

Evolution (Woking) Limited

Private Limited

Registered Number 08706370

Evolution (Woking) Limited

Annual Report and Financial Statements
For the year ended
31 March 2023

WEDNESDAY



ACEWJ7NM

A20

25/10/2023

#25

COMPANIES HOUSE

Evolution (Woking) Limited

CONTENTS

Page(s)	Description
1	Company Information
2-3	Directors' Report
4-6	Independent Auditor's Report
7	Statement of Comprehensive Income
8	Statement of Financial Position
9	Statement of Changes in Equity
10-17	Notes to the Financial Statements

Evolution (Woking) Limited

COMPANY INFORMATION

Directors Andrew P Stubley
Julie Shuter
Karen Sheedy
Alykhan Meghani

Company Number 08706370

Registered Office Premier House
52 London Road
Twickenham
England
TW1 3RP

Independent auditors BDO LLP
2 City Place
Beehive Ring Road
Gatwick
West Sussex
RH6 0PA

Evolution (Woking) Limited

DIRECTORS' REPORT for the year ended 31 March 2023

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

1 Principal activities

The principal activities of the Company are the design, construction, financing and maintenance of 224 new-build affordable homes complete with landscaping, children's play area, as well as all associated infrastructure including two new substations, a pumping station and new integrated road network in accordance with the terms of an agreement with Woking Borough Council. This agreement together with a loan facilities agreement, a construction contract, a housing management contract, a responsive repairs, cyclical maintenance and renewal contract and other related contracts were signed on 15 November 2013. The concession period runs for a period of 25 years from the handover of the last unit.

The Company is a private company limited by shares and is incorporated in England and Wales. The address of its registered office is Premier House, 52 London Road, Twickenham, England, TW1 3RP.

2 Results and dividends

The profit for the financial year, after taxation, amounted to £4,513k (2022 - £3,522k).

The directors do not recommend the payment of a dividend (2022: £nil).

3 Directors

The directors of the Company who served during the period and to the date of this report were as follows:

Andrew P Stubley
Alykhan Meghani
Karen Sheedy
Juile Shuter

4 Disclosure of information to auditor

As far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware and each director has taken all the steps that he or she ought to have taken in order to make himself or herself aware of any relevant audit information and to establish that the Company's auditor is aware of such information.

5 Independent auditor

Under section 487(2) of the Companies Act 2006, BDO LLP is deemed to have been appointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the financial statements with the registrar, whichever is earlier.

6 Business review and future development

There are no new development activities planned. Existing management of the affordable housing on the Kingsmoor Park estate runs well and continues to meet the required performance standards set under the PFI Agreement.

7 Going concern

The financial statements have been prepared on a going concern basis, notwithstanding net liabilities of £1,325k (2022 £5,838k). The directors believe this to be appropriate for the following reasons.

The business of the Company is to deliver a 25 year PFI (Private Finance Initiative) contract on behalf of Woking Borough Council, and the going concern basis should be assessed over the life of the contract rather than at any particular point in time. The directors' financial projections show that the Company is expected to make profits over the life of the contract. The finance in place (see note 11) ensures that the Company will continue to meet its financial obligations as they arise.

Evolution (Woking) Limited

DIRECTORS' REPORT for the year ended 31 March 2023

Based on this undertaking, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

8 Statement of Directors' responsibilities in respect of the Directors' report and financial statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, 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 company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

9 Small companies note

In preparing this report, the directors have taken advantage of the small companies exemptions provided in section 415A of the Companies Act 2006.

On behalf of the Board



Director

Date: 27/09/2023

Evolution (Woking) Limited

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF EVOLUTION (WOKING) LIMITED

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Evolution (Woking) Limited ("the Company") for the year ended 31 March 2023 which comprise Statement of Comprehensive Income, Statement of Financial Position, Statement of Change in Equity 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 are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

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

Other matter

The corresponding figures are unaudited.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors' 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, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Evolution (Woking) Limited

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF EVOLUTION (WOKING) LIMITED

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions from the requirement to prepare a Strategic report.

Responsibilities of Directors

As explained more fully in the Statement of Directors Responsibilities, 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 Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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 Company and the sector in which it operates, we identified that the principal risks of non-compliance with laws and regulations and we considered the extent to which non-compliance might have a material effect on the Financial Statements or

Evolution (Woking) Limited

INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF EVOLUTION (WOKING) LIMITED

their continued operation. We also considered those laws and regulations that have a direct impact on the financial statements such as compliance with the Companies Act 2006 and tax legislation.

