Registration number: 68989

Tilia Group Holdings Limited

Annual Report and Financial Statements

for the period ended 31 March 2023

Tilia Group Holdings Limited

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Tilia Group Holdings Limited

Group Information

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S I Bateman

A V B Gibbs

C T Severson

Group secretary

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Independent auditors

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Tilia Group Holdings Limited

Strategic Report for the period ended 31 March 2023

In this report the "Group" means Tilia Group Holdings Limited and its subsidiaries and the "Company" means Tilia Group Holdings Limited.

There are two trading businesses that form the Group, Tilia Homes Limited ("Tilia Homes") and Hopkins Homes Group Limited ("Hopkins Homes"). In May 2021, Tilia Bidco Limited, a directly owned subsidiary of the Company, acquired 100% of the issued share capital of the Kier Living 'Group' (renamed "Tilia Homes"), an established multi region residential housebuilder. In January 2022, Tilia BidCo Limited acquired Hopkins Homes Group Limited, the largest privately-owned housebuilder in East Anglia which is the second main trading business within the Group.

The directors present their strategic report for the period ended 31 March 2023. The Group and Company's accounting year end has been changed to March therefore the current accounting period was shortened to 31 March 2023 (nine months). The prior year comparative is year ended 30 June 2022 (twelve months).

Principal activities
The Group is principally engaged in the building and sale of residential properties in the United Kingdom.

Business model and strategy
Our business is based solely on the building and sale of residential properties, currently in England, excluding London and the South East. Tilia Homes currently operate four regional businesses in Northern, Central, Eastern and the West of England. Tilia Homes also operates through several joint ventures, with partners including Cross Keys Homes and Homes England. The Cross Keys joint venture has been the subject of a non-adjusting post balance sheet event, see note 30 for further information. Hopkins Homes operates in East Anglia.

<u>Business Review</u>

Tilia Homes

Following the acquisition of the business on 28 May 2021 by Terra Firma, a leading Private Equity investment firm, the business undertook a root and branch transformation of its operations. This included, but was not limited to, a significant change in key personnel, an overhaul of operational practices, implementation of new systems, and injections of capital to pursue new land acquisitions. This is a multi-year transformation, aimed at creating a scaled business delivering quality new homes to our customers, and that process of change has continued in the nine-month period.

Tilia Homes' ambition is to forge a reputation for delivering high quality, well-designed and affordable mid-market homes for families and first-time buyers. Tilia will target increasing the scale of its landbank, focusing on growth and on creating new neighbourhoods that communities can be proud of for many years to come.

Tilia's longer-term strategic vision continues to be determined by focusing on a number of key principles. These include:

- Always safety first – we are proud of our continued strong health and safety statistics but remain fully aware that this has to be a daily priority everywhere we operate. We communicate regularly to staff and contractors on this topic and continue to invest in Health and Safety training. We will not accept complacency in this area and it will always remain our first priority.
- Being a housebuilder of first choice for our customers and our suppliers – a focus on quality is critical and we intend to become an HBF five star rated housebuilder. We aim to build homes of the highest standard and have introduced new house types aimed at ensuring consistency and quality, whilst also respecting and protecting the unique character of the local area.

- Being an employer of first choice – we firmly believe in the importance and power of committed, motivated, high-quality staff. With the growth targeted over the long-term, and an focus on training and development for staff, we believe we can provide the challenge and opportunity for our staff, making us an employer of first choice.
- Delivering a step-change in sustainability – we recognise the importance of environmental and social responsibility, and of being the most sustainable business possible. The on-going development of our new house-types is firmly focused on improving our environmental footprint. We are developing a considerably wider-ranging ESG strategy, with the full support and encouragement of Terra Firma, and are determined to lead the way in this field.

The continued degree of change within the business, with a focus on improving standards and quality, combined with a reduction in consumer confidence and a corresponding slowdown in market demand, has resulted in a relatively low-level of completed units in the nine-month period ended 31 March 2023, driving a loss before tax of £30.6m (2022: £16.0m loss). Adjusting for intra-group items of finance costs, provision for impairment of intercompany and advisory fees, Tilia Homes contributed a reduced loss before tax of £14.2m towards the Group result. This loss included taking one-off provisions of £4.5m in relation to the costs associated with fire remediation liabilities, and with getting legacy sites fully adopted by local authorities and removing future responsibility and liability for maintenance.

During the year the board has further developed and continues to implement plans to operationally strengthen the business. The primary focus has been in the construction and commercial operations of the business, with a significant change in personnel, who aspire to improve the quality and efficiency of our build process, whilst building stronger relationships with our materials and sub-contractor suppliers. Not only will this drive timely delivery of a better quality product but will also ensure we are managing costs tightly and delivering targeted margins. This is a continuation of the multi-year transformation initiated in the prior year.

In the previous year management implemented a new ERP system: COINS. COINS is the ERP system of choice for most housebuilders of any size and allows full and joined up granularity of build programmes, costs to complete, and land appraisals. The four core modules have now been successfully implemented, namely Finance, Commercial, Sales and Construction. With the core modules now operational, new processes and ways of working are now in place and being embedded within the business. This will materially improve the efficiency and effectiveness of the business, driving up build rates and down build cost. In addition, Tilia will implement the Land Appraisal COINS module. The company is also in the process of implementing a new CRM system which will significantly improve our ability to manage the end-to-end customer path, improving the experience for customers and enabling an increase in conversion.

Investment in land will help drive the business forward and the land teams have a clear strategy in place to ensure we secure the right opportunities, at the right price, and commence new development in the right way, with the backing of our owners. Due to the weakness in the consumer marketplace in the past nine months, Tilia has purposefully slowed down its land acquisition activity, to ensure we are comfortable with land values and future returns. With more recent stability the business is now more actively back in the land market and looking to invest. In the nine-month period ended 31 March 2023 Tilia Homes Limited completed the purchase of 2 new sites (2022: 4), spending £24.1m (2022: £35.3m) which has been funded by the Company's immediate parent.

Health and safety remains the number one priority at Tilia and we achieved an AIR (Accident Incident Rate) of 71 at March 2023 (191 as at June 2022), significantly below the HSE and HBF annualised benchmarks of 239 and 326 respectively.

The poor income statement performance this year is partly a function of the market downturn, an impact we consider to be relatively short-term in duration. However much of the performance is a result of the transformational change that the business has undergone, and this change will prepare the business for future growth and success. Much time, and effort has been spent on dealing with legacy issues, and the provisions taken at year end are a function of that. Equally, significant focus has been put on rightsizing the business and improving the calibre and capability of staff. Such a process is time consuming and disruptive, but the focus is now on improving the business, and making the most of the new systems and processes that have been implemented.

Whilst further change is inevitable. Tilia is a significantly healthier and more capable business than at the point of acquisition.

Tilia continues to make strategic changes to the business with the aim of creating further opportunity for future growth. In April 2023. Tilia concluded the acquisition of the remaining 10% stake in our Tilia Cross Keys Dev LLP ('TCK') joint venture owned by our partner Cross Keys, giving Tilia 100% ownership and full control of that entity. Not only does this give the business full entitlement to all future cash flows and profits, but the entity also has a significant £80.0m debt facility, opening the opportunity to combine debt financing alongside equity financing as we drive growth across the business. This occurred after the reported period and is a non-adjusting post-balance sheet event.

Hopkins Homes

During the period demand was impacted by increasing interest rates and economic instability. Thanks to the resilience and hard work of everyone across the business, Hopkins Homes continued to maintain strong margins achieving a profit before tax for the nine months of £15.9m (2022: £40.9m). Adjusting for intra-group items of advisory fees, Hopkins contributed £17.4m of profit before tax towards to the Group result.

Hopkins Homes continue to focus hard on delivering a quality product to our customers. Operationally, the focus has been on core disciplines enhancing business processes.

Future investment in land will help drive the business forward and the land teams have a clear strategy in place to ensure we secure the right opportunities, at the right price, and commence development in the right way.

Hopkins Homes achieved five-star rating in the Home Builders Federation National new home customer satisfaction survey year 2022/23.

Housing market

In the nine-month period ended 31 March 2023 the UK housing market experienced an uncertain period of performance. The market started the period with a slower level of completions than in the past year, but still in line with longer-term norms. However, following higher levels of political and economic uncertainty, rising interest rates and lower mortgage availability, from late-October through to mid-January the market slowed considerably to approximately half its long-term rate of sale. Since February 2023 we have seen the market return to more normal levels albeit not to the height seen in 2021/22. Consequently, the Group has seen its own sales completion performance drop at a similar level to that seen in the wider market.

Sentiment does now seem to be improving with predictions of lowering levels of inflation, stabilising interest rates, and improvements in mortgage affordability and availability. The board will ensure close management of the activities of the business and will ensure robust financial controls are in place.

Environmental impact and carbon use disclosures

The Group identifies sustainability as a fundamental aspect to ensure the long-term success of the Group. Being a sustainable business is more important than ever and we continue in the work towards changing mindsets to embrace sustainability so that it becomes embedded within every part of the business. Our new standard house type range is being designed to further reduce our carbon footprint and achieve the energy efficiency standards. We have instructed external consultants, Energist UK, to assist us with this. We are currently working with our ESG partners to establish policies to further demonstrate our commitment.

We continue to source timber products delivered with a full chain custody from a credible, independent certification scheme, approved by the UK Government and we record our waste movements via Smartwaste and are currently reporting over 90% diversion rates from landfill.

In accordance with the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013, we report on our greenhouse gas emissions as part of this Strategic Report.

Our methodology has been based on the principals of the Greenhouse Gas Protocol, taking account of the 2015 amendment which sets out a 'dual reporting' methodology for the reporting of Scope 2 emissions. Electricity and Gas data came directly from the supplier for Tilia and Hopkins. No exclusions were made as part of this reporting.

