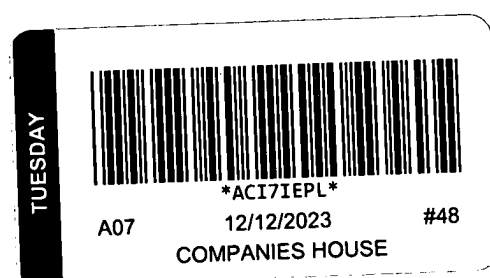


# Evolution (Shinfield) LLP

Annual report and financial statements  
for the year ended 31 March 2023

Registered number: OC399478



## Evolution (Shinfield) LLP

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## **Evolution (Shinfield) LLP**

### **Members and professional advisors**

#### **Members**

Vistry Linden Limited  
North Housing Limited

#### **Registered Office**

11 Tower View  
Kings Hill  
West Malling  
Kent  
England  
ME19 4UY

#### **Independent Auditors**

PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
40 Clarendon Road  
Watford  
Hertfordshire  
WD17 1JJ

#### **Bankers**

HSBC Bank plc  
165 High Street  
Southampton  
SO14 2NZ

#### **Solicitors**

Gateley PLC  
One Eleven  
Edmund Street  
Birmingham  
B3 2HJ

## **Evolution (Shinfield) LLP**

### **Strategic report for the year ended 31 March 2023**

The members present their strategic report for Evolution (Shinfield) LLP ("the LLP"), for the year ended 31 March 2023.

#### **Review of business**

The LLP's principal activity is the building and selling of residential houses and apartments in Shinfield, Berkshire.

The site at Shinfield was acquired on 9 November 2015. There were 24 (2022: 57) legal completions in the year generating revenue of £14,006,000 (2022: £23,108,000). It is anticipated that site development will be completed in July 2025.

#### **Principal risks, uncertainties and key performance indicators**

The business and the execution of the LLP's strategy are subject to a number of risks and uncertainties. The key business risks and uncertainties affecting the LLP are considered to relate to the strength and volatility of the UK housing market. This includes changes to the UK housing market and the economic cycle affecting consumer confidence and the availability of mortgage finance. The members monitor Government and Industry data on housing prices, sales volumes and construction commencement data thus enabling anticipation of market changes and facility to adjust build programmes, sales releases and purchaser incentives accordingly. Gross profit margin is considered to be the LLP's key performance indicator. The margin recognised in the LLP's Income statement is in line with the members' expectations and reflects the performance of the LLP. Given the straightforward nature of the business, the members are of the opinion that further KPIs analysis is not necessary for an understanding of the development, performance or position of the business.

#### **General**

The LLP's profit for the financial year was £2,101,000 (2022: £3,170,000), which has been added to reserves. The net assets attributable to members as at 31 March 2023 was £12,144,000 (2022: £10,043,000).

For and on behalf of all the members



TC Lawlor  
Director of Vistry Linden Limited  
30 November 2023

## **Evolution (Shinfield) LLP**

### **Members' report for the year ended 31 March 2023**

The members present their report and audited financial statements of Evolution (Shinfield) LLP ("the LLP"), registered number OC399478 for the year ended 31 March 2023.

#### **Future developments**

The LLP plans to complete the development of its site as set out in the strategic report. Unless any further sites are acquired, the LLP will then cease to trade.

#### **Distributions**

The members do not recommend the payment of a distribution (2022: £nil).

Both of the LLP's members have a 50% share in the LLP and all contributions and drawings are split equally between the two members. Members' contributions to the LLP will be repaid to the members upon the LLP's liquidation. The LLP is financed either by contributions from its members or by debt which can be obtained either from the members or entities related to the member, or externally. The LLP's profits are distributed to the members only if there are sufficient funds left in the LLP to enable it to operate and continue trading. There have been no transfers of members' interests from equity to debt (and vice versa) during the year and up to the date the financial statements are approved.

#### **Financial risk management**

The LLP's operations expose it to a variety of financial risks, including the effects of credit risk, liquidity risk, cash flow risk and interest rate risk. The potential impact of these financial risks is monitored by members during board meetings.