We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

The audit procedures to address the risks identified included:

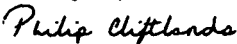
- Challenging assumptions made by management in their significant accounting estimates in particular in relation to the recognition of the finance asset
- Identifying and testing journal entries, in particular any journal entries posted from staff members with privilege access rights, journals posted by key management, and journals posted after the year end.

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

DocuSigned by:

D1FB52C82A114D7...

Philip Cliftlands (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
29 September 2023

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

Evolution (Woking) Limited
STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 March 2023

		Year ended March 2023 £'000	Year ended March 2022 £'000
	Note		
Turnover		736	1,258
Operating costs		<u>(541)</u>	<u>(998)</u>
Operating profit	3	195	260
Interest receivable	4	2,275	2,364
Interest and financing costs	5	<u>(2,779)</u>	<u>(2,838)</u>
Profit / (Loss) before taxation		(309)	(214)
Tax	7	<u>-</u>	<u>-</u>
Profit / (Loss) for the period		<u>(309)</u>	<u>(214)</u>
Fair value movements in cash flow hedging instruments		6,430	4,131
Tax on fair value movements in cash flow hedging instruments	7	<u>(1,608)</u>	<u>(395)</u>
Other comprehensive profit for the period		4,822	3,736
Total comprehensive profit for the period		<u><u>4,513</u></u>	<u><u>3,522</u></u>

The loss reported above relates to continuing activities.

The notes on pages 10 to 17 form part of these financial statements

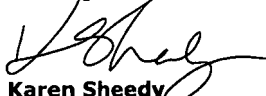
Evolution (Woking) Limited (Registered number 08706370)

**STATEMENT OF FINANCIAL POSITION
As at 31 March 2023**

	Note	March 2023	March 2022
		£'000	£'000
Current assets			
Debtors: amounts falling due within one year	8	696	2,078
Debtors: amounts falling due after more than one year	9	31,005	32,583
Total debtors		31,701	34,661
Cash at bank and in hand		4,356	4,033
Total assets		36,057	38,694
Current liabilities			
Creditors: amounts falling due within one year	10	(2,369)	(3,631)
Total assets less current liabilities		33,688	35,063
Creditors: amounts falling due after more than one year	11	(35,013)	(40,901)
Net liabilities		(1,325)	(5,838)
Capital and reserves			
Called up share capital	12	100	100
Cash flow hedge reserve		(51)	(4,957)
Profit and loss account		(1,374)	(981)
Total shareholders' deficit		(1,325)	(5,838)

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board and authorised for issue on 27/09/2023 and were signed on its behalf by:


Karen Sheedy
 Director

The notes on pages 10 to 17 form part of these financial statements..

Evolution (Woking) Limited

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	Called up share capital £'000	Cash flow hedge reserve £'000	Profit and loss account £'000	Total shareholders' deficit £'000
Balance at 1 April 2021	100	(8,693)	(767)	(9,360)
Loss for the financial year	-	-	(214)	(214)
Other comprehensive profit for the period	-	3,736	-	3,736
Total comprehensive loss for the period	-	3,736	(214)	2,957
Balance at 1 April 2022	100	(4,957)	(981)	(5,838)
Profit and total comprehensive income for the year	-	-	4,513	4,513
Total comprehensive profit for the year	-	-	4,513	4,513
Reserve transfers	-	4,906	(4,906)	-
Balance at 31 March 2023	100	(51)	(1,374)	(1,325)

The notes on pages 10 to 17 form part of these financial statements.

Evolution (Woking) Limited

NOTES TO THE FINANCIAL STATEMENTS For the year ended 31 March 2023

1. Accounting policies

Basis of preparation

Evolution (Woking) Limited is a private company limited by shares, incorporated in England and Wales under the Companies Act. The address of the registered office is given on the company information page and the nature of the company's operations are given in the Directors report.

The financial statements have been prepared in accordance with applicable accounting standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006.

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

(i) Financial assets

Basic financial assets, including trade and other receivables and cash and bank balances, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost using the effective interest method. At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the assets' original effective interest rate. The impairment loss is recognised in the statement of comprehensive income. If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been had the impairment not previously been recognised. The impairment reversal is recognised in statement of comprehensive income.