Greenhouse gas emissions and intensity ratio

Emission Type	kWh			CO_2e tonnes (Location Based)		
	Current Year (2022-23) (9 months)	Previous Year (2021-22) (12 months)	Var. %	Current Year (2022-23) (9 months)	Previous Year (2021-22) (12 months)	Var. %
Scope 1: Combustion	11,478,854	7,363,245	55.9%	2,744.13	1,720.86	59.5%
Total Scope 1	11,478,854	7,363,245	55.9%	2,744.13	1,720.86	59.5%
Scope 2: Purchased Energy	450,523	1,177,705	-61.7%	87.13	250.06	-65.2%
Total Scope 2	450,523	1,177,705	-61.7%	87.13	250.06	-65.2%
Scope 3: Indirect Energy use	1,019,823	3,036,847	-66.4%	253.30	721.58	-64.9%
Total Scope 3	1,019,823	3,036,847	-66.4%	253.30	721.58	-64.9%
Total	**12,949,199**	**11,577,797**	**11.8%**	**3,084.56**	**2,692.50**	**14.6%**

	Current Year	Prior Year	Var. %
Number of employees	609	640	-4.8%
Intensity Ratio (tCO2/no of employees)	5.1	4.2	+21.4%
Turnover (£000s)	194,758	181,429	+164.9%
Intensity Ratio (tCO2e/£100,000)	0.0158	0.0148	+6.8%

Emission Type	CO_2e tonnes (Dual Reporting Methodology)		
	Location Based	Market Based (Supplier Specific)	Var. %
Scope 1: Combustion	2,744.13	2,744.13	0.0%
Total Scope 1	2,744.13	2,744.13	0.0%
Scope 2: Purchased Energy	87.13	12.95	-85.1%
Total Scope 2	87.13	12.95	-85.1%
Scope 3: Indirect Energy use	253.30	253.30	0.0%
Total Scope 3	253.30	253.30	0.0%
Total	**3,084.56**	**3,010.38**	**-2.4%**

People

We want the Group to continue to be a great place to work with a flexible, stimulating and supportive environment where people feel recognised and appreciated. We help our people achieve their personal and professional goals and encourage the next generation of talent through internal career progression. The health and wellbeing of our people is extremely important to us and there are initiatives in place to support this.

Principal risks and uncertainties

The performance of the business is subject to several risks and the management of these is a key operating component of the Group. The long-term success of the business is impacted by the risk management approach adopted by the Group. The Group has identified, evaluated, and put in place strategies to mitigate the principal risks and uncertainties faced by the business, and these are formally reviewed by the Board.

The principal operating risks of the Group include, but are not limited to, the following areas:

Key risk	Nature of risk	Mitigation
Economic environment - Downturn in housing market	Major price or sales volume reductions due to macro market forces. List prices become uncompetitive	Structural market under-supply lowers long term risk. In short term conservative management, a focus on cash flow, and a strengthened balance sheet will help mitigate. A managed approach to building plots to control WIP spend and therefore control cash outflows is key. The Group monitors available market pricing data to ensure it remains competitive.
Increase in construction costs or reductions in availability	Materials and labour shortages, inflation in cost prices, and understated cost forecasts. Increases in costs due to extended build periods	Initiatives across the Group to mitigate include: Standard house types, increased central procurement, strengthening of the Commercial functions, and continued enhancement of the Tilia Homes COINS ERP system. Regular CVR meetings to review costs to complete are integral to controlling spend and maximising profitability. Sales prices increases can also mitigate cost inflation.
Land acquisition	Inability to identify land opportunities or to procure at satisfactory margins	Initiatives underway to reduce operating costs to improve land affordability. These include increased plotting densities, introduction of standard house types, and Group buying initiatives
Failure to maintain a safe working environment	Impact of a major incident on staff, contractors, and reputation	Independent team in place to ensure appropriate non-negotiable health and safety policies are in place and to ensure adherence to them. Training and management disciplines strongly enforced
Personnel retention	Staff turnover and inability to recruit quality personnel	Remuneration packages are continually reviewed to ensure the Group remain competitive in the marketplace. Training and Development opportunities clearly communicated
Customer satisfaction	Poor customer satisfaction impacting reputation and ability to sell	Customer journey simplified, improved build quality reviews being introduced. New Construction Directors driving quality focus. New CRM system being implemented

Key risk	Nature of risk	Mitigation
Cyber attack and associated fraud	Risk of damage to data, systems, and reputation as a result of cyber-attacks or fraudulent activities	IT environment, with focus on security and fraud prevention first. Strong focus on segregation of duties. Training in place for staff. Additional security layers such as two factor authentication introduced. Whistleblowing process in place
Government / regulatory change	Risk of additional costs and complexity arising from changes in legislation and regulation	Close relationship built with HBF and Homes England to understand potential changes and to enable the Group to escalate and influence
Business continuity	Disruptive event impacts ability to operate, build and sell	The Group have a playbook in place which allowed each business to operate following Covid-19 when we were able to continue to build despite broader national restrictions. This will continue to be reviewed by management
Claims arising in relation to historic pre-acquisition completed projects	Potential financial impact if company is deemed liable and is required to rectify	Detailed review of old projects underway to identify potential risk. Provisions taken based on likelihood and estimable value of liability
JV under-delivery	Under-performance in JVs risking default against banking covenants	Performance and forecasts, including projected covenant results are reviewed monthly, with action plans where possible. Relationships with lenders are open and supportive. Opportunity to waive or amend facilities if necessary has historically been available
Major supplier or sub-contractor failure, including impact of global conflicts (e.g. Ukraine)	Risk of rising costs and impacts on supply chain and lead times for goods	Ensure sufficient diversifications of supply chain and continued frequent dialogue with key suppliers
Failure of policies, procedures or controls	Failure to follow legal, accounting, tax and statutory requirements could have financial, operational and reputational impacts	The Group has implemented a robust control environment with clearly articulated policies and procedures. Focus on clear accountabilities, segregation of duties and robust control reviews give reassurance. We use external advisors where required (e.g. Tax)

Financial Review* * 2023 = 9 months; 2022 = 12 months

Results

Group revenue for the nine-month period was £194.8m (2022: £181.4m) in comparison to the prior year which had twelve months of Tilia Homes trading but included only five months of Hopkins Homes post-acquisition trading. The Group made EBITDA before exceptional items of £8.2m (2022: £8.7m).

In the period the Group achieved 1,203 (2022: 1,453) legal completions. The Group operates though a number of joint ventures and of these total units, 519 (2022: 739) were delivered through the joint ventures.

Legal completions	Period ended 31 March 2023 No.	Year ended 30 June 2022 No.
Group companies	684	714
Joint ventures	519	739
Total	1,203	1,453

Other KPIs	Period ended 31 March 2023 £ 000	Year ended 30 June 2022 £ 000
Revenue	194,758	181,429
Operating profit **	5,607	7,052
EBITDA **	8,225	8,685
Loss before tax **	(24,730)	(14,032)

** Presented before exceptional items.

Balance sheet at 31 March 2023

The Group had net assets of £20.0m (2022: £49.5m) and a cash balance of £42.7m (2022: £32.1m) at the year end.

The Group's inventory was £428.8m (2022: £367.0m). The Group also holds an investment of £106.9m (2022: £112.5m) in joint ventures.

At 31 March 2023, the Group had net debt of £476.7m (2022: £430.8m). Loan funding is provided to the Group via a £453.4m (2022: £424.9m) loan from a related party Foster Investments Limited. The loan is repayable on demand, however the Group and Company have received written confirmation from Foster Investments Limited that the loan will not be recalled for at least 12 months from the date of approval of the financial statements. The interest rate is 8%. The Group also holds an external Revolving Credit Facility (RCF) with a total limit of £120.0m, with £66.0m drawn at 31 March 2023 (2022: £38.0m), which expires in February 2028 with interest rate of SONIA plus 2.5-3.0%.

Approved by the Board on 28 September 2023 and signed on its behalf by:

Alexander Gibbs

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A V B Gibbs
Director

Tilia Group Holdings Limited

Directors' Report for the period ended 31 March 2023

The directors present their report and the audited financial statements for the nine-month period ended 31 March 2023. The Company was incorporated in Guernsey on 23 March 2021.

Principal activities

The Company is a holding company for a house building group.

Results and dividends

The results for the nine-month period ended 31 March 2023 are set out in the consolidated income statement, with the results discussed in the preceding Strategic Report.

No dividends were paid in the period.

Directors of the Company

The directors who held office during the year and up to the date of signing these financial statements were as follows:

S I Bateman (appointed 13 December 2022)
A V B Gibbs (appointed 13 December 2022)
A W Richardson (resigned 31 May 2023)
C T Severson (appointed 15 June 2023)
J H Thompson (resigned 13 December 2022)

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law).

Under company law, 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 group and company and of the profit or loss of the group for that year. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the EU have been followed for the group financial statements and United Kingdom Accounting Standards, comprising FRS 101 have been followed for the company financial statements, 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 group and company will continue in business.

The directors are responsible for safeguarding the assets of the group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for keeping adequate accounting records that are sufficient to show and explain the group's and company's transactions and disclose with reasonable accuracy at any time the financial position of the group and company and enable them to ensure that the financial statements comply with the applicable Guernsey law.

Employment of disabled persons
The companies in the Group are equal opportunities employers and consider applications for employment from disabled persons. Facilities, equipment and training are provided to assist disabled employees and, should an employee become disabled during their employment, efforts would be made to retain them in their current role or to explore opportunities for re-deployment in the Group.

Future developments
The Group continues to identify and invest in suitable land for future developments. Concurrently, we continue to work with local housing associations to tender for suitable projects. The business is conscious of the evolving and ongoing situation in Ukraine but as yet is not experiencing any direct impact.

Directors' liabilities

The articles of association of the Company entitle the directors of the Company, to the extent permitted by the applicable Guernsey law and other applicable legislation, to be indemnified out of the assets of the Company in the event that they suffer any expenses in connection with certain proceedings relating to the execution of their duties as directors of the Company.

In addition, insurance is maintained for the directors and officers of companies within the Group to cover certain losses or liabilities to which they may be exposed due to their office.

Reappointment of auditors
Under section 257 of the Companies (Guernsey) Law 2008, PricewaterhouseCoopers LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

Dividends
There was no dividend declared for the period.

Going concern
The directors adopt the going concern basis in preparing the Group's financial statements.

The Group had net assets and cash as at 31 March 2023 of £20.0m and £42.7m respectively. Funding to the Group is provided in the form of a loan from a related party, Foster Investments Limited. The principal amount of loan outstanding at 31 March 2023 was £453.4m. The loan is repayable on demand, however the Group and Company have received written confirmation from Foster Investments Limited that the loan will not be recalled for at least 12 months from the date of approval of the financial statements. The interest rate on the loan is 8%. The Group also holds an external RCF with a total limit of £120.0m, with £66.0m drawn at 31 March 2023, which expires in February 2028 with interest rate of SONIA plus 2.5-3.0%.