Where appropriate, credit checks are made prior to the acceptance of a new customer and these are reviewed on a periodic basis together with ongoing checks in respect of existing customers. Reviews of the debtors' ledger are carried out with the finance and sales teams and action initiated, as appropriate, to collect any overdue amounts, thus optimising the LLP's liquidity position.

The rates of interest earned or paid on the cash balances and loans and overdrafts are monitored on an ongoing basis, with regular reviews of the banking arrangements. Deposits, loans and overdrafts are made with reference to these facilities in conjunction with projections of future cash requirements.

#### **Members**

The present members of the LLP are set out on page 1, all of whom served throughout the year and up to the date of signing the financial statements.

#### **Going concern**

The financial statements have been prepared on a going concern basis, which assumes that for the foreseeable future the LLP will be able to meet its liabilities as they fall due.

The members performed an assessment in relation to the LLP's ability to continue as a going concern, this included assessing its current position and reviewing future cash flow forecasts with considerations to entity specific factors. Accordingly, the members believe in the LLP's ability to continue as a going concern and to meet its financial obligations as they fall due for the foreseeable future and as minimum for a period of twelve months from the date of signing these financial statements.

## **Evolution (Shinfield) LLP**

### **Members' report for the year ended 31 March 2023 (continued)**

#### **Statement of members' responsibilities in respect of the financial statements**

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

Company law, as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 (the "Regulations"), requires the members to prepare financial statements for each financial year. Under that law the members have prepared the financial statements in accordance with UK-adopted international accounting standards.

Under company law, as applied to limited liability partnerships, members 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 LLP and of the profit or loss of the LLP for that period. In preparing the financial statements, the members are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the LLP will continue in business.

The members are responsible for safeguarding the assets of the LLP and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The members are also responsible for keeping adequate accounting records that are sufficient to show and explain the LLP's transactions and disclose with reasonable accuracy at any time the financial position of the LLP and enable them to ensure that the financial statements comply with the Companies Act 2006.

#### **Members' confirmations**

In the case of each member in office at the date the members' report is approved:

- so far as they are aware, there is no relevant audit information of which the LLP's auditors are unaware; and
- the members have taken all the steps that they ought to have taken as a member in order to make themselves aware of any relevant audit information and to establish that the LLP's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with Section 418 of the Companies Act 2006.

The members' report was approved by the board of members on 30 November 2023 and signed on its behalf by:



TC Lawlor  
Director of Vistry Linden Limited

# Independent auditors' report to the members of Evolution (Shinfield) LLP

## Report on the audit of the financial statements

### Opinion

In our opinion, Evolution (Shinfield) LLP's financial statements:

- give a true and fair view of the state of the LLP's affairs as at 31 March 2023 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with UK-adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

We have audited the financial statements, included within the Annual report and financial statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2023; the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' 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 remained independent of the LLP in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### Conclusions relating to going concern

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 LLP'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.

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the LLP's ability to continue as a going concern.

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

## **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The members are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or any form of assurance thereon.

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

## **Responsibilities for the financial statements and the audit**

### **Responsibilities of the members for the financial statements**

As explained more fully in the Statement of members' responsibilities in respect of the financial statements, the members are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The members are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the LLP'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 members either intend to liquidate the LLP or to cease operations, or have no realistic alternative but to do so.

### **Auditors' 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 auditors' 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.

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 LLP and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety standards and other legislation specific to the industry in which the entity operates, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as 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 revenue or expenses and management bias in determining accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Challenging assumptions and judgements made by management in their significant accounting estimates and judgements, in particular in relation to site margins; and
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations.



There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, 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 or intentional misrepresentations, or through collusion.

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

### **Use of this report**

This report, including the opinions, has been prepared for and only for the members of the partnership as a body in accordance with the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.


## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 as applicable to limited liability partnerships we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the LLP, 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.

We have no exceptions to report arising from this responsibility.



