description        | Economic useful life (years) |
|--------------------|------------------------------|
| Structure          | 50                           |
| Kitchen            | 15                           |
| Bathroom           | 15                           |
| Roof coverings     | 45                           |
| External doors     | 25                           |
| Boiler             | 30                           |
| Electrics          | 40                           |
| External windows   | 25                           |
| Mechanical systems | 35                           |
| Lifts              | 30                           |

Leasehold properties are depreciated over the length of the lease except where the expected useful economic life of properties is shorter than the lease, when the lease and building elements are depreciated separately over their expected useful economic lives.

### *Tangible fixed assets – Other*

Other tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The organisation adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the organisation. The carrying amount of the replaced part is derecognised. Repairs and maintenance costs are charged to expenditure during the period in which they are incurred.

### *Depreciation of other tangible fixed assets*

Depreciation on other assets is charged to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

| Description                             | Economic useful life (years) |
|---|------------------------------|
| Leasehold land and buildings            | Lease term                   |
| Plant, machinery and vehicles           | 4                            |
| Fixtures, fittings, tools and equipment | 5-10                         |
| Computers                               | 4                            |

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of Comprehensive Income.

### *Government grants*

Grants received in relation to assets that are presented at deemed cost at the date of transition have been accounted for using the performance model as required by Housing SORP 2018. In applying this model, such grant has been presented as if it were originally recognised as income within the Statement of Comprehensive Income in the year it was receivable and is therefore included within brought forward reserves.

# Evolve Housing + Support

Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

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## 2 Accounting policies (continued)

Grants received since the transition date in relation to newly acquired or existing housing properties are accounted for using the accrual model set out in FRS 102 and the Housing SORP 2018. Grant is carried as deferred income in the Statement of Financial Position and released to the Statement of Comprehensive Income on a systematic basis over the useful economic lives of the asset for which it was received.

Where social housing grant (SHG) funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets, any unamortised grant remaining within creditors is released and recognised as income within the Statement of Comprehensive Income.

Grants relating to revenue are recognised in the Statement of Comprehensive Income over the same period as the expenditure to which they relate once performance related conditions have been met. Funds received under the Coronavirus Job Retention Scheme ('furlough') have been recognised in the Statement of Comprehensive Income on a receivable basis.

Grants due from government organisations or received in advance are included as current assets or current liabilities.

### *Impairment of fixed assets*

The housing property portfolio of the organisation is assessed for indicators of impairment at each financial year end. Where indicators are identified then a detailed assessment is undertaken to compare the carrying amount of assets or cash generating units for which impairment is indicated to their recoverable amounts. An option appraisal is carried out to determine the option which produces the highest net realisable value. Valuations on rental return or potential sale proceeds are obtained and used to inform the options. The organisation looks at the net realisable value, under the options available, when considering the recoverable amount for the purposes of impairment assessment. The recoverable amount is taken to be the higher of the fair value less costs to sell or value in use of an asset or cash generating unit. The assessment of value in use may involve considerations of the service potential of the assets or cash generating units concerned or the present value of future cash flows to be derived from them appropriately adjusted to account for any restrictions on their use. No properties have been valued at value in use – service potential (VIU-SP).

The organisation defines cash generating units as schemes except where its schemes are not sufficiently large in size or where it is geographically sensible to group schemes into larger cash generating units. Where the recoverable amount of an asset or cash generating unit is lower than its carrying value an impairment is recorded through a charge to the Statement of Comprehensive Income.

Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other operating expenses.

### *Debtors and creditors*

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price.

### *Recoverable amount of rental and other trade receivables*

The organisation estimates the recoverable value of rental and other receivables and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt.

# Evolve Housing + Support

Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

## 2 Accounting policies (continued)

### *Loans, Investments and short-term deposits*

All loans, investments and short-term deposits held by the organisation are classified as basic financial instruments in accordance with FRS 102. These instruments are initially recorded at the transaction price less any transaction costs (historical cost). FRS 102 requires that basic financial instruments are subsequently measured at amortised cost, however the organisation has calculated that the difference between the historical cost and amortised cost basis is not material and so these financial instruments are stated on the Statement of Financial Position at historical cost. Loans and investments that are payable or receivable within one year are not discounted.