The Board has reviewed the business's cash flow forecasts for the period to 30 September 2024, based on certain key assumptions which include the price and volume of completed house sales over that period and changes in supplier purchases. The models have a base scenario and a prudent downside scenario. The Board has considered the Group's going concern by reviewing the cash flow forecasts of both Tilia and Hopkins, being the two main trading businesses of the Group, which are modelled separately. Under both, the Group still maintains adequate liquidity without the need for additional funding. As a result the Directors are satisfied that the Group and Company will be able to continue to be able to pay its liabilities as they fall due for a period of at least 12 months from the date of signing these financial statements and therefore the Board has prepared the accounts on a going concern basis.

Disclosure of information to the auditors

Under applicable Guernsey law, each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 28 September 2023 and signed on its behalf by:

Alexander Gibbs

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A V B Gibbs
Director

Independent auditors' report to the members of Tilia Group Holdings Limited

Report on the audit of the financial statements

Opinion

In our opinion:

- Tilia Group Holdings Limited's group financial statements and company financial statements (the "financial statements") give a true and fair view of the state of the group's and of the company's affairs as at 31 March 2023 and of the group's and company's loss and the group's cash flows for the period from 1 July 2022 to 31 March 2023;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) adopted in the European Union;
- the company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- the financial statements have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements, included within the Annual Report and Financial Statements, which comprise: the Consolidated Statement of Financial Position and Company Statement of Financial Position as at 31 March 2023; the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement and Company Statement of Changes in Equity for the period 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 group 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 group's and 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.

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.

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

Our responsibilities and the responsibilities of the directors 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 directors 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 directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities, the directors 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 directors 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 directors are responsible for assessing the group's and 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 group or the company 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.

Independent auditors' report to the members of Tilia Group Holdings Limited (continued)

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to to Health and Safety legislation and building regulations, 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 Companies (Guernsey) Law, 2008 and UK 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 increase revenue or reduce expenditure and management bias in 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;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Review of the financial statement disclosure and underlying support documentation;
- Challenging assumptions and judgments made by management in their accounting estimates, in particular in relation to the recoverability of work in progress and margin recognition;
- Identifying and testing journal entries.

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. 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 company's members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 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 (Guernsey) Law, 2008 exception reporting

Under the Companies (Guernsey) Law, 2008 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
- proper accounting records have not been kept by the company, or
- the company financial statements are not in agreement with the accounting records and returns.

Independent auditors' report to the members of Tilia Group Holdings Limited (continued)

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 September 2023

Tilia Group Holdings Limited

Consolidated Income Statement for the period ended 31 March 2023

	Note	9 month period ended 31 March 2023			Year ended 30 June 2022		
		Before exceptional items £000	Exceptional items (note 6) £000	Total £000	Before exceptional items £000	Exceptional items (note 6) £000	Total £000
Revenue	4	194,758	-	194,758	181,429	-	181,429
Cost of sales		(169,292)	(5,539)	(174,831)	(160,173)	-	(160,173)
Gross profit		**25,466**	**(5,539)**	**19,927**	**21,256**	**-**	**21,256**
Administrative expenses		(27,421)	-	(27,421)	(27,049)	(3,003)	(30,052)
Share of post-tax profit of joint ventures	16	7,562	-	7,562	12,845	-	12,845
Operating profit	5	**5,607**	**(5,539)**	**68**	**7,052**	**(3,003)**	**4,049**
Profit before interest and tax		**5,607**	**(5,539)**	**68**	**7,052**	**(3,003)**	**4,049**
Finance income	7	20	-	20	23	-	23
Finance costs	7	(30,357)	-	(30,357)	(21,107)	-	(21,107)
Net finance cost		**(30,337)**	**-**	**(30,337)**	**(21,084)**	**-**	**(21,084)**
Loss before tax		**(24,730)**	**(5,539)**	**(30,269)**	**(14,032)**	**(3,003)**	**(17,035)**
Income tax credit	11	825	-	825	222	571	793
Loss for the financial period/year		**(23,905)**	**(5,539)**	**(29,444)**	**(13,810)**	**(2,432)**	**(16,242)**

The above results were derived from continuing operations.

The accompanying notes form an integral part of the financial statements. 2023 is the nine-month period ended 31 March 2023 and 2022 is the comparative twelve-month year ended 30 June 2022.

Tilia Group Holdings Limited

Consolidated Statement of Comprehensive Income for the period ended 31 March 2023

	9 month period ended 31 March 2023 £ 000	Year ended 30 June 2022 £ 000
Loss for the period/year	(29,444)	(16,242)
Total comprehensive expense for the period/year	(29,444)	(16,242)

The accompanying notes form an integral part of the financial statements. 2023 is the nine-month period ended 31 March 2023 and 2022 is the comparative twelve-month year ended 30 June 2022.

Tilia Group Holdings Limited
(Registration number: (68989)

Consolidated Statement of Financial Position as at 31 March 2023

	Note	Group 31 March 2023 £ 000	Group 30 June 2022 £ 000
Non-current assets			
Intangible assets	12	131,274	132,892
Property, plant and equipment	13	3,698	3,652
Right of use assets	14	1,598	2,092
Investment in joint ventures	16	106,909	112,492
Deferred tax assets	11	3,645	2,762
Trade and other receivables	18	4,674	4,129
		251,798	**258,019**
Current assets			
Inventories	17	428,830	366,987
Trade and other receivables	18	39,824	41,720
Current tax asset		1,678	-
Cash and cash equivalents	19	42,706	32,097
		513,038	**440,804**
Total assets		**764,836**	**698,823**
Current liabilities			
Trade and other payables	20	(107,216)	(102,768)
Lease liabilities	22	(699)	(942)
Loans and borrowings	21	(566,716)	(483,338)
Provisions	23	(23,553)	(14,673)
Current tax liability	11	-	(1,234)
		(698,184)	**(602,955)**
Non-current liabilities			
Trade and other payables	20	(38,376)	(39,532)
Lease liabilities	22	(994)	(1,260)
Provisions	23	(7,242)	(5,592)
		(46,612)	**(46,384)**
Total liabilities		**(744,796)**	**(649,339)**
Net assets		**20,040**	**49,484**
Equity			
Called up share capital	25	30,248	30,248
(Accumulated losses)/Retained earnings		(10,208)	19,236
Total equity		**20,040**	**49,484**

Tilia Group Holdings Limited

(Registration number: (68989))
Consolidated Statement of Financial Position as at 31 March 2023 (continued)

The financial statements on pages 18 to 53 were approved by the Board on 28 September 2023 and signed on its behalf by:

Alexander Gibbs

....
A V B Gibbs
Director

The accompanying notes form an integral part of the financial statements. 2023 is the nine-month period ended 31 March 2023 and 2022 is the comparative twelve-month year ended 30 June 2022.

Tilia Group Holdings Limited

Consolidated Statement of Changes in Equity for the period ended 31 March 2023

	Share capital £ 000	Retained earnings/ (Accumulated losses) £ 000	Total £ 000
As at 1 July 2021	**30,248**	**35,478**	**65,726**
Loss for the year and total comprehensive expense	-	(16,242)	(16,242)
At 30 June 2022	**30,248**	**19,236**	**49,484**

	Share capital £ 000	Retained earnings/ (Accumulated losses) £ 000	Total £ 000
As at 1 July 2022	**30,248**	**19,236**	**49,484**
Loss for the period and total comprehensive expense	-	(29,444)	(29,444)
At 31 March 2023	**30,248**	**(10,208)**	**20,040**

The accompanying notes form an integral part of the financial statements. 2023 is the nine-month period ended 31 March 2023 and 2022 is the comparative twelve-month year ended 30 June 2022.

Tilia Group Holdings Limited

Consolidated Cash Flow Statement for the period ended 31 March 2023

	Note	9 month period ended 31 March 2023	Year ended 30 June 2022
Cash flows from operating activities		**£ 000**	**£ 000**
Loss for the year		(29,444)	(16,242)
Adjustments for:			
Depreciation	13, 14	1,000	885
Amortisation	12	1,618	748
Interest expense	7	29,586	20,630
Taxation	11	(825)	(793)
Share of profit of equity accounted joint ventures	16	(7,562)	(12,845)
Profit on disposal of right of use assets		-	(19)
Increase in provisions	23	18,734	8,503
Operating cash flow before changes in working capital		**13,107**	**867**
Decrease/(increase) in trade and other receivables	18	1,350	(10,988)
Increase in inventories	17	(61,843)	(29,430)
Decrease in trade and other payables	20	(2,556)	(45,663)
Cash flow from operating activities		**(49,942)**	**(85,214)**
Tax paid	11	(2,970)	(4,150)
Net cash flow from operating activities		**(52,912)**	**(89,364)**
Cash flows from investing activities			
Acquisition of intangible assets	12	-	(1,357)
Acquisition of tangible assets	13	(288)	(430)
Proceeds from sale of tangible fixed assets	13	8	-
Dividends from equity accounted joint ventures	16	6,720	6,052
Loan repayments from equity accounted joint ventures	16	3,025	685
Acquisition of subsidiary undertaking, net of cash acquired		-	(239,992)
Net cash flows from investing activities		**9,465**	**(235,042)**
Cash flows from financing activities			
Principal element of leasing payments	14	(272)	(1,946)
Interest paid		(2,256)	-
Proceeds from loans	21	56,584	314,861
Net cash flow from financing activities		**54,056**	**312,915**
Net increase/(decrease) in cash and cash equivalents		**10,609**	**(11,491)**
Cash and cash equivalents at beginning of period/ year		32,097	43,588
Cash and cash equivalents at 31 March 2023 / 30 June 2022	19	**42,706**	**32,097**

The accompanying notes form an integral part of the financial statements. 2023 is the nine-month period ended 31 March 2023 and 2022 is the comparative twelve-month year ended 30 June 2022.

Tilia Group Holdings Limited

Notes to the Financial Statements for the period ended 31 March 2023

1 General information

Tilia Group Holdings Limited ('the Company') and its subsidiaries (together 'the Group') are engaged in the building of residential properties.

