



Report and Financial Statements

Year ended 31 March 2024

Company number: 4796537

Registered Charity number: 1099051

Regulator of Social Housing registration number: H4400

Evolve Housing + Support

Report and Financial Statements for the year ended 31 March 2024

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Evolve Housing + Support

Directors, Executives and Advisers

Directors

Paul Perkin
Paul Infield
Diana Coman
Ana Gonzalez Iglesias
Evonne Hudson
Isabel Lee
Colin Maclean
Vipan Maini
Simon McGrath
Rebecca Monk
Abby Raymond
Mike Ward

Chair
Vice Chair

(Appointed 29 June 2023)

(Retired 21 September 2023)
(Appointed 29 June 2023)
(Appointed 29 June 2023)

(Appointed 29 June 2023)
(Appointed 29 June 2023)
(Retired 21 September 2023)

Auditor

BDO LLP
31 Chertsey Street
Guildford GU1 4HD

Solicitors

Winckworth Sherwood LLP
Arbor
255 Blackfriars Road
London SE1 9AX

Keystone Law
48 Chancery Lane
London WC2A 1JF

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

Audit Committee

Paul Infield
Diana Coman
Ana Gonzalez Iglesias
Evonne Hudson
Vipan Maini

Chair

Santander UK plc
100 Ludgate Hill
London EC4M 7RE

Leadership Team

Jeremy Gray
Carmen White
Pamela Newman
Jenny Strudwick
Elspeth Hayde

Chief Executive until 31 October 2023
Chief Executive from 2 October 2023
Director of Operations
Director of Corporate Services
Director of People and Culture
(Resigned 31 August 2024)

Evolve Housing + Support

Directors' Report for the year ended 31 March 2024

STRUCTURE, GOVERNANCE AND MANAGEMENT

Evolve Housing + Support ("Evolve") is a company limited by guarantee, incorporated 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. Evolve 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 one further three year period. 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 2020. The organisation complied with the relevant requirements of these frameworks, including the Governance and Financial Viability Standard, throughout the year under review, and continues to do so.

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 reflect the purposes that the organisation was set up to further.

Evolve Housing + Support

Directors' Report for the year ended 31 March 2024

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, 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, refugees, 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 Health and Wellbeing service to deliver focussed support to our customers.

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 2024

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 and approved an interim plan for 2023-24. A new 3-year plan will be developed in 2024.

This report gives a snapshot of the many achievements and improvements in service provision for our customers during the year to 31 March 2024. Our primary focus remains 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, Merton, Sutton and the Royal Borough of Kensington and Chelsea, Homes England, National Lottery Community Fund, London Hostels Association, Greater London Authority, Land Aid, Austin and Hope Pilkington Charitable Trust, Zurich Community Trust, B&Q Foundation, Peter Jones and many charitable trusts, corporations, groups and individuals who continue to support our work.

Operations

At 31 March 2024, Evolve provided 540 beds of supported housing in the London Boroughs of Croydon, Lambeth, 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 day-to-day work. All our buildings have an expert fire risk assessment on an annual basis and are subject to a regular inspection regime. We have invested in our fire safety work and practice and have registered our buildings over 18 meters with the Building Safety regulator in line with new requirements under the Building Safety Act. We have commissioned in depth Building Safety Case reports for these buildings which will inform our ongoing improvements to our building safety measures.

Improving Quality

In the 2023 customer survey, overall customer satisfaction with Evolve services remained high at 88.2%, a 4% rise on the previous year. Our response rate increased 37% on the previous year to 77% overall response.

In 2023/24, we delivered upon our Co-Production Strategy aims. We have seen successful completion of two Peer Pathways programmes. Alongside this strategy, we have also embedded the Together with Tenants plan and Tenant Satisfaction Measures which form a core part of our customer feedback mechanism. New and updated regulation and legislation has featured heavily in this period and in response to this we have developed a comprehensive manager training and development program which addresses compliance with Ofsted registration and inspection requirements, the Housing Ombudsman Code of Practice, the Consumer Standards and best practice frameworks such as the Better Social Housing Review

In 2023 our internal quality audits had a golden thread focusing on welfare and safeguarding. In early 2024 we completed a full programme of quality audits. We have co-designed and held several customer events, including a second Women's Festival, National Women's Day event, Christmas Fair and a football tournament.