### *Financial liabilities and equity*

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

### *Cash and cash equivalents*

Cash and cash equivalents in the Statement of Financial Position consists of cash at bank, in hand, deposits and short-term investments with an original maturity of three months or less.

### *Leased assets: Lessee*

Where assets are financed by leasing agreements that give rights that approximate to ownership (finance leases), the assets are treated as if they have been purchased outright. The amount capitalised is the present value of the minimum lease payments payable over the term of the lease. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to expenditure over the shorter of the estimated useful economic life and the term of the lease.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to expenditure over the term of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to expenditure on a straight-line basis over the term of the lease.

### *Reserves*

Income received, and expenditure incurred, for restricted purposes is separately accounted for within restricted funds. Realised and unrealised gains and losses on assets held by these funds are also allocated to the fund.

# Evolve Housing + Support

Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

## 3 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the key judgements have been made in respect of the following:

- whether there are indicators of impairment of the organisation's tangible and intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The Board have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH (Existing Use Value – Social Housing) or depreciated replacement cost. The Board have also considered impairment based on their assumptions to define cash or asset generating units.
- whether leases entered into by the organisation either as a lessor or as a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- the categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset.
- what constitutes a cash generating unit when indicators of impairment require there to be an impairment review.

### *Other key sources of estimation uncertainty*

- *Tangible fixed assets (see notes 15 and 16)*

Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as the condition of the asset and its future income generating potential are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

For housing property assets, the assets are broken down into components based on management's assessment of the properties. Individual useful economic lives are assigned to these components.

- *Rental and other trade receivables (debtors) (see note 17)*

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

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Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

## 

|   | Supported housing<br>2022<br>£ | Supported housing<br>2021<br>£ |
|---|--------------------------------|--------------------------------|
| <b>Income</b>   |                                |                                |
| Rents net of identifiable service charges               | 4,508,105                      | 4,284,623                      |
| Service charge income                                   | 5,206,384                      | 4,936,466                      |
| Amortised government grants                             | 401,190                        | 401,190                        |
| Other income  | 411,786                        | 582,644                        |
| <b>Turnover from social housing lettings</b>            | <b>10,527,465</b>              | <b>10,204,923</b>              |
| <b>Expenditure</b>                                      |                                |                                |
| Management  | 1,562,802                      | 1,490,164                      |
| Service charge costs                                    | 4,970,003                      | 4,991,827                      |
| Routine maintenance                                     | 680,684                        | 668,206                        |
| Planned maintenance                                     | -                              | 920                            |
| Major repairs expenditure                               | 944,921                        | 891,196                        |
| Bad debts   | 172,968                        | 130,537                        |
| Depreciation of housing properties:                     |                                |                                |
| - annual charge   | 874,941                        | 875,634                        |
| Other costs   | 410,758                        | 386,021                        |
| <b>Operating expenditure on social housing lettings</b> | <b>9,617,076</b>               | <b>9,434,505</b>               |
| <b>Operating surplus on social housing lettings</b>     | <b>910,389</b>                 | <b>770,418</b>                 |
| <b>Void losses</b>                                      | <b>590,586</b>                 | <b>589,111</b>                 |

Other income in 2021 included receipts of £172,404 from the Government Coronavirus Job Retention Scheme, additional grants from Local Authority partners to run specialised services and to assist with additional expenditure arising due to the pandemic.

## 

|                                     | 2022<br>£ | 2021<br>£ |
|-------------------------------------|-----------|-----------|
| Conferencing and nursery facilities | 14,112    | 23,478    |

## 

|   | 2022<br>Number | 2021<br>Number |
|---|----------------|----------------|
| Supported Housing   |                |                |
| - Owned Units   | 435            | 435            |
| Supported Accommodation managed for others                  | 163            | 163            |
| <b>Total owned and managed accommodation</b>                | <b>598</b>     | <b>598</b>     |
| Supported Accommodation managed for others at 1 April 2021  | 163            | 215            |
| Units handed back to landlord                               | -              | (52)           |
| Supported Accommodation managed for others at 31 March 2022 | 163            | 163            |

# Evolve Housing + Support

Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

## 8 Cladding remediation

|  | 2022<br>£        | 2021<br>£      |
|--|------------------|----------------|
| Cost of remediation                        | 2,140,080        | 566,179        |
| Legal fees incurred in on-going litigation | 511,888          | 234,766        |
|  | <b>2,651,968</b> | <b>800,945</b> |

We completed the remediation of cladding at one property during the year. We are taking legal action against the developer to recover these costs.