The Company is a private limited company which is incorporated in Guernsey and domiciled in the UK. The address of the registered office is:

Ground Floor
Cambridge House
Le Truchot
St Peter Port
Guernsey
GY1 1WD

The registered number is 68989.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

The consolidated financial statements of Tilia Group Holdings Limited have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRS Interpretations Committee (IFRIC) interpretations as adopted by the European Union (EU). The consolidated financial statements have been prepared under the historical cost convention.

The preparation of consolidated financial statement in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statement are disclosed in note 3.

Going concern

The directors adopt the going concern basis in preparing the Group's financial statements.

The Group had net assets and cash as at 31 March 2023 of £20.0m and £42.7m respectively. Funding to the Group is provided in the form of a loan from a related party, Foster Investments Limited. The principal amount of loan outstanding at 31 March 2023 was £453.4m. The loan is repayable on demand, however the Group and Company have received written confirmation from Foster Investments Limited that the loan will not be recalled for at least 12 months from the date of approval of the financial statements. The interest rate on the loan is 8%. The Group also holds an external RCF with a total limit of £120.0m, with £66.0m drawn at 31 March 2023, which expires in February 2028 with interest rate of SONIA plus 2.5-3.0%.

The Board has reviewed the business's cash flow forecasts for the period to 30 September 2024, based on certain key assumptions which include the price and volume of completed house sales over that period and changes in supplier purchases. The models have a base scenario and a prudent downside scenario. The Board has considered the Group's going concern by reviewing the cash flow forecasts of both Tilia and Hopkins, being the two main trading businesses of the Group, which are modelled separately. Under both, the Group still maintains adequate liquidity without the need for additional funding. As a result the Directors are satisfied that the Group and Company will be able to continue to be able to pay its liabilities as they fall due for a period of at least 12 months from the date of signing these financial statements and therefore the Board has prepared the accounts on a going concern basis.

2 Accounting policies (continued)

Changes in accounting policy

There are no amendments to accounting standards, or IFRIC interpretations that are effective for the period ended 31 March 2023 that have a material impact on the company's financial statements.

Tilia Homes, within the Group, has adopted a change to its site margin recognition policy during the period. In order to determine the profit that the Group is able to recognise on its developments in a specific year, the Group has to allocate site-wide development costs between units built in the current period and in future years. Tilia Homes has aligned its margin recognition to Hopkins Homes. Under the new policy when there is a change in the end-of-life margin percentage, Tilia Homes will make the adjustment to cost of sales in the current period going back to the start of the current financial year, whereas previously the change to cost of sales would have gone back to the start of the project.

Business Combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Transaction costs related to the acquisition are expensed in profit or loss.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit and loss.

On a transaction-by-transaction basis, the Group elects to measure non-controlling interests, which have both present ownership interests and are entitled to a proportionate share of net assets of the acquiree in the event of liquidation, either at its fair value or at its proportionate interest in the recognised amount of the identifiable net assets of the acquiree at the acquisition date. All other non-controlling interests are measured at their fair value at the acquisition date.

Consolidation

b) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and can affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

2 Accounting policies (continued)

b) Joint arrangements

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

Functional and presentational currency

Items included in the financial statements of the Group are measured using the currency of the primary economic environment in which the Group operates ('the functional currency'). The financial statements are presented in 'Pounds Sterling' (£) which is also the Group's functional currency.

Current and deferred income tax

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Group operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Group. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 Accounting policies (continued)

Property, plant and equipment and depreciation
Land is not depreciated. Property, plant and equipment is stated in the statement of financial position at historical cost, less any accumulated depreciation. The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation. Subsequent costs, such as refurbishment costs, are included in the asset's carrying value or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial year in which they are incurred.

Depreciation is charged to write off the cost of assets in equal annual instalments over the year of their estimated economic lives, which are principally as follows:

Leasehold buildings and improvements	Year of lease
Freehold property	50 years
Plant and equipment (including vehicles)	3-12 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within 'Administrative expenses' in the income statement where appropriate.

Investment in subsidiaries
Investment in subsidiaries are held at cost less accumulated impairment losses.

Investments in joint ventures
Investments in joint ventures are accounted for at the cost of the initial capital contribution and profits recognised via equity accounting shown in the financial statement under share of joint ventures profits. Joint ventures are fundamental to the Group's operations and therefore the share of post-tax results of joint ventures is presented within operating profit.

If land is sold to a joint venture, only the proportion not owned by Group is recognised as revenue and hence profit in the period, with the proportion owned by the Group being eliminated as unrealised within the group. The profit is then realised in future periods as completed inventory is sold to a third party.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Trade and other receivables
Trade receivables are amounts due from customers for stock sold or services performed in the ordinary course of business.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The Group applies the IFRS 9 expected credit and losses method to estimate the provision for impairment for trade receivables at year end.

2 Accounting policies (continued)

Inventories

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell; the impairment loss is recognised immediately in profit or loss.

Contract work in progress is stated at costs incurred, less those transferred to the income statement, after deducting foreseeable losses and payments on account not yet matched with turnover.

Speculative housing land, stock plots and work in progress, which includes attributable overheads, is stated at the lower of cost or net realisable value.

Part exchange stock is stated at the lower of cost or net realisable value.

Provisions

Provisions are recognised when the Group has a present or legal constructive obligation as a result of a past event, and where it is probable that an outflow will be required to settle the obligation and the amount can be reliably estimated. Provisions held by the Group are currently limited to onerous contracts, closed sites and maintenance.

Onerous fixed build contracts provision on a small number of developments, to account for the latest estimate of costs to complete.

Closed sites provision consists of costs to complete on closed sites.

Maintenance provision covers after care on completed homes. Which includes costs to rectify fire safety defects identified on a limited number of historic buildings.

Contingent liabilities

In accordance with IAS 37, the Group monitors, as contingent liabilities, those possible obligations arising from past events, whose existence will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within its control; and those present obligations arising from past events not recognised because it is either not probable that an outflow of resources will be required to settle the obligation or the amount cannot be measured with sufficient reliability.

Employee benefits

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the years during which services are rendered by employees.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the year of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

2 Accounting policies (continued)

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividends

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the year in which the dividends are approved by the Group's shareholder.

Revenue and profit recognition

Recognition

There are three streams all of which are a result of the Group's principle activity as a regional housebuilder.

Private sales

Revenue is recognised at the fair value of the consideration received or receivable on legal completion, being the point that control is deemed to pass to the customer.

Profit is recognised on the sale by reference to the estimated cost based on an allocation from the expected overall cost out-turn for the development site. The principal estimation technique used by the Company in attributing profit on sites to a particular period is the preparation of forecasts of costs to complete on a site-by-site basis. Consistent review procedures are in place in respect of site forecasting.

Affordable housing

The Company constructs and sells residential properties and undertakes associated development activities under long-term contracts with customers. Such contracts are entered into before construction of residential properties or associated development activities begin. Under the terms of the contracts, the Company has an enforceable right to payment for work done. Revenue from construction of residential properties and associated development activities is therefore recognised over time based on a certified monthly valuation of work performed or the assessed physical stage of completion at the balance sheet date.

The Company reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceeds progress billings; a contract represents a liability where the opposite is the case.

Part exchange

In certain situations, a property may be accepted in part consideration for a sale of a residential property. The fair value is established by independent surveyors and we take into consideration costs to sell the part exchange property in the future. Gross proceeds generated from the subsequent sale of part exchange properties are recorded as a revenue event with a corresponding cost of sale. The original sale is recorded with the fair value of the exchanged property replacing cash receipts.

Cash incentives

The transaction price may include cash incentives. These act as a discount from the purchase price offered to the customer and accounted for as a reduction to revenue.

Land sale revenue

Although rare, if land purchased in the Group is subsequently transferred to a Group entity such as a joint venture, then the land transfer is recorded as revenue in the Group at the point unconditional transfer occurs. Land is transferred at market value and will have been agreed by both entities.

2 Accounting policies (continued)

Interest income

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

Forward land

Expenditure relating to forward land is initially recognised on the balance sheet within inventories. These amounts are reviewed regularly and written off to the income statement when it is not probable that related options will be exercised.

Intangible assets

Goodwill arising on the acquisition of an entity represents the excess of the cost of acquisition over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities of the entity recognised at the date of acquisition. Goodwill is initially recognised as an asset at cost and is subsequently measured at cost less any accumulated impairment losses.

Goodwill is not subject to amortisation but is tested for impairment.

Costs associated with maintaining computer software programmes are recognised as expenses as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

• it is technically feasible to complete the software so that it will be available for use;
• management intends to complete the software and use it;
• there is an ability to use the software;
• it can be demonstrated how the software will generate probable future economic benefits;
• adequate technical, financial and other resources to complete the development and to use the software are available; and
• the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include the software development employee costs. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent year.

Computer software development costs recognised as assets are amortised on a straight-line basis over their estimated useful lives, which does not exceed 7 years.

Brand is recognised as an asset and is amortised on a straight-line basis over its estimated useful life of 20 years.

The line item of the income statement in which amortisation of intangible assets is included is administrative expenses.

Trade and other payables

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Land creditors are discounted at an appropriate rate and measured at present value within the balance sheet.

2 Accounting policies (continued)

Leases

As required under IFRS16, assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

• Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
• Variable lease payments that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
• Amounts expected to be payable by the Group under residual value guarantees;
• The exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
• Payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease year to produce a constant periodic rate of interest on the remaining balance of the liability for each year.

Right-of-use assets are measured at cost comprising the following:

• The amount of the initial measurement of lease liability;
• Any lease payments made at or before the commencement date less any lease incentives received;
• Any initial direct costs; and
• Any restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

The Group has elected to use the following recognition exemptions, as permitted by the standard:

• Leases of low-value items – The Group has defined low value items as assets that have a value when new of less than £5k. Low value items comprise IT equipment and small items of plant.
• Short-term leases – Leases with a lease term of less than 12 months at inception.

For leases in the above categories, a lease liability or right-of-use asset is not recognised. Instead, the Group recognises the related lease payments within WIP or as an expense on a straight-line basis over the lease term.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Leased properties that meet the definition of investment properties are presented within 'investment properties' rather than 'right-of-use assets' on the balance sheet.

2 Accounting policies (continued)

Exceptional items

Exceptional items are items that are material either individually or, if of a similar type, in aggregate and which, due to their nature or the infrequency of the events giving rise to them, are presented separately to enhance understanding of the financial performance of the Group. Such items are excluded from the profit and loss account before exceptional items because they are not considered to be representative of the trading performance of the Group during the period.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies, making a judgement on the recoverability of inventory and judgement over the treatment of joint ventures. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed below.