Evolve Housing + Support

Directors' Report for the year ended 31 March 2024

We have continued to implement a 'Psychologically Informed' approach, not just in services but across the organisation. This has been achieved through cross-organisational working groups who have reviewed every area of our work. In 2024, we completed a report that evidences the impact of trauma support and psychologically informed practices.

Community Services

Our work and learning programme for young people continued in 2023/24 through a mixture of unrestricted fundraised income and a continuation grant from the London Hostels Association.

Outcomes showed 100% of customers who worked with us had a work and learning plan in place. 117 people were engaged in the programme including 67 with educational outcomes in a professional qualification. 28 workshops occurred with 73 attending and 3 young people completing further studies in entrepreneurship.

Our Health and Wellbeing Programme received continuation funding and support from the National Lottery Community Fund in 2022 and will continue until 2025. In 2023, we completed 234 therapeutic interventions for 110 customers. 181 customers engaged in physical health activities and 196 health focused drop-ins were conducted.

External funding ended for our counselling service, however we continued to operate on a lesser scale with a reduction to four counsellors. 31 assessments were completed and 24 went on to formal counselling support. The number of sessions delivered was 141.

Fundraising

Our Move 58 challenge, held in July 2023, continued the theme from the previous year, raising £1,455. Each participating supporter committed to completing 58 activities in one month to raise these funds for us.

We focused our resources on a winter appeal in 2023. We raised £14,250. Overall, our fundraising brought in £27,513, of unrestricted funds.

Grants from London Hostels Association and Nationwide Building Society provided funding for Work and Learning services to run for most of 2023/24. A further grant from LandAid enabled us to restart our mentoring programme.

We implemented two new contracts for Lambeth which will run over a five-year period.

In 2023, 5 people completed a challenge event for us and we have agreed our fundraising focus will shift more to challenge events for 2024 with 11 participants already signed up. In 2023 we saw an increase in gifts in kind and corporate away days that focused on improving both internal and external areas in our services. The estimated value of gifts in kind is £18,474 in 2023/4.

Colleagues

In 2023/24 we reviewed our Colleague Wellbeing Strategy and included monthly team-led colleague wellbeing initiatives which has involved all parts of the organisation in sharing creative ideas to improve wellbeing at work. We developed our second Race Action Plan along with some Inclusive Leadership training for our managers. We continue to find different ways into becoming a Support Worker through Career Change and Apprenticeship routes. Our Moving into Management internal development programme was extended to offer bite sized learning opportunities to anyone who wants to be a future leader or is a newly appointed manager.

Evolve Housing + Support

Directors' Report for the year ended 31 March 2024

FINANCIAL REVIEW

The Directors present the report and financial statements for the year ended 31 March 2024. 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 £12,391k compared with £12,825k for the year ended 31 March 2023.
- A surplus of £832k was recorded for the year, compared to a surplus of £3,527k in the previous year.
- The 2023 surplus included the recovery of cladding remediation costs and legal fees in relation to the associated litigation. Adjusting for those items, a surplus of £1,112k was recorded on normal operations in 2023.
- Interest payable, less receivable, was £9k for the year compared with £116k for the previous year.

A significant contract to provide accommodation for young people in one of our larger hostels ended on 31 March 2023. Although we have been awarded new contracts in the same borough, turnover for the year to 31 March 2024 was affected. We are currently reviewing the future use of that hostel building.

As a charitable company limited by guarantee, dividends are not paid. Surpluses are reinvested for the benefit of our customers.

Financial risks

The organisation has a Treasury Management policy, approved by the Directors, which seeks to address funding and liquidity risk and covenant compliance.