Financial assets are derecognised when (i) the contractual rights to the cash flows from the asset expire or are settled, or (ii) substantially all the risks and rewards of the ownership of the asset are transferred to another party, or (iii) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank overdrafts, and bank loans, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade creditors are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Derivatives, including interest rate swaps, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless they are included in a hedging arrangement.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

Evolution (Woking) Limited

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 March 2023

(iii) Hedging arrangements

The Company applies hedge accounting for transactions entered into to manage the cash flow exposures of borrowings. Interest rate swaps are held to manage the interest rate exposures and are designated as cash flow hedges of floating rate borrowings.

Changes in the fair values of derivatives designated as cash flow hedges, and which are effective, are recognised directly in equity. Any ineffectiveness in the hedging relationship (being the excess of the cumulative change in fair value of the hedging instrument since inception of the hedge over the cumulative change in the fair value of the hedged item since inception of the hedge) is recognised in the income statement.

The gain or loss recognised in other comprehensive income is reclassified to the income statement when the hedge relationship ends. Hedge accounting is discontinued when the hedging instrument expires, no longer meets the hedging criteria, the forecast transaction is no longer highly probable, the hedged debt instrument is derecognised or the hedging instrument is terminated.

Finance costs and income

Finance costs are charges or credited to profit and loss of the term of the debt / asset using the effective interest rate method so the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instruments.

Cash flow statement

The Company has taken advantage of the exemption, under FRS 102 paragraph 1.12(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Thames Valley Housing Association, includes the Company's cash flows in its own consolidated financial statements.

Contract receivable

Costs comprise direct payments to the contractor, attributable initial project costs and interest costs incurred over the construction period on borrowings to fund construction.

The contract receivable is repaid over the concession period and revenue is apportioned between a deemed interest charge and turnover. This deemed interest charge is based upon the value of the financial debt outstanding and is included within interest receivable.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred taxation is recognised on all timing differences where the transactions or events that give the Company an obligation to pay more tax in the future or a right to pay less tax in the future have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Turnover

Turnover represents the services' share of the management services income received by the Company for the provision of a PFI asset to the customer. This income is received over the life of the concession period. Management service income is allocated between turnover, finance interest and reimbursement of the right to receive asset.

The Company's principal business activities are that described in the Strategic Report, and accordingly all turnover is derived in the UK.

Evolution (Woking) Limited

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 March 2023

Going concern

The financial statements have been prepared on a going concern basis, notwithstanding net liabilities of £1,325k (2022 £5,838k). The directors believe this to be appropriate for the following reasons.

The business of the Company is to deliver a 25 year PFI (Private Finance Initiative) contract on behalf of Woking Borough Council, and the going concern basis should be assessed over the life of the contract rather than at any particular point in time. The directors' financial projections show that the Company is expected to make profits over the life of the contract. The finance in place (see note 11) ensures that the Company will continue to meet its financial obligations as they arise.

Based on this undertaking, the directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

2. Key Judgements and estimates in preparation of these accounts

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based upon historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily available from other sources. Actual results may subsequently differ from these estimates.

Certain critical accounting judgements, adopted by management, in applying the Company's Accounting policies are described below:

Estimates

Right to receive asset

Accounting for service concession contracts and finance debtors requires estimation of service margins, right to receive asset interest rates and associated amortisation profile which are based on the forecast results of the PFI contracts over the respective concession length. See note 8 for the carrying value of the right to receive asset.

Derivative financial instruments

The directors use their judgement in selecting a suitable valuation technique for derivative financial instruments. All derivative financial instruments are valued at the market valuation provided by the derivative counterparty. In these cases, the Company uses valuation techniques to assess the reasonableness of the valuation provided by the derivative counterparty. These techniques use a discounted cash flow analysis based on market observable inputs derived from similar instruments in similar active markets. The directors do not consider the impact of their own credit risk to be material.

Judgements

Hedge accounting

The directors consider the Company to have met the criteria for hedge accounting and the Company has therefore recognised fair value movements on derivatives in effective hedging relationships through other comprehensive income as well as the deferred tax thereon.

Service Concession Arrangement

The directors consider that the arrangement with Woking Borough Council is a service concession arrangement in accordance with section 34 of FRS 102. As such the arrangement is accounted for as a finance lease and right to receive asset is recognised on the balance sheet.