Other sources of estimation uncertainty

Cost allocation and estimation

In order to determine the profit that the Group is able to recognise on its developments in a specific year, the Group has to allocate site-wide development costs between units built in the current period and in future years. It also has to estimate costs to complete, including those driven by climate related regulation, on such developments, and make estimates relating to future sales price margins on those developments and units. In making these assessments, there is a degree of inherent uncertainty. The range of possible outcomes naturally increases in periods of economic uncertainty and the Group's margin is sensitive to cost inflation, particularly if not offset by house price inflation, and a fall in sales rates.

Provisions

Provisions are recognised when the Company has a present or legal constructive obligation as a result of a past event, and where it is probable that an outflow will be required to settle the obligation and the amount can be reliably estimated. All onerous contracts, closed sites and maintenance provisions are based on management's best estimate of the potential costs. There is inherent uncertainty in assessing the values and timing of these provisions. They are reviewed regularly throughout the year by management.

Goodwill recoverability

In accordance with the accounting policy stated in note 2, goodwill is tested for impairment annually. There is a degree of inherent estimation uncertainty in the calculations and assumptions used. The assumptions have been subject to sensitivity analysis.

Critical accounting judgements

Joint ventures

In accordance with IFRS 11 joint ventures are identified where the control of an arrangement is shared and decisions around activities require unanimous consent if the action significantly affects the investees return. The key judgement involved in determining joint control is that the Board structure does not give any one party majority control over relevant activities, regardless of the economic split between partners.

4 Revenue

An analysis of the Group's revenue is as follows:

	2023 £ 000	2022 £ 000
Revenue from the sale of private housing	175,138	161,237
Revenue from the sale of affordable housing	18,370	18,596
Revenue from the sale of part exchange properties	195	1,596
Revenue from sale of land	1,055	-
Total revenue	194,758	181,429

5 Operating profit

Arrived at after charging:

	Note	2023 £ 000	2022 £ 000
Amortisation expense	12	1,618	748
Depreciation expense	13	234	97
Depreciation of right of use assets	14	766	788
Exceptional items	6	5,539	3,003

6 Exceptional items

Included in the income statement are the following:

	Narrative reference	2023 £ 000	2022 £ 000
Legacy closed site provisions	i	5,539	-
Acquisition costs	ii	-	3,003
		5,539	3,003

(i) *Legacy closed site provisions (2023)*
An in-year review of legacy liabilities, as part of Tilia's next phase of transformation, identified costs associated with getting legacy closed sites fully adopted by local authorities and removing future responsibility and liability for maintenance or fire safety defects identified on a limited number of historic buildings.

(ii) *Acquisition costs (2022)*
Exceptional items of £3,003k relating to the acquisition of Hopkins Homes were incurred during the prior year.

7 Net finance costs

	2023 £ 000	2022 £ 000
Interest due on loan with related party Foster Investments Limited	26,795	19,657
Interest due on external bank loan	2,687	840
Interest on finance lease liabilities	104	133
Unwinding of discount on land creditors and other items	771	477
Interest due on loan from related party Foster Topco Limited	(15)	(19)
Other finance income	(5)	(4)
Net finance costs	30,337	21,084

8 Staff costs

The aggregate payroll costs (including directors' remuneration) for the period were as follows:

	2023 £ 000	2022 £ 000
Wages and Salaries	28,939	29,968
Social Security costs	3,337	3,518
Pension costs, defined contribution scheme	1,306	1,147
	33,582	34,633

The average monthly number of persons employed by the Group (including directors) during the period, analysed by category was as follows.

	2023 No.	2022 No.
Production	384	419
Administration and support	98	88
Sales, marketing and distribution	127	133
	609	640

9 Directors' remuneration

None of the directors are remunerated by the Group. The directors do not receive any remuneration for their role as statutory directors. The directors are covered by a Directors and Officers Liability insurance policy.

Remuneration of key management personnel

The key management personnel comprise the statutory directors of the Group's main trading businesses, Tilia Homes and Hopkins Homes. The remuneration of the key management personnel of the Group is set out below in aggregate for the period.

	2023 £ 000	2022 £ 000
Salaries and short-term employment benefits	3,555	3,371
Pension contributions	165	182
	3,720	3,553

10 Auditors' remuneration

	2023 £ 000	2022 £ 000
Audit of the parent company and consolidated financial statements	73	60
Audit of the financial statements of the Group's subsidiaries	238	235
Total audit services	311	295

In addition, the auditor also audits the Group's joint ventures for fees of £316k (2022: £284k).

11 Income tax credit

Analysis of tax credit for the period:	2023 £ 000	2022 £ 000
Current tax		
UK corporation tax at 19%	-	1,952
UK residential property developer tax	-	101
Adjustment in respect of prior year	58	828
Deferred taxation		
Origination and reversal of timing differences	(682)	(1,256)
Adjustments in respect of prior years	(201)	(744)
Effect of tax rate change on opening balance of losses brought forward	-	(1,214)
Effect of tax rate change on closing balance from current period movement	-	(460)
Tax credit on profit on ordinary activities	(825)	(793)

The tax on loss before tax for the period is lower (2022: lower) than the standard rate of corporation tax in the UK of 19% (year ended 30 June 2022: 19%).

11 Income tax credit (continued)

The differences are reconciled below:

	2023 £ 000	2022 £ 000
Loss before tax	(30,269)	(17,035)
Tax on loss at standard CT rate of 19%	(5,766)	(3,237)
Fixed asset differences	(4)	-
Expenses not deductible for tax purposes	5,107	4,300
Other permanent differences	(3,046)	-
Additional deduction from transition to FRS101	-	(367)
UK residential property developer tax	-	101
Adjustment post acquisition - current tax	-	828
Adjustments in respect of prior years - current tax	58	-
Adjustments in respect of prior years - deferred tax	252	(744)
Movement in deferred tax not recognised	367	-
Effect of tax rate change	2,207	(1,674)
Tax credit for the period/year	(825)	(793)

The deferred tax balance as at the period end has been recognised at 25% (2022: 19%) in respect of tax losses and 25% (2022: 25%) in respect of accelerated tax depreciation. When considering the recoverability of deferred tax assets, the taxable profit forecasts are based on the same information used to support the going concern assessment.

Deferred tax

Deferred tax movement during the period:

	As at 1 July 2022 £ 000	Recognised in income statement £ 000	At 31 March 2023 £ 000
Tax losses	7,042	983	8,025
Accelerated tax depreciation	32	(374)	(342)
Short term timing differences	23	32	55
Liability on fair value uplifts on acquisition	(4,335)	242	(4,093)
Net tax assets	2,762	883	3,645

11 Income tax credit (continued)

Deferred tax movement during the prior year:

	As at 1 July 2021 £ 000	Recognised in income statement £ 000	Fair value adjustments on acquisition £ 000	At 30 June 2022 £ 000
Tax losses	3,169	3,873	-	7,042
Accelerated tax depreciation	255	(223)	-	32
Short term timing differences	-	23	-	23
Liability on fair value uplifts on acquisition	-	-	(4,335)	(4,335)
Net tax assets	3,424	3,673	(4,335)	2,762

12 Intangible assets

	CRM system £ 000	ERP £ 000	Brand £ 000	Goodwill £ 000	Total £ 000
Cost					
At 1 July 2022 and 31 March 2023	1,426	1,497	15,076	115,697	133,696
Accumulated amortisation					
At 1 July 2022	725	79	-	-	804
Charge for the period	501	238	879	-	1,618
At 31 March 2023	1,226	317	879	-	2,422
Net book amount					
At 31 March 2023	200	1,180	14,197	115,697	131,274
At 30 June 2022	701	1,418	15,076	115,697	132,892

An amortisation expense of £1,618k (2022: £748k) has been charged to administrative expenses in the income statement during the period ended 31 March 2023.

As at 31 March 2023 the Group's balance sheet includes goodwill of £115.7m in relation to its acquisition of Hopkins Homes Group Limited which was acquired on 20 January 2022. The acquired business consists of one cash generating unit ("CGU"). The Group tests whether goodwill has suffered any impairment on an annual basis, or more regularly where there are indicators of impairment. The recoverable amount for the Hopkins Homes Limited CGU is based on a set of key assumptions that include detailed cash flow projections in the short to medium term, and broader macroeconomic assumptions including an appropriate discount rate. A ten-year cash flow period has been utilised to reflect the expected development of the business across the housebuilding cycle. Cash flows beyond the ten-year period are extrapolated using a perpetuity growth rate of 2% which is considered a reasonable estimate based on historical long-term UK industrial growth rates.

12 Intangible assets (continued)

Key assumptions:

- **Sales rates:** Sales rate assumptions ranging from 0.47 to 0.60 completions per site per week which reflect prudently realistic estimates in the near term determined from historical experience and the current wider economic backdrop, with a return to a level that is more reflective of the long-term historical average in the sector over the medium term;
- **Site margin:** Actual current site margins have been used for known sites, taking account of expected sales prices in the local market, and a 21% gross margin (post sales and marketing costs) has been used for new, unidentified business plan sites – again this reflects a cautious assumption based on historic delivery; and
- **Discount rate:** A WACC rate of 12.0% has been calculated and used to derive a pre-tax discount rate to be applied to pre-tax cash flows.

Based on these forecasts, as at 31 March 2023, the value in use of the CGU exceeds the carrying value of goodwill by £22.8m. As a result, no impairment is necessary. An increase in discount rate of more than 65 basis points would be required to eliminate headroom . Whilst there is short term market uncertainty, a reduction in sales rates impact timing of cash receipts as opposed to the total cash flows such that management don't believe a reasonable possible change in this assumption could lead to an impairment. Similarly, any potential reduction in margin is assumed to be short term and wouldn't lead to an impairment.

13 Property, plant and equipment

	Freehold £ 000	Plant & equipment £ 000	Total £ 000
Cost			
At 1 July 2022	3,097	330	3,427
Additions	-	288	288
Disposals	-	(8)	(8)
At 31 March 2023	3,097	610	3,707
Accumulated depreciation			
At 1 July 2022	(11)	236	225
Charge for the period	(107)	(127)	(234)
Disposals	-	-	-
At 31 March 2023	(118)	109	(9)
Carrying amount			
At 31 March 2023	2,979	719	3,698
At 30 June 2022	3,086	566	3,652

The depreciation expense of £234k (2022: £97k) has been charged to administrative expenses in the income statement during the period ended 31 March 2023.