Surplus funds are invested in interest bearing accounts and the organisation maintains sufficient levels of cash in current accounts for day-to-day requirements to reduce liquidity risk. Debts due to the organisation are regularly reviewed for recoverability and provision is made where necessary. Loans held by the organisation, which are basic financial instruments, are held at market value, which minimises interest rate risk.

Going concern

We carry out stress testing on our budget projections and forecasts to 31 March 2026 and prepare ten-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, ten-year forecasts and cash flow projections, the Board considers that the organisation has adequate resources to continue in operational existence for at least 12 months from the date these financial statements are signed. 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 set 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 that 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. In March 2023, the Board approved an interim Business Plan, the key aim of which was achieving further stability and consolidation, building a platform for growth. 2023/24 has been a year of transition, with our longstanding Chief Executive retiring in October 2023. A key objective for the new Chief Executive is to develop a new Business Plan to take the organisation forward.

A research project has been commissioned to identify new customer groups who could benefit from our services, and new commissioning authorities with service requirements which fit with our expertise. We are also reviewing the use of our buildings to maximise the return on investment, whilst staying true to our charitable objectives.

Evolve Housing + Support

Directors' Report for the year ended 31 March 2024

In the interim, we continue to deliver our services, and fulfil our key strategic aims, which are:

- **Inspire our team** – to continue to develop, innovate and deliver excellent services;
- **Create positive change** – for people and communities;
- **Reach more people** – expanding what we do and where we work;
- **Sustain our future** – to continue to be a well-led, viable and creative organisation.

Risk and Internal Control

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. We also have a comprehensive programme of internal quality audits, covering all aspects of our business, and all departments. Results of these audits are reported to the Board.

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.

Fire remains a key risk for all housing providers. We employ external consultants to advise on all fire safety measures and to ensure compliance with all current regulations. The financial impact of fire safety work is significant but is managed with detailed planning and budgeting.

The organisation's Statement of the System of Internal Controls is set out on page 10.

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 as follows: *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 2024

Our strategic objectives and key priorities are summarised below:

Strategic Objective	2023/24 key priorities	Measure
Inspire our team	Colleague wellbeing	KPI – days lost to sickness absence
Create positive change	Support our customers to identify and meet personal goals	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 15 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	2021/22	2022/23	2023/24 Actual	2023/24 Target	SPBM 2023/24 Median	2024/25 Target
Headline social housing cost per unit (£'000)	£14.3k	£14k	£14k	£14.8k	£13.2k	£16.2k
EBITDA interest cover (%)	-1128%	378%	607%	268%	566%	100%
Operating Margin: social housing lettings (%)	-14.23%	9.27%	7.42%	0.88%	13.5%	1.66%
Operating margin: organisation (%)	-16.04%	27.59%	6.63%	0.76%	10.4%	0.76%
Return on capital employed (%)	-13.67%	19.69%	4.47%	0.5%	4.3%	0.89%
Gearing (%)	10.5%	-21.2%	-36.9%	-25%	-29.6%	-21.8%
Reinvestment (%)	-	0.37%	-	0.4%	5.6%	3%
New supply delivered	-	-	-	-	-	-

Evolve Metric	2021/22	2022/23	2023/24 Actual	2023/24 Target	SPBM 2023/24 Median	2024/25 Target
Colleague absences (working days lost)	12.7	13.4	9.4	6	8.1	6
Customers with current support plans (%)	98.3%	97.1%	97.9%	100%	-	100%
Additional funds raised (£'000)	£5k	£39.6k	£98k	£125k	N/A	£27k
Void losses (%)	5.4%	5.1%	4.9%	5.6%	5.53%	5.78%
Arrears losses (%)	3.14%	3.7%	4.4%	2.67%	4.41%	2.82%

Our headline social housing cost per unit is high, although close to the peer group median. We work hard 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.