## 9 Operating deficit

|   | 2022<br>£ | 2021<br>£ |
|---|-----------|-----------|
| This is arrived at after charging/(crediting):                                    |           |           |
| Depreciation of housing properties  | 874,941   | 875,634   |
| Depreciation of other tangible fixed assets                                       | 73,618    | 91,172    |
| Profit on disposal of fixed assets  | 1,000     | 192       |
| Operating lease charges – land & building   | 111,053   | 129,593   |
| Auditor's remuneration:   |           |           |
| - fees payable to the organisation's auditor for the audit of the annual accounts | 33,100    | 31,220    |
| - fees for non-audit services   |           | -         |
| Defined contribution pension cost   | 178,018   | 181,368   |

## 10 Employees

|   | 2022<br>£        | 2021<br>£        |
|---|------------------|------------------|
| Staff costs (including Leadership Team) consist of: |                  |                  |
| Wages and salaries                                  | 5,607,250        | 5,908,442        |
| Social security costs                               | 478,257          | 508,494          |
| Cost of defined contribution scheme                 | 178,018          | 181,368          |
| Total staff costs                                   | <b>6,263,525</b> | <b>6,598,304</b> |

Included in staff costs is £19,892 redundancy costs paid. (2021: £nil ).

The average number of employees (including the Leadership Team) during the year, based on headcount, was as follows:

|                     | 2022<br>Number | 2021<br>Number |
|---------------------|----------------|----------------|
| Administration      | 26             | 26             |
| Housing and Support | 175            | 198            |
| Charitable projects | 9              | 9              |
|                     | <b>210</b>     | <b>233</b>     |



# Evolve Housing + Support

Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

## 11 Directors' and senior executives' remuneration

The Directors (and members of the Board) are shown on page 1. Senior executives are the Chief Executive and the Leadership Team as disclosed on page 1.

|   | 2022<br>£ | 2021<br>£ |
|---|-----------|-----------|
| Leadership Team emoluments                      | 447,691   | 402,988   |
| Contributions to money purchase pension schemes | 42,933    | 39,954    |
|   | 490,624   | 442,942   |

None of the members of the Board received any emoluments from the organisation (2021: nil).

The total amount payable to the Chief Executive, who was also the highest paid director in respect of emoluments, was £100,780 (2021 - £98,450). Pension contributions of £10,078 (2021 - £ 9,785) were made to a money purchase scheme on his behalf.

As a member of the organisation's personal pension plan, the pension entitlement of the Chief Executive is identical to those of other members.

During the year, contributions were paid into the organisation's defined contribution pension scheme on behalf of 6 senior executives (2021 - 6).

The remuneration (excluding pension contributions) paid to staff (including Leadership Team) earning over £60,000:

|                     | 2022<br>Number | 2021<br>Number |
|---------------------|----------------|----------------|
| £60,000 - £69,999   | 2              | 1              |
| £70,000 - £79,999   | 1              | 2              |
| £80,000 - £89,999   | -              | -              |
| £90,000 - £99,999   | 1              | 1              |
| £100,000 - £109,999 | 1              | -              |

The total of pension contributions paid on behalf members of staff earning over £60,000 was £38,292 (2021: £30,900).

One director took unpaid sabbatical leave during the year.

# Evolve Housing + Support

Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

## 12 Profit on disposal of tangible fixed assets

|   | 2022  | 2021 |
|---|-------|------|
|   | £     | £    |
| Housing Properties:                         |       |      |
| Net profit on disposal                      | -     | -    |
| Other fixed assets:                         |       |      |
| Net profit on disposal                      | 1,000 | 192  |
| Profit on disposal of tangible fixed assets | 1,000 | 192  |

## 13 Development costs written off

|   | 2022 | 2021  |
|---|------|-------|
|   | £    | £     |
| Accumulated development costs written off | -    | 6,000 |

In September 2020 it became clear that, despite numerous revisions to our plans at the Council's request, the planning department was not going to support our plans to develop up to 60 units of affordable move on accommodation in Croydon. As a result, the accumulated costs were written off in the 2020 accounts. Further costs of £6,000 not captured in the original write off were written off in 2021. The write-off of these costs, and the abandonment of the plans, did not affect our core business.