14 Right of use assets

	Land and buildings £ 000	Motor vehicles £ 000	IT equipment £ 000	Total £ 000
Carrying amount				
At 1 July 2022	791	1,254	47	2,092
Additions	56	402	-	458
Disposals	-	(186)	-	(186)
Depreciation charge for the period	(355)	(379)	(32)	(766)
At 31 March 2023	492	1,091	15	1,598

Expenses relating to short-term and low value assets for the period was £nil (2022: £nil).

15 Subsidiary undertakings of the Group

The following information relates to the principal subsidiary undertakings of the Group. In the opinion of the directors, these companies are those whose results or financial position principally affect the results of the Group.

Name of subsidiary	Principal activity	Registered office	Group's effective shareholding 2023	Group's effective shareholding 2022
Allison Homes Eastern Limited	Dormant	Tungsten Building, Blythe Valley Business Park, Solihull, England, B90 8AU	100%	100%
Bellwinch Homes Limited	Dormant	Tungsten Building, Blythe Valley Business Park, Solihull, England, B90 8AU	100%	100%
Bellwinch Homes (Western) Limited	Dormant	Tungsten Building, Blythe Valley Business Park, Solihull, England, B90 8AU	100%	100%
Bellwinch Limited	Dormant	Tungsten Building, Blythe Valley Business Park, Solihull, England, B90 8AU	100%	100%
Tilia Bidco Limited *	Intermediate Holding Company	Ground Floor, Cambridge House, Le Truchot, St Peter Port, Guernsey, GY1 1WD	100%	100%
Tilia Homes Limited	Residential housebuilding	Tungsten Building, Blythe Valley Business Park, Solihull, England, B90 8AU	100%	100%
Sea Place Management Limited	Dormant	Queensway House, 1 Queensway, New Milton, Hampshire, BH25 5NR	100%	100%

15 Subsidiary undertakings of the Group (continued)

Name of subsidiary	Principal activity	Registered office	Group's effective shareholding 2023	Group's effective shareholding 2022
Tilia Homes Caledonia Limited	Residential development	Tungsten Building, Blythe Valley Business Park, Solihull, England, B90 8AU	100%	100%
Tilia Homes Northern Limited	Dormant	Tungsten Building, Blythe Valley Business Park, Solihull, England, B90 8AU	100%	100%
Tilia Land Limited	Dormant	Tungsten Building, Blythe Valley Business Park, Solihull, England, B90 8AU	100%	100%
Tilia Living Developments Limited	Dormant	Tungsten Building, Blythe Valley Business Park, Solihull, England, B90 8AU	100%	100%
Tilia Partnership Homes Limited	Residential housebuilding	Tungsten Building, Blythe Valley Business Park, Solihull, England, B90 8AU	100%	100%
Tempsford Cedars Limited	Non-trading	Tungsten Building, Blythe Valley Business Park, Solihull, England, B90 8AU	100%	100%
Twigden Homes Limited	Dormant	Tungsten Building, Blythe Valley Business Park, Solihull, England, B90 8AU	100%	100%
Twigden Homes Southern Limited	Dormant	Tungsten Building, Blythe Valley Business Park, Solihull, England, B90 8AU	100%	100%
Hopkins Homes Group Limited	Intermediate Holding Company	Melton Park House, Melton, Woodbridge, Suffolk, United Kingdom, IP12 1TJ	100%	100%
Hopkins Homes Holdings Limited	Intermediate Holding Company	Melton Park House, Melton, Woodbridge, Suffolk, United Kingdom, IP12 1TJ	100%	100%
Hopkins Homes Limited	Residential housebuilding	Melton Park House, Melton, Woodbridge, Suffolk, United Kingdom, IP12 1TJ	100%	100%
Hopkins Homes Lease Company Limited	Non-trading	Melton Park House, Melton, Woodbridge, Suffolk, United Kingdom, IP12 1TJ	100%	100%

* indicates direct investment of the Company

16 Investment in joint ventures

	£ 000
Investment in JVs	
At 1 July 2022	112,492
Share of post-tax profit of joint ventures	7,562
Dividends received	(6,720)
Loan repayments	(3,025)
Unrealised profit on sale of land	(2,608)
Fair value adjustments	(792)
At 31 March 2023	106,909
Carrying amount	
At 31 March 2023	106,909
At 30 June 2022	112,492

The Group's share of assets and liabilities of jointly controlled entities is as follows:

Non-current assets	-
Current assets	202,618
Non-current liabilities	-
Current liabilities	(95,709)
Net assets as at 31 March 2023	106,909

The Group's share of current assets and liabilities in respect of joint ventures comprises trade debtors and creditors arising in the normal course of business and tangible stocks of land and work-in-progress on each development. The Group's share of non-current assets and liabilities in respect of joint ventures comprises long term loans due to third parties and joint venture partners.

The Group's share of income and expenses for the period of jointly controlled entities is as follows:

Revenue	113,534
Expenses	(106,764)
Share of profit for the period	6,770

16 Investments in joint ventures (continued)

Name of joint venture	Principal activity	Registered office	Proportion of ownership interest 2023	2022
Black Rock Devco LLP	Residential development	Tungsten Building, Blythe Valley Business Park, Solihull, England, B90 8AU	50%	50%
Black Rock Holdco 1 LLP	Investment holding Company	One St Peters Square, Manchester, England, M2 3DE	50%	50%
Black Rock Holdco 2 LLP	Investment holding Company	One St Peters Square, Manchester, England, M2 3DE	50%	50%
Driffield Devco LLP	Residential Development	Tungsten Building, Blythe Valley Business Park, Solihull, England, B90 8AU	50%	50%
Driffield Holdco 1 LLP	Investment holding Company	One St Peters Square, Manchester, England, M2 3DE	50%	50%
Driffield Holdco 2 LLP	Investment holding Company	One St Peters Square, Manchester, England, M2 3DE	50%	50%
Easingwold Devco LLP	Residential Development	Tungsten Building, Blythe Valley Business Park, Solihull, England, B90 8AU	50%	50%
Easingwold Holdco 1 LLP	Investment holding Company	One St Peters Square, Manchester, England, M2 3DE	50%	50%
Easingwold Holdco 2 LLP	Investment holding Company	One St Peters Square, Manchester, England, M2 3DE	50%	50%
Tilia Cross Keys Dev LLP	Residential development	Tungsten Building, Blythe Valley Business Park, Solihull, England, B90 8AU	90%	90%
Tilia Cross Keys Holdco 1 LLP	Investment holding Company	One St Peters Square, Manchester, England, M2 3DE	90%	90%
Tilia Cross Keys Holdco 2 LLP	Investment holding Company	One St Peters Square, Manchester, England, M2 3DE	90%	90%
Tilia Community Living LLP	Residential Development	Tungsten Building, Blythe Valley Business Park, Solihull, England, B90 8AU	69%	69%
Tilia Community Living Holdco 1 LLP	Investment holding Company	One St Peters Square, Manchester, England, M2 3DE	69%	69%
Tilia Community Living Holdco 2 LLP	Investment holding Company	One St Peters Square, Manchester, England, M2 3DE	69%	69%
Tilia Community Living Topco 1 LLP	Investment holding Company	One St Peters Square, Manchester, England, M2 3DE	69%	69%
Tilia Community Living Topco 2 LLP	Investment holding Company	One St Peters Square, Manchester, England, M2 3DE	69%	69%
TCK Peterborough Devco LLP	Residential Development	Tungsten Building, Blythe Valley Business Park, Solihull, England, B90 8AU	90%	90%
TCK Peterborough Holdco 1 LLP	Investment holding Company	One St Peters Square, Manchester, England, M2 3DE	90%	90%
TCK Peterborough Holdco 2 LLP	Investment holding Company	One St Peters Square, Manchester, England, M2 3DE	90%	90%

16 Investments in joint ventures (continued)

Name of joint venture	Principal activity	Registered office	Proportion of ownership interest 2023	2022
Tilia Sovereign LLP	Residential Development	Tungsten Building, Blythe Valley Business Park, Solihull, England, B90 8AU	50%	50%
Notaro Kier LLP	Residential Development	81 Fountain Street, Manchester, England, M2 2EE	50%	50%
Stokesley Devco LLP	Residential Development	Tungsten Building, Blythe Valley Business Park, Solihull, England, B90 8AU	50%	50%
Stokesley Holdco 1 LLP	Investment holding Company	One St Peters Square, Manchester, England, M2 3DE	50%	50%
Stokesley Holdco 2 LLP	Investment holding Company	One St Peters Square, Manchester, England, M2 3DE	50%	50%

Tilia Cross Keys Dev LLP

The Company indirectly holds 90% beneficial interest and 50% voting rights in Tilia Cross Keys Dev LLP which is incorporated in the United Kingdom with the principal activity of residential development. The total carrying value of investment is £56,707k (2022: £58,910k). Trading profit in the period was £5,952k (2022: £9,956k). In April 2023 Tilia Homes Developments 1 Limited, a wholly owned subsidiary of Tilia Homes Limited, acquired CKH Developments Limited's 10 % share in Tilia Cross Keys Holdco 1 LLP for a purchase price of £7,000k and from that point became a wholly owned subsidiary.

Tilia Community Living LLP

The Group indirectly holds 69% ownership in Tilia Community Living LLP which is incorporated in the United Kingdom with the principal activity of residential development. Total carrying amount of investment is £42,824k (2022: £41,038k). There were trading profits in the period of £2,483k (2022: £5,935k).

17 Inventories

	2023 £ 000	2022 £ 000
Work in progress	428,830	366,987

Work in progress is carried in accordance with the valuation methodology as outlined in note 2 to the consolidated financial statements.

The cost of inventories expensed in the period and included within cost of sales was £174,831k (2022: £157,132k).

The directors consider all inventories to be essentially current in nature although the Group's operational cycle is such that a proportion of inventories will not be realised within 12 months. It is not possible to accurately determine when specific inventory will be realised as this is subject to several issues including consumer demand and planning permission.

Included within inventories are £383k (2022: £231k) of part exchange properties.