Radek Vik (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Watford  
30 November 2023

**Evolution (Shinfield) LLP****Income statement for the year ended 31 March 2023**

	<b>Note</b>	<b>2023 £'000</b>	<b>2022 £'000</b>
Revenue	2	14,006	23,108
Cost of sales		(11,592)	(19,304)
Gross profit		2,414	3,804
Administrative expenses		(14)	(24)
Operating profit	6	2,400	3,780
Finance income	4	3	–
Finance costs	5	(302)	(610)
Profit for the financial year before members' remuneration and profit shares available for discretionary division among members		2,101	3,170

There are no recognised gains and losses other than those shown in the income statement above.

There is no material difference between the results shown in the income statement above and their historical cost equivalents for the financial year stated above.

All results are derived from continuing operations.

**Evolution (Shinfield) LLP****Statement of comprehensive income for the year ended 31 March 2023**

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Profit for the financial year	<b>2,101</b>	<b>3,170</b>
Total comprehensive income for the financial year	<b>2,101</b>	<b>3,170</b>

**Evolution (Shinfield) LLP**

Balance sheet as at 31 March 2023

	Note	2023 £'000	2022 £'000
<b>Assets</b>			
<b>Current assets</b>			
Developments	8	19,632	19,161
Trade and other receivables	9	637	457
Cash and cash equivalents	10	101	2,179
Total current assets		20,370	21,797
<b>Total assets</b>		<b>20,370</b>	<b>21,797</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Trade and other payables	11	(8,226)	(3,356)
Total current liabilities		(8,226)	(3,356)
Net current assets		12,144	18,441
<b>Non-current liabilities</b>			
Trade and other payables	13	–	(8,398)
Total non-current liabilities		–	(8,398)
<b>Total liabilities</b>		<b>(8,226)</b>	<b>(11,754)</b>
<b>Net assets attributable to members</b>		<b>12,144</b>	<b>10,043</b>
<b>Equity</b>			
Members' capital	14	–	–
Accumulated profits		12,144	10,043
<b>Total equity</b>		<b>12,144</b>	<b>10,043</b>
<b>Total members' interests</b>			
Amounts due from members	15	402	–
Loans and other debts due to members	15	(312)	(8,398)
		90	(8,398)

The notes on pages 13 to 20 are an integral part of these financial statements.

The financial statements on pages 8 to 20 were approved by the members on 30 November 2023 and signed on its behalf by TC Lawlor, a director of Vistry Linden Limited:



TC Lawlor  
Director of Vistry Linden Limited  
LLP registered number: OC399478

**Evolution (Shinfield) LLP****Statement of changes in equity for the year ended 31 March 2023**

	<b>Members' capital £'000</b>	<b>Accumulated profits £'000</b>	<b>Total equity £'000</b>
As at 1 April 2021	–	6,873	6,873
Total comprehensive income and profit for the financial year	–	3,170	3,170
As at 31 March 2022	–	10,043	10,043
Total comprehensive income and profit for the financial year	–	2,101	2,101
<b>At 31 March 2023</b>	<b>–</b>	<b>12,144</b>	<b>12,144</b>

## Evolution (Shinfield) LLP

### Statement of cash flows for the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
<b>Cash flows from operating activities continuing operations</b>			
<b>Operating profit</b>		<b>2,400</b>	<b>3,780</b>
<b>Net cash generated from operations before changes in working capital</b>		<b>2,400</b>	<b>3,780</b>
(Increase)/decrease in developments	8	(471)	9,708
Increase in trade and other receivables	9	(180)	(233)
Increase/(decrease) in trade and other payables excluding amounts owed to joint venture partners	11	4,558	(2,383)
<b>Net cash generated from operations</b>		<b>6,307</b>	<b>10,872</b>
Interest paid		(5,258)	–
<b>Net cash generated from operating activities</b>		<b>1,049</b>	<b>10,872</b>
<b>Cash flows from investing activities</b>			
Interest received		3	–
<b>Net cash generated from investing activities</b>		<b>3</b>	<b>–</b>
<b>Cash flows from financing activities</b>			
Increase in amounts owed to joint venture partners	13	4,410	7,160
Decrease in amounts owed to joint venture partners	13	(7,540)	(15,955)
<b>Net cash used in financing activities</b>		<b>(3,130)</b>	<b>(8,795)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(2,078)</b>	<b>2,077</b>
Cash and cash equivalents at the beginning of the year		2,179	102
<b>Cash and cash equivalents at the end of the year</b>		<b>101</b>	<b>2,179</b>