## 14 Interest receivable and similar income

|                          | 2022   | 2021   |
|--------------------------|--------|--------|
|                          | £      | £      |
| Bank Interest receivable | 13,982 | 19,904 |

## 15 Interest payable and financing costs

|   | 2022    | 2021    |
|---|---------|---------|
|   | £       | £       |
| Interest payable on bank loans and overdrafts | 130,426 | 141,585 |
| Bank charges                                  | 7,046   | 9,989   |
|   | 137,472 | 151,574 |

# Evolve Housing + Support

Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

## 16 Tangible fixed assets - housing properties

|  | Freehold Land<br>& Buildings<br>£ | Long<br>Leasehold<br>Land &<br>Buildings<br>£ | Total Land &<br>Buildings<br>£ |
|--|-----------------------------------|---|--------------------------------|
| <i>Cost or valuation:</i>              |                                   |   |                                |
| At 1 April 2021                        | 35,682,755                        | 1,107,651                                     | 36,790,406                     |
| Additions                              | -                                 | -   | -                              |
| Disposals                              | -                                 | -   | -                              |
| <b>At 31 March 2022</b>                | <b>35,682,755</b>                 | <b>1,107,651</b>                              | <b>36,790,406</b>              |
| <i>Depreciation:</i>                   |                                   |   |                                |
| At 1 April 2021                        | 9,005,661                         | 473,582                                       | 9,479,243                      |
| Charge for the year                    | 857,686                           | 17,255  | 874,941                        |
| Disposals                              | -                                 | -   | -                              |
| <b>At 31 March 2022</b>                | <b>9,863,347</b>                  | <b>490,837</b>                                | <b>10,354,184</b>              |
| <b>Net book value at 31 March 2022</b> | <b>25,819,408</b>                 | <b>616,814</b>                                | <b>26,436,222</b>              |
| Net book value at 31 March 2021        | <b>26,677,094</b>                 | <b>634,069</b>                                | <b>27,311,163</b>              |

|  | 2022<br>£         | 2021<br>£         |
|--|-------------------|-------------------|
| Works to properties  |                   |                   |
| Improvements to existing properties capitalised                        | -                 | 542,143           |
| Major repairs expenditure charged to Statement of Comprehensive Income | 3,082,103         | 1,457,375         |
|  | <b>3,082,103</b>  | <b>1,999,518</b>  |
| Capital grant – Housing Properties                                     | <b>20,059,486</b> | <b>20,059,486</b> |

## Impairment

The organisation considers £26,436,222 to represent separate cash generating units (CGU's) when assessing for impairment in accordance with the requirements of FRS102 and SORP 2018.

During the year, we completed the removal and replacement of cladding on one of our buildings, the cost of which is included in the major repairs expenditure shown above.

## Properties held for security

Property with a net book value of £13,663,221 was pledged as security at 31 March 2022 (2021 - £14,102,131).

## Evolve Housing + Support

Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

### 17 Other tangible fixed assets

|                          | Non-Housing<br>Freehold<br>Land and<br>Buildings<br>£ | Fixtures,<br>fittings,<br>equipment<br>and vehicles<br>£ | Total other<br>Fixed assets<br>£ |
|--------------------------|---|--|----------------------------------|
| <i>Cost or valuation</i> |   |  |                                  |
| At 1 April 2021          | 2,816,780   | 1,324,293  | 4,141,073                        |
| Additions                | -   | -  | -                                |
| Disposals                | -   | -  | -                                |
| <b>At 31 March 2022</b>  | <b>2,816,780</b>                                      | <b>1,324,293</b>   | <b>4,141,073</b>                 |
| <i>Depreciation</i>      |   |  |                                  |
| At 1 April 2021          | 515,998   | 1,242,654  | 1,758,652                        |
| Charge for year          | 39,733  | 33,885   | 73,618                           |
| Disposals                | -   | -  | -                                |
| <b>At 31 March 2022</b>  | <b>555,731</b>  | <b>1,276,539</b>   | <b>1,832,270</b>                 |
| <i>Net book value</i>    |   |  |                                  |
| <b>At 31 March 2022</b>  | <b>2,261,049</b>                                      | <b>47,754</b>  | <b>2,308,803</b>                 |
| At 31 March 2021         | 2,300,782   | 81,639   | 2,382,421                        |