18 Trade and other receivables

Current	2023 £ 000	2022 £ 000
Trade receivables	5,232	6,120
Amounts due from related parties	25,709	15,091
Prepayments	6,024	3,585
Contract assets	490	4,990
Other receivables	2,369	11,934
Total current trade and other receivables	39,824	41,720

Non-current	2023 £ 000	2022 £ 000
Total non-current trade and other receivables	4,674	4,129

Balances for related parties include normal trading balances which will be settled in accordance with normal business trading.

The Group's exposure to credit and market risks, including maturity analysis, relating to trade and other receivables is disclosed in the financial risk management note (note 26).

19 Cash and cash equivalents

	2023 £ 000	2022 £ 000
Cash on hand	42,706	32,097

20 Trade and other payables

Current	2023 £ 000	2022 £ 000
Trade payables	38,762	39,688
Land development payables	44,759	22,980
Accrued expenses	17,992	33,819
Amounts due to related parties	2,497	2,091
Contract liabilities	910	1,254
Social security and other taxes	2,011	2,765
Other payables	285	171
Total current trade and other payables	107,216	102,768

20 Trade and other payables (continued)

Non-current	2023 £ 000	2022 £ 000
Trade payables	7,880	7,902
Land development payables	29,077	30,776
Other payables	1,419	-
Amounts due to related parties	-	177
Contract liabilities	-	667
Social security and other taxes	-	10
Total non-current trade and other payables	38,376	39,532

Balances for related parties include £47k (2022: £256k) normal trading balances with joint ventures which will be settled in accordance with normal business trading and £2,450k (2022: £2,012k) advisory fees due to a related party Terra Firma Investments Limited.

The table below analyses the Group's financial liabilities into the relevant maturity groupings based on the remaining years at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Contract liabilities and statutory liabilities are excluded from trade and other payables as these are not financial instruments.

	Trade and other payables £ 000	Land development payables £ 000	31 March 2023 £ 000
Less than one year	62,072	47,510	109,582
More than one year and less than two years	2,839	11,075	13,914
More than two years and less than five	3,048	17,456	20,504
More than five years	876	589	1,465
	68,835	76,630	145,465

	Trade and other payables £ 000	Land development payables £ 000	30 June 2022 £ 000
Less than one year	78,628	24,750	103,378
More than one year and less than two years	3,246	7,215	10,461
More than two years and less than five	1,974	19,877	21,851
More than five years	-	4,116	4,116
	83,848	55,958	139,806

21 Loans and borrowings

	2023 £ 000	2022 £ 000
Loan from related party	500,716	445,338
External RCF	66,000	38,000
Total loans and borrowings	566,716	483,338

This related party loan is repayable on demand, however the Group and Company have received written confirmation from Foster Investments Limited that the loan will not be recalled for at least 12 months from the date of approval of the financial statements. The interest rate is 8%. The Group also holds an external RCF, with £66,000k drawn at 31 March 2023, which expires in February 2028 with interest rate of SONIA plus 2.5-3.0%.

22 Lease liabilities

The lease liability is presented as follows:

	2023 £ 000	2022 £ 000
Current	699	942
Non-current	994	1,260
Total lease liabilities	1,693	2,202

Lease liabilities maturity analysis
Future minimum lease payments as at 31 March 2023 are as follows:

	2023 £ 000	2022 £ 000
Less than one year	788	1,066
One to two years	598	712
Two to three years	335	465
Three to four years	105	188
Four to five years	16	14
Five years and above	6	9
Total gross payments	1,848	2,454
Impact of finance expenses	(155)	(252)
Carrying amount of liability	1,693	2,202

Total cash outflows related to leases for the period

	2023 £ 000	2022 £ 000
Principal elements of lease payments	883	840
Interest	132	135
Total cash outflow	1,015	975

23 Provisions

	Onerous fixed build contracts £'000	Closed sites £'000	Maintenance £'000	Total provisions £'000
At the beginning of the period	9,335	8,300	2,631	20,266
Charged to the income statement in the period	1,392	14,696	2,646	18,734
Utilised in the period	(2,055)	(3,935)	(2,215)	(8,205)
At the end of the period	8,672	19,061	3,062	30,795

Analysis of total provisions:	**2023 £ 000**	**2022 £ 000**
Due within one year	23,553	14,674
Due after one year	7,242	5,592
Total	30,795	20,266

In 2021 the group established a provision for the cost of onerous fixed build contracts on a small number of developments, this was increased in 2022 and again in 2023 to account for the latest estimate of costs to complete.

The closed sites provision consists of costs to complete on closed sites and the maintenance provision covers after care on completed homes. The closed site provision includes costs to rectify fire safety defects identified on a limited number of historic buildings. In preparing the financial statements, currently available information has been considered, including the current best estimate of the extent and future costs of work required, based on the reviews and physical inspections undertaken.

Where an obligation has been established and a reliable estimate of the costs to rectify is available, a provision has been made. No provision has been made where an obligation has not been established.

These estimates may be updated as further inspections are completed and as work progresses or if Government legislation and regulation further evolves.

There is inherent uncertainty in assessing the values and timing of these provisions. They are reviewed regularly throughout the year by management.

Within the closed sites 'Charged to the income statement in the year' of £18,734k in total, £5,539k has been treated as an exceptional item for the reasons described in note 6.

24 Contract Balances

In relation to contracts in progress at the balance sheet date:

	2023 £ 000	**2022 £ 000**
Net customer contract position	(138)	3,069
Total	(138)	3,069

Revenue recognised for the period on open contracts amounts to £5,986k (2022: £12,968k). During the period costs of £5,346k (2022: £11,170k) have been recognised within costs of sales in respect of contract assets.

25 Called up share capital

Allotted, called up and fully paid shares

		2023		2022
	No.	£ 000	No.	£ 000
Ordinary shares of £1 each	30,247,775	30,248	30,247,775	30,248

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

26 Financial instruments

Capital risk management

The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders by ensuring that the Group maintains sufficient liquidity to sustain its present and future operations.

The Group monitors current and forecast cash liquidity to ensure that there is sufficient capacity to meet requirements for the foreseeable future. This includes the external RCF of £66.0m, the loan from a related party £500.7m and cash reserves £42.7m.

Financial risks and management

The Group's principal financial instruments comprised a term loan with Foster Investments Limited (a related party), development land payables and an external RCF. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has other financial instruments including trade receivables and trade payables, which arise directly from operations.

No trading in financial instruments has been undertaken.

The Group has exposure to a variety of financial risks through the conduct of its operations. The Board reviews and agrees policies for managing risk as well as specific policies and guidelines.

The key financial risks resulting from the Group's use of financial instruments are credit risk, liquidity risk and market risk.

The principal operational risks of the business are detailed on pages 7 to 8.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations mainly arising on the Group's trade receivables. The Group's exposure to credit risk is limited for open market housebuilding activities as the Group typically receives cash at the point of legal completion of its sales.

The credit risk on registered provider sales depends on the individual characteristics of the counterparty many of whom are in the public sector or are funded by the public sector such as housing associations. The Board consider that the credit rating of these customers is good and the credit risk on outstanding balances to be low and no provision is held against these balances.

26 Financial instruments (continued)

The Group does not have any concentration of risk in respect of amounts due from trade receivable balances, with amounts due spread across a wide range of customers.

The ageing of trade receivables (see note 18) is as follows:

	2023 £ 000	2022 £ 000
Not past due	3,292	4,786
Past due 1 to 30 days	975	739
Past due 31 to 60 days	27	-
Past due 61 to 90 days	1	33
Past due 91 to 365 days	174	1,036
Past due greater than one year	4,134	3,568
Total	8,603	10,162

The Group holds a provision for impairment of trade receivables of £122k (2022: £122k). Balances past due greater than one year relate to client retention which is within course of normal business and not a credit risk.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due.

The Group's objective is to manage liquidity by ensuring that it will always have sufficient liquidity to meet its liabilities as they become due. This will be assessed under normal and stress conditions, without incurring losses or risking damage to the Group's reputation.

The Group has rigorous cash management processes. Cash balances are reported daily and variances to short term cash forecasts are analysed as appropriate. Every week the Group prepares a daily rolling cashflow forecast with a forecast period of 20 weeks. These forecasts complement the monthly cash forecasts each year which are compared to the annual cash flow budget and to previous monthly forecasts. These facilitate management's assessments of the Group's expected cash performance.

Key risks to liquidity and cash balances are a decrease in the value of open market sales, a downturn in the UK housing market, deterioration in credit terms obtainable in the market from suppliers and subcontractors, a downturn in the profitability of work, delayed receipt of cash from customers and a general decline in the ability of local authorities to fund urban regeneration projects.

In order to mitigate this risk, the Group continually monitors open market house sales volumes and prices; working capital levels and contract profitability; and both client and supplier credit references and credit terms with clients and suppliers to ensure they continue to be appropriate.

The Group does not have any derivative financial liabilities.

26 Financial instruments (continued)

(c) Market risk

Market risk is the risk that changes in market prices such as interest rates, house prices and foreign exchange rates will affect the Group income or the value of the Group's financial instruments.

Interest rate risk

Interest rate risk relates to the impact of interest rate increases on the Group's borrowing. The interest rate on the loan due to related party Foster Investments Limited is at 8% based on the loan agreement which is in place until May 2026. The interest rate on the bank RCF is at SONIA plus 2.5-3.0%. The Group has no other interest-bearing financial instruments.

Housing market risk

The Group is fundamentally affected by the level of UK house prices. These in turn are affected by factors such as credit availability, employment levels, interest rates, consumer confidence and supply of land with planning.

Furthermore, Government incentives, such as the "Help to Buy" scheme, have helped to stimulate consumer demand. Whilst these risks are beyond the Group's ultimate control, risk is spread across differing business activities undertaken by the Group and the geographical regions in which it operates.

The UK housing market affects the valuation of the Group's non-financial assets and liabilities and the critical judgements applied by management in these financial statements, including the valuation of land and work-in-progress. This has been discussed further on page 3.

Currency risk

The Group operates entirely in the United Kingdom. All of the Group's revenue is generated in the United Kingdom and is denominated in pounds sterling. Consequently, the Group has very limited exposure to currency risk.

Fair values of financial instruments

The Group's financial assets and liabilities that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

Level 1 - fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets;

Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of the Group's financial assets and financial liabilities are equal to their carrying value.