## **Evolution (Shinfield) LLP**

### **Notes to the financial statements for the year ended 31 March 2023**

#### **1. Accounting policies**

##### **General Information**

Evolution (Shinfield) LLP ('the LLP') is an LLP incorporated and domiciled in England, United Kingdom (Registered number: OC399478). The address of the registered office is 11 Tower View, Kings Hill, West Malling, Kent, England, ME19 4UY.

The financial statements are measured and presented in pounds sterling as that is the currency of the primary economic environment in which the LLP operates. The amounts stated are denominated in thousands (£'000).

##### **Basis of preparation**

The principal accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

These financial statements have been prepared in accordance with UK-adopted international accounting standards and the applicable legal requirements of the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention. The LLP has consistently applied all accounting standards in accordance with the requirements of the Companies Act 2006 as applied to limited liability partnerships by the Limited Liability Partnerships (Accounts and Audit) (Application of Companies Act 2006) Regulations 2008.

##### **Impact of standards and interpretations effective for the first time**

No new accounting standards and interpretations mandatory for 31 March 2023 has had an impact on the LLP's current year financial statements. These standards are not expected to impact the future periods and no changes have been made to the accounting policies.

##### **Impact of standards and interpretations in issue but not yet effective**

Certain new accounting standards and interpretations have been published that are not mandatory for 31 March 2023 reporting periods and have not been early adopted by the LLP. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

##### **Going concern**

The financial statements have been prepared on a going concern basis, which assumes that for the foreseeable future the LLP will be able to meet its liabilities as they fall due.

The members performed an assessment in relation to the LLP's ability to continue as a going concern, this included assessing its current position and reviewing future cash flow forecasts with considerations to entity specific factors. Accordingly, the members believe in the LLP's ability to continue as a going concern and to meet its financial obligations as they fall due for the foreseeable future and as minimum for a period of twelve months from the date of signing these financial statements.

##### **Critical accounting estimates and judgements**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on 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 the carrying value of assets and liabilities which are not readily apparent from other sources. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

## Evolution (Shinfield) LLP

### Notes to the financial statements for the year ended 31 March 2023 (continued)

#### 1. Accounting policies (continued)

*Material estimates and assumptions are made in particular with regards to establishing the following policies:*

- *Margin recognition*

The gross margin from revenue generated on each or the LLP's individual sites within the year is recognised based on the latest forecast for the gross margin expected to be generated over the remaining life of that site. The remaining life gross margin is calculated using forecasts for selling prices and all land, build, infrastructure and overhead costs associated with that site. Where the actual contracted costs are available, these are used in the calculation. There is inherent uncertainty and sensitivity to external forces (predominantly house prices, material and labour costs) in these forecasts, which are reviewed regularly throughout the year by management.

- *Land held for development and housing work in progress*

The LLP holds inventories which are stated at the lower of cost and net realisable value. To assess the net realisable value of land held for development and housing work in progress, the LLP completes a financial appraisal of the likely revenue which will be generated when these inventories are combined as residential properties for sale and sold. Where the financial appraisal demonstrates that the revenue will exceed the costs of the inventories and other associated costs of constructing the residential properties (based on prevailing and/or contracted costs), the inventories are stated at cost. Where the assessed revenue is lower, the extent to which there is a shortfall is written off through the income statement leaving the inventories stated at a realisable value. To the extent that the revenues which can be generated change, or the final cost to complete for the site varies from estimates, the net realisable value of the inventories may be different.

#### **Revenue and profit**

Revenue is recognised when the LLP transfers control of goods or services to customers. Revenue comprises the fair value of the consideration received or receivable net of rebates, discounts and value added tax. Where consideration is subject to variability, the LLP estimates the amount receivable. Revenue recognised is constrained to the amount which is highly probable not to result in a significant reversal in future periods. The LLP's revenue relates to one class of business and is all generated in the UK.