Evolution (Woking) Limited

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 March 2023

3. Operating profit

The audit fees for the current and prior periods were borne by the ultimate parent undertaking, Thames Valley Housing Association Limited.

4. Interest receivable and similar income

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Interest receivable on right to receive asset	2,275	2,364
	<u>2,275</u>	<u>2,364</u>

5. Interest payable and similar expenses

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Interest payable on term loans	995	603
Interest payable on residual value loan	932	585
Interest payable on inter group loan	423	431
Interest paid on swaps	411	1,203
Agency fee	18	16
	<u>2,779</u>	<u>2,838</u>

6. Directors and employees

The directors were not directly remunerated for their services during 2023 (2022: £nil).

The Company has no employees (2022: nil).

7. Tax on profit

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
a) Analysis of tax charge in the year		
(Loss) before tax for the year	(309)	(214)
UK Corporation Tax		
Current (credit) on loss for the year	-	-
Adjustments in respect of prior periods	-	-
Total current tax	<u>-</u>	<u>-</u>
Deferred taxation		
Movement in the period through other comprehensive loss	-	-
Movement in the period	-	-
Adjustments in respect of previous periods	-	-
Total deferred tax	<u>-</u>	<u>-</u>
Taxation (credit) on loss before taxation	<u>-</u>	<u>-</u>

Evolution (Woking) Limited

NOTES TO THE FINANCIAL STATEMENTS (continued) **For the year ended 31 March 2023**

b) Factors affecting the current tax charge

The tax credit is higher (2022: lower) than the standard rate of corporation tax in the UK for the year ended 31 March 2023 of 19.00% (2022: 19.00%).

The difference is explained below:

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Loss before taxation	(309)	(214)
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19%	(59)	(41)
Effects of:		
Prior year adjustment	59	41
Losses not recognised as a deferred tax asset	-	-
Total tax credit for the year	-	-

c) Analysis of tax charge / (credit) on other comprehensive profit/(loss) before taxation for the period.

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Other comprehensive profit/(Loss) before tax for the year	6,430	4,131
UK Corporation Tax		
Current (credit) on loss for the year	-	-
Adjustments in respect of previous periods	-	-
Deferred taxation		
Movement in the period through other comprehensive income (loss)	1,608	395
Movement in the period	-	-
Adjustments in respect of previous periods	-	-
Total deferred tax	1,608	395
Taxation on loss before taxation	1,608	395

Evolution (Woking) Limited

NOTES TO THE FINANCIAL STATEMENTS (continued) **For the year ended 31 March 2023**

d) Factors impacting the tax charge / (credit) on other comprehensive profit/(loss) before taxation for the period.

	Year ended 31 March 2023 £'000	Year ended 31 March 2022 £'000
Other comprehensive profit/(Loss) before tax for the year	6,430	4,131
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19%	1,222	785
Impact of change in tax rate	386	(390)
Total tax charge for the period	<u>1,608</u>	<u>395</u>

e) Factors that may affect the future tax charges

Finance Act 2021, which received Royal Assent on 10 June 2021, enacted an increase in the main rate of corporation tax from 19% to 25% as from 1 April 2023.

8. Debtors: amounts falling due within one year

	March 2023 £'000	March 2022 £'000
Trade debtors	324	426
Deferred tax on fair value of cash flow hedge reserve	17	1,625
Fair value of swap instrument under one year	355	-
Prepayments and accrued income	-	27
	<u>696</u>	<u>2,078</u>

9. Debtors: amounts falling due after more than one year

	March 2023 £'000	March 2022 £'000
Right to receive asset	30,836	32,583
Fair value of swap instrument over one year	169	-
	<u>31,005</u>	<u>32,583</u>

The right to receive asset represents the present value of receipts relating to the agreement with Woking Borough Council dated 15 November 2013. The concession period runs for 25 years from the date of handover of the last housing unit.

10. Creditors: amounts falling due within one year

	March 2023 £'000	March 2022 £'000
Fair value of swap instrument	-	1,102
Trade creditors	19	83
VAT payable	56	76
Unamortised issue costs	(34)	(29)

Evolution (Woking) Limited

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 March 2023

Retentions	80	80
Base credit facility	1,060	951
Intergroup borrowing	100	103
Accruals and deferred income	871	1,044
Intercompany interest	217	221
	2,369	3,631

The Company entered into interest rate swaps to receive interest at 1 month LIBOR during construction (6 month LIBOR during operational phase) and pay fixed interest rate. The swaps mature in line with respective loan facilities from the bank.