We remain in contact with a partner Local Authority regarding our development plans. We are paying down our bank loans, deliberately allowing gearing to fall, in order to increase our borrowing capacity for future developments. The settlement of our legal case significantly replenished our cash reserves in 2023. This has enabled us to commission some major capital enhancements to our buildings to improve their fire safety capabilities. This work will take place in 2024/25.

Evolve Housing + Support

Directors' Report for the year ended 31 March 2024

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 increased from £14,688k to £15,519k. 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 £5.6m, representing approximately 5.6 month of expenditure (2023: £4.68m, representing 4.5 months of expenditure).

PROVISION OF INFORMATION TO AUDITOR

All 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 19 September 2024 and signed on its behalf by:



Jenny Strudwick (Company Secretary)

Evolve Housing + Support

Statement of the System of Internal Controls

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

The Directors (who are also the trustees of Evolve Housing + Support) are responsible for preparing the directors' report, 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 2022. 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.

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

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 2024 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 2022.

We have audited the financial statements of Evolve Housing + Support ("the Organisation") for the year ended 31 March 2024 which comprise the statement of comprehensive income, the statement of financial activities, the statement of financial position, the statement of changes in reserves, the statement of cash flows 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 we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information including the Directors' Report, including strategic report, Statement of System 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 Report of the Directors.

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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Directors

As explained more fully in the Statement of Directors' Responsibilities, (set out on page 11) 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:

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

Non-compliance with laws and regulations

Based on:

- Our understanding of the Organisation and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining and understanding of the Organisation's policies and procedures regarding compliance with laws and regulations

we considered the significant laws and regulations to be the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

The Organisation is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the Regulator of Social Housing's Regulatory Standards, employment law, data protection and health and safety legislation.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation;
- Involvement of tax specialists in the audit;
- Review of legal expenditure accounts to understand the nature of expenditure incurred; and

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance (also considered Audit Committee) regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Organisation's policies and procedures relating to:
 - Detecting and responding to the risks of fraud; and
 - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements;
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override through inappropriate journal entries.

Our procedures in respect of the above included testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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.

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

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. 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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Paul Jagger (Senior Statutory Auditor)
For and on behalf of BDO LLP, statutory auditor
Guildford, Surrey

30 September 2024

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 2024

	Note	2024	2023
		£	£
Turnover	4	12,391,160	12,825,076
Operating costs	4	(11,839,486)	(11,976,480)
Other operating income	4	289,207	379,636
		840,881	1,228,232
Cladding remediation cost recovery	8	-	3,050,000
Legal fees in relation to cladding remediation	8	-	(635,238)
Operating surplus	4,9	840,881	3,642,994
Interest receivable and similar income	12	261,403	85,121
Interest payable and financing costs	13	(270,590)	(201,178)
Surplus for the year before taxation		831,694	3,526,937
Taxation		-	-
Surplus after taxation and total comprehensive income for the year		831,694	3,526,937

The notes on pages 22 to 34 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 2024

		Unrestricted		Restricted		
	Notes	Housing activities	Non-housing activities	Non-housing activities	31 March 2024	31 March 2023
		£	£	£	£	£
Income						
Grants and Donations	4	-	28,801	176,459	205,260	317,619
Charitable activities	4	12,391,160	-	-	12,391,160	12,846,238
Other trading activities	6	-	83,947	-	83,947	40,855
Interest receivable	12	-	261,403	-	261,403	85,121
		12,391,160	374,151	176,459	12,940,770	13,289,833
Expenditure						
Raising Funds	4	-	74,133	-	74,133	134,115
Charitable activities	4	11,422,604	26,123	254,498	11,703,225	12,439,371
Other trading activities	4	-	62,128	-	62,128	38,232
Interest payable	13	182,520	88,070	-	270,590	201,178
		11,605,124	250,454	254,498	12,110,076	12,812,896
Net income	9	786,036	123,697	(78,039)	831,694	476,937
Cladding remediation	8	-	-	-	-	3,050,000
Net movement in funds		786,036	123,697	(78,039)	831,694	3,526,937
Reconciliation of funds						
Opening balance as at 1 April 2023		8,769,197	5,722,424	196,066	14,687,687	11,160,750
Closing balance as at 31 March 2024		9,555,233	5,846,121	118,027	15,519,381	14,687,687