Where a modification to an existing contract occurs, the LLP assesses the nature of the modification and whether it represents a separate performance obligation required to be satisfied or whether it is a modification to the existing performance obligation.

Revenue is recognised as follows:

The LLP sells private housing units and associated land, inclusive of customer options, incentives and warranties. In most instances, the contract with the customer is assessed to only contain one performance obligation. Revenue from the sale of individual private housing units is recognised at the point of legal completion. Contract consideration for private house sales may include part exchange properties at fair value. The onwards sale of part exchange properties is recognised as revenue, on legal completion.

Sales of land where title transfers prior to construction beginning (or at 'golden brick') are considered to be a distinct performance obligation. Revenue from land sales is recognised at a point in time, being the legal completion of contracts or at 'golden brick', provided that the LLP does not retain legal title to the land.



## **Evolution (Shinfield) LLP**

### **Notes to the financial statements for the year ended 31 March 2023 (continued)**

#### **1. Accounting policies (continued)**

##### **Revenue and profit (continued)**

Revenue from affordable housing development is recognised over time. Development of multiple units on the same site (inclusive of design and construction activities contracted for at the same time, and mobilisation activities) is considered to be a single performance obligation. Where a contract comprises units across multiple sites, typically each site will represent a distinct performance obligation. Revenue is accounted for on an over time basis. The amount of revenue recognised is calculated based on the output method. This is normally measured by surveys of work performed to date. When it is probable that the total costs on a construction contract will exceed total contract revenue, the expected loss is recognised as an expense in the Income Statement immediately. The application of this policy requires estimates to be made in respect of the total expected costs to complete for each site. The Group has in place established internal control processes to ensure that the evaluation of costs and revenues is based upon appropriate estimates.

##### **Finance income and cost**

Interest income and expense is recognised on a time proportion basis using the effective interest method.

##### **Distributions**

Final distributions to the LLP's members are recognised as a liability in the LLP's financial statements in the year in which the distributions are approved by the LLP's members. Interim distributions are recognised when paid.

##### **Income tax**

LLPs are not subject to income tax. Any tax liabilities arising on profits made by the LLP are paid by its members.

##### **Inventories and developments**

Inventories are valued at the lower of cost and net realisable value. Work in progress is valued at the lower of cost, including direct costs and directly attributable overheads, and net realisable value.

Where a development is in progress, net realisable value is assessed by considering the expected future revenues and the total costs to complete the development including direct costs and directly attributable overheads. To the extent that the LLP anticipates selling a development in its current state then net realisable value is taken as open market value at the balance sheet date less any anticipated selling costs.

##### **Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance. The LLP applies the IFRS 9 simplified approach to measuring expected credit losses which uses lifetime expected loss allowance for all trade receivables. To measure the expected credit losses and trade receivables have been grouped based on shared credit risk characteristics and the days past due.

##### **Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at nominal value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, including bank deposits with original maturities of three months or less. Bank overdrafts are also included as they are an integral part of the LLP's cash management.

Bank deposits with an original term of more than three months are classified as short-term deposits where the cash can be withdrawn on demand and the penalty for early withdrawal is not significant.

## Evolution (Shinfield) LLP

### Notes to the financial statements for the year ended 31 March 2023 (continued)

#### 1. Accounting policies (continued)

##### Trade payables

Trade payables on normal terms are not interest bearing and are stated at their nominal value. Trade payables on extended terms, are recorded at their fair value at the date of acquisition of the asset to which they relate. The discount to nominal value is amortised over the period of the credit term and charged to finance costs using the effective rate. Amounts owed to joint venture partners are stated at their nominal value including accrued interest.

#### 2. Revenue

	2023 £'000	2022 £'000
<b>Revenue by type</b>		
Private housing	13,845	22,933
Affordable housing	161	175
	<b>14,006</b>	<b>23,108</b>

##### Disaggregation of revenue

The revenue disaggregation below represents the LLP's underlying revenue.