The Company has the following financial instruments

	Notional Principal (£)	Maturity	Fixed Interest rate	Fair value (£)
Swap on base credit loan	20,306,277	15.11.2037	3.439%	500,172
Swap on residual facility loan	15,000,000	15.11.2038	3.956%	(432,724)

The instruments are used to hedge the Company's exposure to interest rate movements on the bank loan.

Cash flows on both the loan and the interest rate swaps were paid monthly during construction and was changed to 6 monthly in operational phase. During 2023, a hedging gain of £6,430,221 (2022: £4,131,343 gain) was recognised in other comprehensive income for changes in the fair value of the interest rate swap.

11. Creditors: amounts falling due after more than one year

	March 2023 £'000	March 2022 £'000
Fair value of swap instrument	591	5,395
Base credit facility	16,492	17,552
Residual value facility	15,000	15,000
Intergroup borrowing	3,410	3,473
Less: unamortised issue costs	(480)	(519)
	35,013	40,901

Borrowing consists of:

Base credit facility is granted by Norddeutsche Landesbank Girozentrale (London Branch) and is secured on the assets of the Company. The loan facility is for a total value of £24,630k (2022: £24,630k) and the outstanding balance at 31 March 2023 is £17,552 (2022: £18,503k). The term loan facility is repayable from 31 December 2016 to 15 November 2037, bi-annually.

Residual value facility is granted by Norddeutsche Landesbank Girozentrale (London Branch) and is secured on the assets of the Company. The loan facility is for a total value of £15,000,000 and was fully drawn at 31 March 2023 (2022: £15,000k). The facility is repayable as a bullet repayment on 15 November 2038.

Evolution (Woking) Limited issued loan notes of £3,851k to its parent company Evolution (Woking) Holdings Limited in December 2016. The outstanding balance as at 31 March 2023 is £3,510k (2022: £3,576k). The loan notes carry an interest rate of 12% and are repayable from 01 July 2017 to 15 November 2038, bi-annually. Amounts repayable are due as follows:

	Base Credit Facility	Residual Credit Facility	Inter- group Loan	Total 2023	Total 2022
	£'000	£'000	£'000	£'000	£'000
Within 1 year	1,060	-	100	1,160	1,054

Evolution (Woking) Limited

NOTES TO THE FINANCIAL STATEMENTS (continued) For the year ended 31 March 2023

In more than one year but not more than 2 years	1,150	-	47	1,197	1,122
In more than 2 years but not more than 5 years	3,326	-	185	3,511	3,550
In more than 5 years	12,016	15,000	3,178	30,194	31,353
	<u>17,552</u>	<u>15,000</u>	<u>3,510</u>	36,062	37,079

12. Called up share capital

	March 2023 £'000	March 2022 £'000
Authorised; allotted, called up and fully paid 100,000 (2021: 100,000) Ordinary shares of £1 each	<u>100</u>	<u>100</u>

13. Related party disclosures

At 31 March 2023, the company's immediate parent was Evolution (Woking) Holdings Limited and ultimate parent was Thames Valley Housing Association Limited. Evolution (Woking) Limited is a wholly owned subsidiary of Evolution (Woking) Holdings Limited.

Details of Thames Valley Housing Association Limited group structure can be found in their financial statements, which can be obtained from The Secretary, Premier House, 52 London Road, Twickenham, TW1 3RP.

Evolution (Woking) Limited has taken advantage of the exemption provided by FRS 102 not to disclose transactions with Thames Valley Housing Association Limited or other wholly owned subsidiaries within the group where consolidated accounts are publicly available. No other related party transactions have been identified.

14. Ultimate parent company

As at 31 March 2023, the Company is a wholly owned subsidiary of Evolution (Woking) Holdings Limited, a company incorporated in the United Kingdom and registered in England and Wales. The share capital of Evolution (Woking) Holdings Limited is held 100% by Thames Valley Housing Association Limited. Thames Valley Housing Association is the ultimate parent company of Evolution (Woking) Limited.

Evolution (Woking) Holdings Limited and Thames Valley Housing Association Limited are all incorporated in the United Kingdom and registered in England and Wales.