The notes on pages 22 to 34 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 2024

Registered Company number: 4796537

	Note	2024 £	2023 £
Fixed assets			
Tangible fixed assets – housing properties	14	24,781,311	25,654,117
Tangible fixed assets - other	15	2,149,044	2,217,477
		26,930,355	27,871,594
Current assets			
Debtors – receivable within one year	16	1,384,134	1,003,810
Cash and cash equivalents		7,504,858	6,755,890
		8,888,992	7,759,700
Creditors: amounts falling due within one year	17	3,160,824	2,887,793
Net current assets		5,728,168	4,871,907
Total assets less current liabilities		32,658,523	32,743,501
Creditors: amounts falling due after more than one year	18	17,139,142	18,055,814
Net assets		15,519,381	14,687,687
Funds and Reserves			
General Housing Reserve - Unrestricted		9,555,233	8,769,197
Non-Housing Reserves			
Unrestricted		5,846,121	5,722,424
Restricted		118,027	196,066
		15,519,381	14,687,687

The financial statements were approved by the Board of Directors and authorised for issue on 19 September 2024



Paul Perkin
Chair

The notes on pages 22 to 34 form part of these financial statements.

Evolve Housing + Support

Statement of Changes in Reserves for the year ended 31 March 2024

	General Housing Reserve – Unrestricted	Non-Housing Reserve - Unrestricted	Non-Housing Reserve - Restricted	Total Reserves
	£	£	£	£
Balance at 1 April 2023	8,769,197	5,722,424	196,066	14,687,687
Surplus/(Deficit) for the year	786,036	123,697	(78,039)	831,694
Balance at 31 March 2024	9,555,233	5,846,121	118,027	15,519,381

The notes on pages 22 to 34 form part of these financial statements.

Statement of Changes in Reserves for the year ended 31 March 2023

	General Housing Reserve – Unrestricted	Non-Housing Reserve - Unrestricted	Non-Housing Reserve - Restricted	Total Reserves
	£	£	£	£
Balance at 1 April 2022	5,041,424	6,003,690	115,636	11,160,750
Surplus/(deficit) for the year	3,727,773	(281,266)	80,430	3,526,937
Balance at 31 March 2023	8,769,197	5,722,424	196,066	14,687,687

Evolve Housing + Support

Statement of Cash Flows for the year ended 31 March 2024

	Note	2024 £	2023 £
Cash flows from operating activities			
Surplus for the financial year		831,694	3,526,937
Adjustments for:			
Depreciation of fixed assets - housing properties	14	872,806	877,705
Depreciation of fixed assets - other	15	68,432	91,326
Amortised government grants	5	(401,190)	(401,190)
Interest payable and financing costs	13	270,590	201,178
Interest receivable and similar income	12	(261,403)	(85,121)
(Increase)/Decrease in trade and other debtors		(380,324)	66,237
Increase/(Decrease) in trade and other creditors		259,962	(445,823)
Net cash generated from operating activities		1,260,567	3,831,249
Cash flows from investing activities			
Purchases of fixed assets – housing properties	14	-	(95,600)
Purchases of fixed assets - other	15	-	-
Interest received	12	261,403	85,121
Net cash from investing activities		261,403	(10,479)
Cash flows from financing activities			
Interest paid	13	(270,590)	(201,178)
Repayment of loans - bank		(502,412)	(510,433)
Net cash used in financing activities		(773,002)	(711,611)
Net increase in cash and cash equivalents		748,968	3,109,159
Cash and cash equivalents at beginning of year		6,755,890	3,646,731
Cash and cash equivalents at end of year		7,504,858	6,755,890

Reconciliation of net debt	1 April 2023	Cash flows	Non cash changes	31 March 2024
Cash at bank	6,755,890	748,968	-	7,508,858
Short term loans	(518,723)	-	13,067	(531,790)
Long term loans	(3,814,418)	502,414	(13,067)	(3,298,937)
Net debt	2,422,749	1,251,382	-	3,674,131

The notes on pages 22 to 34 form part of these financial statements.