	2023 £'000	2022 £'000
<b>Timing of revenue recognition</b>		
Over time	161	175
At a point in time	13,845	22,933

##### Transaction price allocated to the remaining performance obligations

The amount of revenue recognised during the year from performance obligations satisfied (or partially satisfied) in previous years amount to £161,000 (2022: £175,000).

There is no revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date.

#### 3. Employees and members

There were no employees during the year (2022: nil). The members did not receive any remuneration for their services during the year (2022: £nil).

#### 4. Finance income

	2023 £'000	2022 £'000
Sundry interest	3	–
<b>Total finance income</b>	<b>3</b>	<b>–</b>

#### 5. Finance costs

	2023 £'000	2022 £'000
Interest payable and similar charges		
- to joint venture partners	(302)	(610)
<b>Total finance costs</b>	<b>(302)</b>	<b>(610)</b>

## Evolution (Shinfield) LLP

### Notes to the financial statements for the year ended 31 March 2023 (continued)

#### 6. Operating profit

The following items have been included in arriving at the operating profit:

	2023 £'000	2022 £'000
Developments recognised as cost of sales	11,592	19,304

#### Services provided by the LLP's auditors

During the year, the LLP obtained the following services from the LLP's auditors at costs as detailed below:

	2023 £'000	2022 £'000
Fees payable to the LLP's auditors for the audit of the financial statements	15	14

#### 7. Distribution to members

There were 2 members during the year (2022: 2).

Profits are allocated in line with the proportion of the limited liability partnership that each member owns. There was no profit distribution in the year (2022: £nil).

The requirement for distributions is agreed with the members. This enables the limited liability partnership to make distributions to the members.

#### 8. Developments

	2023 £'000	2022 £'000
Land	9,070	11,773
Work in progress	10,562	7,388
	19,632	19,161

#### 9. Trade and other receivables

	2023 £'000	2022 £'000
Amounts falling due within one year:		
Trade receivables	151	338
Other debtors	5	5
Amounts owed by joint venture partners	402	–
Recoverable value-added tax	79	114
	637	457

The LLP has no (2022: no) overdue trade receivables.

The LLP's maximum exposure to credit risk is the receivables and payables balances, but there is no significant concentration of credit risk.

Amounts owed to joint venture partners are unsecured, interest free and repayable on demand.

There were no contract assets or accrued income as at 31 March 2023 (2022: £nil).

## Evolution (Shinfield) LLP

### Notes to the financial statements for the year ended 31 March 2023 (continued)

#### 10. Cash and cash equivalents

	2023	2022
	£'000	£'000
Cash and cash equivalents	101	2,179

#### 11. Trade and other payables

	2023	2022
	£'000	£'000
Amounts owed in less than one year:		
Amounts owed to joint venture partners	312	–
Amounts owed to related parties	1,464	431
S106 and other creditors	5,836	2,090
Trade payables	1	51
Accrued liabilities and deferred income	613	784
	8,226	3,356

Amounts owed to joint venture partners bear interest at 3.5% (2022: 3.5%) above Bank of England base rate per annum. The loans are repayable when the LLP has surplus funds and must be fully repaid by the completion of the development. The loans are secured by the LLP's developments.

Amounts owed to related parties are unsecured, interest free and repayable on demand.

Accruals and deferred income include £579,914 (2022: £741,243) of contract liabilities. £161,329 of 2022 contract liabilities (2022: £175,186 of 2021 contract liabilities) have been recognised during the current year.

#### 12. Financial instruments

The business and the execution of the LLP's strategy are subject to a number of risks and uncertainties. The key business risks and uncertainties affecting the LLP are considered to relate to the strength and volatility of the UK housing market. This includes changes to the UK housing market and the economic cycle affecting consumer confidence and the availability of mortgage finance. The members monitor Government and Industry data on housing prices, sales volumes and construction commencement data thus enabling anticipation of market changes and facility to adjust build programmes, sales releases and purchaser incentives accordingly. Given the straightforward nature of the business, the members are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

##### Capital risk management

The LLP's objectives when managing capital are to safeguard the LLP's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

##### Financial risk factors

###### (a) Market risk

###### (i) Foreign exchange risk

All material activities of the LLP take place within the UK and consequently there is little direct exchange risk.