### 18 Debtors

|                                    | 2022<br>£ | 2021<br>£ |
|------------------------------------|-----------|-----------|
| <b>Receivable within one year</b>  |           |           |
| Rent and service charge arrears    | 992,477   | 1,126,409 |
| Less: Provision for doubtful debts | (403,853) | (472,405) |
|                                    | 588,624   | 654,004   |
| Trade debtors                      | 46,080    | 270,828   |
| Other debtors                      | 186,260   | 116,436   |
| Prepayments and accrued income     | 249,083   | 74,483    |
|                                    | 1,070,047 | 1,115,751 |

### 19 Creditors: amounts falling due within one year

|                                  | 2022<br>£ | 2021<br>£ |
|----------------------------------|-----------|-----------|
| Loans and borrowings (Note 21)   | 546,371   | 537,960   |
| Trade creditors                  | 989,876   | 745,826   |
| Taxation and social security     | 121,990   | 128,263   |
| Other creditors                  | 183,863   | 360,380   |
| Deferred capital grant (Note 20) | 401,190   | 401,190   |
| Accruals and deferred income     | 1,117,974 | 1,018,081 |
|                                  | 3,361,264 | 3,191,700 |

The bank loans are repayable in instalments over 10 - 15 years. The bank loans are secured by fixed charges over the freehold properties at Stockwell Road, Alexandra House, Ingram Court, Burton-White House and Kingston Road. The loans bear interest at variable rates calculated at a margin above the Base Rate. One loan has an interest rate of 3% fixed over the term of the loan.

# Evolve Housing + Support

Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

## 20 Creditors: amounts falling due after more than one year

|                                  | 2022<br>£         | 2021<br>£         |
|----------------------------------|-------------------|-------------------|
| Loans and borrowings (Note 22)   | 4,297,203         | 4,841,316         |
| Deferred capital grant (Note 21) | 14,642,586        | 15,043,776        |
|                                  | <b>18,939,789</b> | <b>19,885,092</b> |

## 21 Deferred capital grants

|                                    | 2022<br>£         | 2021<br>£         |
|------------------------------------|-------------------|-------------------|
| At 1 April                         | 15,444,965        | 15,846,155        |
| Grants received during the year    | -                 | -                 |
| Released to income during the year | (401,190)         | (401,190)         |
| At 31 March                        | <b>15,043,775</b> | <b>15,444,965</b> |
| Total value of grants received     | <b>20,059,486</b> | <b>20,059,486</b> |

## 22 Loans and borrowings

Maturity of debt:

|   | 2022<br>£        | 2021<br>£        |
|---|------------------|------------------|
| In one year or less, or on demand                   | 546,371          | 537,960          |
| In more than one year but not more than two years   | 561,015          | 551,763          |
| In more than two years but not more than five years | 1,774,911        | 1,741,757        |
| In more than five years                             | 1,961,276        | 2,547,796        |
|   | <b>4,843,573</b> | <b>5,379,276</b> |

## 23 Pensions

Evolve provides a Defined Contribution Pension Scheme that is open to all employees.

## 24 Operating leases

The organisation had minimum lease payments under non-cancellable operating leases as set out below:

Amounts payable as Lessee

|                       | 2022<br>£     | 2021<br>£      |
|-----------------------|---------------|----------------|
| Land and buildings    |               |                |
| Not later than 1 year | 82,600        | 47,918         |
| Within 1 - 2 years    | -             | 52,800         |
| Within 2 - 5 years    | 8,600         | 31,500         |
|                       | <b>91,200</b> | <b>132,218</b> |

## 25 Related party disclosures

The ultimate controlling party of the organisation is the Board of Evolve Housing + Support.