Evolve Housing + Support

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Evolve Housing + Support

Notes forming part of the financial statements for the year ended 31 March 2024 (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 the Regulator of Social Housing 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 2022 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

We carry out stress testing on our budget projections and forecasts to 31 March 2026 and prepare ten-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, ten-year forecasts and cash flow projections, the Board considers that the organisation has adequate resources to continue in operational existence for at least 12 months from the date these financial statements are signed. Accordingly, we continue to adopt the going concern basis in preparing the accounts.

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
- 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 2024 (continued)

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 including component replacement 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 2024 (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
Roof coverings	45
Walls, floors, ceilings	40
Mechanical systems	35
Boilers and central heating	30
Lifts	30
Electrical installations	30
External doors and windows	25
Sprinkler systems	20
Kitchens, bathrooms and other fittings	15

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 and software	5

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 2024 (continued)

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.

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 2024 (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.

The general housing reserve and unrestricted non-housing reserve represent the general funds of the organisation. The restricted fund arises from funds received for purposes specified by the donor, less expenditure incurred on those purposes.

Evolve Housing + Support

Notes forming part of the financial statements for the year ended 31 March 2024 (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 14 and 15)*

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 16)*

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.

Evolve Housing + Support

Notes forming part of the financial statements for the year ended 31 March 2024 (continued)

4 Particulars of turnover, operating costs and operating surplus

	Turnover	Operating costs	Operating Surplus
	2024 £	2024 £	2024 £
Social housing lettings (Note 5)	9,754,416	8,726,130	1,028,286
Other Social Housing Activities			
Charges for support services	74,063	183,008	(108,945)
Supporting people	2,562,681	2,562,681	-
	12,391,160	11,471,819	919,341
Activities other than Social Housing Activities			
Lettings	83,947	62,128	21,819
Other	205,260	305,539	(100,279)
	289,207	367,667	(78,460)
Surplus before disposal of tangible fixed assets	12,680,367	11,839,486	840,881
Profit on disposal of tangible fixed assets	-	-	-
Cladding remediation recovery of costs	-	-	-
Legal fees in relation to cladding remediation	-	-	-
Operating Surplus	12,680,367	11,839,486	840,881

Other income and expenditure comprises non-housing grants and donations and related expenditure and the cost of raising those funds

	Turnover	Operating costs	Operating Surplus
	2023 £	2023 £	2023 £
Social housing lettings (Note 5)	10,268,833	8,980,748	1,288,085
Other Social Housing Activities			
Charges for support services	78,803	178,377	(99,574)
Supporting people	2,477,441	2,477,441	-
	12,825,077	11,636,566	1,188,511
Activities other than Social Housing Activities			
Lettings	40,855	38,232	2,623
Other	338,780	301,682	37,098
	379,635	339,914	39,721
Surplus before disposal of tangible fixed assets	13,204,712	11,976,480	1,228,232
Profit on disposal of tangible fixed assets	-	-	-
Cladding remediation recovery of costs	3,050,000	-	3,050,000
Legal fees in relation to cladding remediation	-	635,238	(635,238)
Operating Surplus	16,254,712	12,611,718	3,642,994

Notes forming part of the financial statements for the year ended 31 March 2024 (continued)