## Evolution (Shinfield) LLP

### Notes to the financial statements for the year ended 31 March 2023 (continued)

#### 12. Financial instruments (continued)

##### (ii) Price risk

The LLP is affected by the level of UK house prices. These are in turn affected by factors such as mortgage availability, employment levels, interest rates, consumer confidence.

##### (iii) Interest rate risk

The LLP's income and operating cash flows are substantially independent of changes in market interest rates. The LLP's interest rate risk arises from movement in cash and cash equivalents, amounts owed by joint venture partners and long-term borrowings. Borrowings issued at variable rates expose the LLP to cash flow interest rate risk.

##### (b) Credit risk

Credit risk arises from cash and cash equivalents, deposits, amounts by from joint venture partners and borrowings with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The LLP has a credit risk exposure to the providers of its banking facilities. These are primarily provided by HSBC Bank plc and management does not expect any material losses from non-performance of any counter parties, including in respect of receivables not yet due.

##### (c) Liquidity risk

In accordance with IFRS 9 'Financial instruments: recognition and measurement', the LLP has reviewed all contracts for embedded derivatives that are required to be separately accounted for if they do not meet certain requirements set out in the standard. No such embedded derivatives have been identified.

#### Fair value of financial instruments

The LLP's financial instruments comprise of cash and cash equivalents, trade and other receivables excluding prepayments, financial liabilities – borrowings, trade and other payables excluding deferred income, VAT and social security taxes. There is no difference between the book value and the fair value of the LLP's financial assets and financial liabilities.

#### 13. Trade and other payables

	2023 £'000	2022 £'000
Amounts owed in more than one year:		
Amounts owed to joint venture partners	–	8,398
	–	8,398

#### Changes in liabilities arising from financing activities:

	2023 £'000	2022 £'000
Balance at 1 April		
Current	–	–
Non-current	8,398	16,583
	8,398	16,583
Increase in joint venture loans	4,410	7,160
Decrease in joint venture loans	(7,540)	(15,955)
Interest on joint venture loans	302	610
Interest paid on joint venture loans	(5,258)	–
Balance at 31 March	312	8,398
Current	312	–
Non-current	–	8,398

## Evolution (Shinfield) LLP

### Notes to the financial statements for the year ended 31 March 2023 (continued)

#### 14. Members' capital

	£'000
Subscribed capital	
As at 1 April 2022	-
Capital subscribed	-
At 31 March 2023	-

#### 15. Related party transactions

At the end of the year, there was £713,675 (2022: £2,818,773 loans payable due to) loans receivable from Vistry Linden Limited £713,675 (2022: £1,052,549 loan payable) and Home Group Developments Limited, a sister company of North Housing Limited Enil (2022: £1,766,224 loans payable). Loan interest payable of £623,599 (2022: £5,579,601) was accrued at the year end, split equally between Vistry Linden Limited and Home Group Developments Limited.

During the year Vistry Linden Limited received fees for the management of the Joint Venture of £281,981 (2022: £260,474).

In addition to the above transactions, during the year, the total trading expenditure made by the LLP to subsidiaries of Vistry Group Plc amounted to £7,715,028 (2022: £11,858,483). The resulting liability amounted to £1,464,048 (2022: £430,655).

All related party balances with the exception of the loans are unsecured.

#### 16. Guarantees and contingent liabilities

Disputes arise in the normal course of business, some of which lead to litigation or arbitration procedures. The members make proper provision in the financial statements when they believe a liability exists. Whilst the outcome of disputes and arbitration is never certain, the members believe that the resolution of all existing actions will not have a material adverse effect on the LLP's financial position.

#### 17. Post balance sheet events

No matters have arisen since the year end that requires disclosure in the financial statements.

#### 18. Controlling party

Evolution (Shinfield) LLP is jointly owned by Vistry Linden Limited and North Housing Limited with both companies sharing equal control.