5 Income and expenditure from social housing lettings

	Supported housing 2024 £	Supported housing 2023 £
Income		
Rents net of identifiable service charges	4,313,397	4,521,326
Service charge income	5,039,829	5,184,681
Amortised government grants	401,190	401,190
Other income	-	161,636
Turnover from social housing lettings	9,754,416	10,268,833
Expenditure		
Management	1,452,434	1,698,763
Service charge costs	4,089,918	4,517,332
Routine maintenance	792,432	405,242
Major repairs expenditure	1,053,868	806,406
Bad debts	196,817	392,486
Depreciation of housing properties:		
- annual charge	872,806	877,705
Other costs	267,855	282,814
Operating expenditure on social housing lettings	8,726,130	8,980,748
Operating surplus on social housing lettings	1,028,286	1,288,085
Void losses	448,963	577,181

6 Turnover from non-social housing lettings

	2024 £	2023 £
Conferencing and nursery facilities	83,947	40,855

7 Units of housing stock

	2024 Number	2023 Number
Supported Housing		
- Owned Units	435	435
Supported Accommodation managed for others	105	119
Total owned and managed accommodation	540	554
Supported Accommodation managed for others at 1 April 2023	119	163
Units handed back to landlord	14	44
Supported Accommodation managed for others at 31 March 2024	105	119

Notes forming part of the financial statements for the year ended 31 March 2024 (continued)

	2024 £	2023 £	2022 £	2021 £	2020 £
Out of court settlement	-	(3,050,000)	-	-	-
Cost of remediation	-	-	2,140,080	566,179	45,218
Legal fees incurred in litigation	-	635,238	511,888	234,766	222,386
	-	(2,414,762)	2,651,968	800,945	267,604

We have completed the remediation of cladding at all affected properties.

	2024 £	2023 £
This is arrived at after charging/(crediting):		
Depreciation of housing properties	872,806	877,705
Depreciation of other tangible fixed assets	68,432	91,326
Profit on disposal of fixed assets	-	-
Operating lease charges – land & building	79,582	86,800
Auditor's remuneration:		
- fees payable to the organisation's auditor for the audit of the annual accounts	41,500	38,500
- fees for non-audit services	-	-
Defined contribution pension cost	161,718	159,811

	2024 £	2023 £
Staff costs (including Leadership Team) consist of:		
Wages and salaries	4,869,877	5,150,748
Social security costs	427,503	462,139
Cost of defined contribution scheme	161,718	159,811
Redundancy costs	47,813	106,598
Total staff costs	5,506,911	5,879,296

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

	2024 Number	2023 Number
Administration	21	25
Housing and Support	172	159
Charitable projects	6	7
	199	191

Evolve Housing + Support

Notes forming part of the financial statements for the year ended 31 March 2024 (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.

	2024 £	2023 £
Leadership Team emoluments	407,331	442,247
Contributions to money purchase pension schemes	32,044	40,279
	439,375	482,526

Included in the above are redundancy payments of £41,845 (2023: £18,125)

None of the members of the Board received any emoluments from the organisation (2023: nil).

The total amount payable to the Chief Executive to 31 October 2023, who was also the highest paid director in respect of emoluments, was £119,054 (2023 - £104,310). Pension contributions of £6,358 (2023 - £10,381) 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 5 senior executives (2023 - 5).

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

	2024 Number	2023 Number
£60,000 - £69,999	-	1
£70,000 - £79,999	2	1
£80,000 - £89,999	1	1
£90,000 - £99,999	-	-
£100,000 - £109,999	-	1
£110,000-£119,999	1	1

The total of pension contributions paid on behalf members of staff earning over £60,000 was £30,994 (2023: £40,297).

12 Interest receivable and similar income

	2024 £	2023 £
Bank Interest receivable	261,403	85,121

Notes forming part of the financial statements for the year ended 31 March 2024 (continued)

13 Interest payable and financing costs

	2024	2023
	£	£
Interest payable on bank loans and overdrafts	264,364	192,804
Bank charges	6,226	8,374
	270,590	201,178

14 Tangible fixed assets - housing properties

	Freehold Land & Buildings £	Long Leasehold Land & Buildings £	Total Land & Buildings £
<i>Cost or valuation:</i>			
At 1 April 2023	35,778,355	1,107,651	36,886,006
Additions	-	-	-
Disposals	-	-	-
At 31 March 2024	35,778,355	1,107,651	36,886,006
<i>Depreciation:</i>			
At 1 April 2023	10,727,150	504,739	11,231,889
Charge for the year	855,895	16,911	872,806
Disposals	-	-	-
At 31 March 2024	11,583,045	521,650	12,104,695
Net book value at 31 March 2024	24,195,310	586,001	24,781,311
Net book value at 31 March 2023	25,051,205	602,912	25,654,117

	2024 £	2023 £
Works to properties		
Improvements to existing properties capitalised	-	95,600
Major repairs expenditure charged to Statement of Comprehensive Income	1,053,868	806,406
	1,053,868	902,006
Capital grant – Housing Properties	20,059,486	20,059,486

Impairment

The organisation considers £24,781,311 to represent separate cash generating units (CGU's) when assessing for impairment in accordance with the requirements of FRS102 and SORP 2018. There was no impairment in the year under review.

Properties held for security

Property with a net book value of £12,790,339 was pledged as security at 31 March 2024 (2023 - £13,233,651).

Evolve Housing + Support

Notes forming part of the financial statements for the year ended 31 March 2024 (continued)

15 Other tangible fixed assets

	Non-Housing Freehold Land and Buildings £	Fixtures, fittings, equipment and vehicles £	Total other Fixed assets £
<i>Cost or valuation</i>			
At 1 April 2023	2,816,780	1,324,293	4,141,073
Additions	-	-	-
Disposals	-	-	-
At 31 March 2024	2,816,780	1,324,293	4,141,073
<i>Depreciation</i>			
At 1 April 2023	612,895	1,310,701	1,923,596
Charge for year	62,976	5,457	68,432
Disposals	-	-	-
At 31 March 2024	675,871	1,316,158	1,992,029
<i>Net book value</i>			
At 31 March 2024	2,140,909	8,135	2,149,044
At 31 March 2023	2,203,885	13,592	2,217,477

16 Debtors

	2024 £	2023 £
Receivable within one year		
Rent and service charge arrears	928,224	1,173,127
Less: Provision for doubtful debts	(462,462)	(560,189)
	465,762	612,938
Trade debtors	398,108	186,644
Other debtors	422,721	124,495
Prepayments and accrued income	97,543	79,733
	1,384,134	1,003,810

17 Creditors: amounts falling due within one year

	2024 £	2023 £
Loans and borrowings (Note 21)	531,790	518,723
Trade creditors	474,277	308,932
Taxation and social security	117,143	147,076
Other creditors	250,787	233,327
Deferred capital grant (Note 20)	401,190	401,190
Accruals and deferred income	1,385,637	1,278,545
	3,160,824	2,887,793

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.

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Notes forming part of the financial statements for the year ended 31 March 2024 (continued)

18 Creditors: amounts falling due after more than one year

	2024 £	2023 £
Loans and borrowings (Note 20)	3,298,937	3,814,418
Deferred capital grant (Note 19)	13,840,205	14,241,396
	17,139,142	18,055,814

19 Deferred capital grants

	2024 £	2023 £
At 1 April	14,642,585	15,043,775
Grants received during the year	-	-
Released to income during the year	(401,190)	(401,190)
At 31 March	14,241,395	14,642,585
Total value of grants received	20,059,486	20,059,486

20 Loans and borrowings

Maturity of debt:

	2024 £	2023 £
In one year or less, or on demand	531,790	518,723
In more than one year but not more than two years	565,531	546,846
In more than two years but not more than five years	1,544,759	1,716,156
In more than five years	1,188,647	1,551,415
	3,830,727	4,333,140

21 Pensions

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

22 Operating leases

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

Amounts payable as Lessee

	2024 £	2023 £
Land and buildings		
Not later than 1 year	-	78,200
Within 1 - 2 years	66,804	-
Within 2 – 5 years	8,600	8,600
	75,404	86,800

24 Related party disclosures

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