26 Financial instruments (continued)

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material. The carrying amount of trade and other receivables is a reasonable approximation of their fair value.

Trade and other payables

The fair value of development land payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material. The carrying amount of trade and other payables and contract liabilities are a reasonable approximation of their fair value.

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated at its carrying amount where the cash is repayable on demand.

Borrowing facilities

At 31 March 2023, the Group had committed borrowing facilities totalling £424,861k representing the loan due to a related party Foster Investments Limited.

The Group also holds an external bank RCF, with £66,000k drawn at 31 March 2023, which expires in February 2028 with interest rate of SONIA plus 2.5-3.0%.

27 Dividends

The directors do not recommend a payment of a dividend in respect of the period ended 31 March 2023.

28 Related party transactions

The Group operates through several joint ventures which the directors regard as related parties. During the period, the Group has traded with these related parties and a summary of these transactions is below:

	Management Fees £ 000
Easingwold Devco LLP	197
Stokesley Devco LLP	157
Tilia Cross Keys Dev LLP	2,703
Tilia Community Living LLP	2,845
Total	5,902

The outstanding balances between the Group and joint venture related parties as at 31 March 2023 are detailed below:

	Trade and Other Receivables £ 000	Trade and Other Payables £ 000
Black Rock Devco LLP	-	46
Driffield Devco LLP	439	-
Easingwold Devco LLP	732	-
Notaro Kier LLP	106	-
Tilia Sovereign LLP	121	-
Stokesley Devco LLP	3,309	-
Tilia Cross Keys Dev LLP	6,706	-
Tilia Community Living LLP	15,032	-
Total	26,445	46
Current	25,424	46
Non-current	1,021	-
Total	26,445	46

28 Related party transactions (continued)

Guy Hands, the ultimate controlling party of the Group, is a director and sole shareholder of Terra Firma Investments Limited. During the period ended 31 March 2023, the Group incurred advisory fees of £3,597k (2022: £819k) from Terra Firma Investments Limited. An amount of £2,436k (2022: £300k payable) was due to the Group from Terra Firma Investments Limited at 31 March 2023. The Group also received a £571k management fee credit from Terra Firma Investments Limited. This amount was not outstanding at 31 March 2023.

During the period ended 31 March 2023, the Group received additional loan funding of £28,584k from a related party Foster Investments Limited. Both the total loan amount of £453,445k and accrued interest of £47,271k were also outstanding at 31 March 2023. The loan is repayable on demand, however the Group and Company have received written confirmation from Foster Investments Limited that the loan will not be recalled for at least 12 months from the date of approval of the financial statements. The interest rate is 8%.

During the period ended 31 March 2023, the Group was charged expenses from Terra Firma Holdings Limited of £15k. £9k was outstanding at 31 March 2023.

29 Parent of group in whose consolidated financial statements the Company is consolidated

The Company is a subsidiary undertaking of Foster Topco Limited, a company registered in Guernsey.

The Directors consider the ultimate parent undertaking to be Seaside Holdings (Nominee) Limited, a Guernsey incorporated investment vehicle. The Directors consider the ultimate controlling party to be Guy Hands. Tilia Group Holdings Limited (Ground Floor, Cambridge House, Le Truchot, St Peter Port, Guernsey, GY1 1WD) was the largest and smallest Group of which the Company was a member, and for which consolidated financial statements are prepared.

30 Post balance sheet event

(a) Shareholder funding

On 25 May 2023, Foster Investments Limited advanced £6,900k to Tilia Group Holdings Limited.

(b) Joint venture acquisition within Tilia Homes

In April 2023 Tilia Homes Developments 1 Limited, a newly incorporated and wholly owned subsidiary of Tilia Homes Limited, acquired CKH Developments Limited's 10% share in Tilia Cross Keys Holdco 1 LLP for a purchase price of £7,000k. This is a non-adjusting event and consequently there have been no changes made to the Group's financial statements.

Registration number: 68989

Tilia Group Holdings Limited

Company Financial Statements for the period ended 31 March 2023

Tilia Group Holdings Limited

(Registration number: 68989)

Company Statement of Financial Position as at 31 March 2023

	Note	Company 31 March 2023 £ 000	Company 30 June 2022 £ 000
Non-current assets			
Investment in subsidiaries	5	30.248	30.248
Current assets			
Trade and other receivables	6	500.638	445.286
Cash and cash equivalents		2	4
Total assets		**530,888**	**475,538**
Current liabilities			
Trade and other payables	7	(134)	(25)
Loan and borrowings	8	(500.716)	(445.338)
Total liabilities		**(500,850)**	**(445,363)**
Net assets		**30,038**	**30,175**
Equity			
Called up share capital	9	30.248	30.248
Retained earnings		(210)	(73)
Total equity		**30,038**	**30,175**

The Company has elected to take the exemption under section 244 of the Companies (Guernsey) Law, 2008 not to present the parent company profit and loss account.

The financial statements on pages 55 to 61 were approved by the Board and authorised for issue on 28 September 2023.

Alexander Gibbs

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A V B Gibbs
Director
Tilia Group Holdings Limited
Company number: 68989

The accompanying notes form an integral part of these financial statements.

Tilia Group Holdings Limited

Company Statement of Changes in Equity for the period ended 31 March 2023

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 July 2021	**30,248**	**(25)**	**30,223**
Loss for the year and total comprehensive expense	-	(48)	(48)
At 30 June 2022	**30,248**	**(73)**	**30,175**

	Share capital £ 000	Retained earnings £ 000	Total £ 000
At 1 July 2022	**30,248**	**(73)**	**30,175**
Loss for the period and total comprehensive expense	-	(137)	(137)
At 31 March 2023	**30,248**	**(210)**	**30,038**

Tilia Group Holdings Limited
Notes to the Company Financial Statements for the period ended 31 March 2023

1 General information

Tilia Group Holdings Limited ('the Company') is an investment holding company for a Group of companies principally engaged in residential house building.

The Company is a private company which is incorporated in Guernsey and domiciled in the UK. The address of the registered office is:

Ground Floor
Cambridge House
Le Truchot
St Peter Port
Guernsey
GY1 1WD

The registered number is 68989.

2 Accounting policies

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

Basis of preparation

The parent company financial statements of Tilia Group Holdings Limited were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of International Financial Reporting Standards (IFRSs) and IFRS Interpretations Committee (IFRIC) interpretations as adopted by the European Union (EU) and has set out below where advantage of the FRS101 disclosure exemptions has been taken.

The financial statements have been prepared under the historical cost convention.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash flow statement and related notes.
- Comparative year reconciliations for share capital
- Disclosures in respect of transactions with wholly owned subsidiaries
- Disclosures in respect of capital management
- The effects of new but not yet effective IFRS
- Disclosures in respect of the compensation of key management personnel: and
- Disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the consolidated financial statements of Tilia Group Holdings Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 101 available in respect of the following disclosures:

- Certain disclosures required by IFRS 13 *Fair Value Measurement* and the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 101 in the next financial statements.

2 Accounting policies (continued)

The preparation of the financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3 to the consolidated Group financial statements.

Going concern

The directors adopt the going concern basis in preparing the Company's financial statements.

The Company had net assets as at 31 March 2023 of £30.0m. Funding to the Company is provided in the form of a loan from a related party, Foster Investments Limited. The principal amount of loan outstanding at 31 March 2023 was £453.4m. The loan is repayable on demand, however the Company has received written confirmation from Foster Investments Limited that the loan will not be recalled for at least 12 months from the date of approval of the financial statements. The interest rate on the loan is 8%.

The Board has reviewed the business's cash flow forecasts for the period to 30 September 2024, based on certain key assumptions which include the price and volume of completed house sales over that period and changes in supplier purchases. The models have a base scenario and a prudent downside scenario. The Board has considered the Group's going concern by reviewing the cash flow forecasts of both Tilia and Hopkins, being the two main trading businesses of the Group, which are modelled separately. Under both, the Group still maintains adequate liquidity without the need for additional funding. As a result the Directors are satisfied that the Group and Company will be able to continue to be able to pay its liabilities as they fall due for a period of at least 12 months from the date of signing these financial statements and therefore the Board has prepared the accounts on a going concern basis.

Investments in subsidiary undertakings

Investment in subsidiaries and associated undertakings are held at cost less accumulated impairment losses. The cost of investment in subsidiary undertakings is recorded as cash paid plus any further costs connected with the acquisition. An impairment is recognised when the carrying value of an investment exceeds in recoverable amount.

Trade and other receivables

Trade and other receivables are amounts due to the business from contractual agreements with customers, suppliers and other Group companies. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2 Accounting policies (continued)

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the income statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.
The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Group operates and generates taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Group. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets are reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are approved by the Company's shareholder.

3 Profit attributable to the parent of Tilia Group Holdings Limited

The Company has elected to take the exemption under section 244 of the Companies (Guernsey) Law, 2008 not to present the parent company profit and loss account.

4 Dividends

No dividends were paid in the period to 31 March 2023. The Directors do not recommend the payment of a final dividend in respect of the period ended 31 March 2023.

5 Investment in subsidiaries

Cost and net book value

	31 March 2023 £ 000	30 June 2022 £ 000
As at balance sheet date	30,248	30,248

Company	Principal activity	Proportion of ordinary shares held by the Company 31 March 2023
Tilia Bidco Limited	Investment Company	100%

6 Trade and other receivables

	31 March 2023 £ 000	30 June 2022 £ 000
Amount owed by subsidiary undertaking in less than one year	500,638	445,286
Total	500,638	445,286

£453,395k (2022: £424,811k) is a loan made to Tilia Bidco Limited. This loan bears interest at 8% per annum. The loan is unsecured and is repayable on demand. £47,243k (2022: £20,475k) is interest due from Tilia Bidco Limited on the aforementioned loan.

7 Trade and other payables

	31 March 2023 £ 000	30 June 2022 £ 000
Amount due to related parties	45	-
Accrued expenses	89	25
Total	134	25

8 Loan and borrowings

	31 March 2023 £ 000	30 June 2022 £ 000
Loan from related party	500,716	445,338

This loan is repayable on demand, however the Group and Company have received written confirmation from Foster Investments Limited that the loan will not be recalled for at least 12 months from the date of approval of the financial statements. The interest rate is 8%.

9 Called up share capital

Allotted, called up and fully paid

	31 March 2023 £ 000	30 June 2022 £ 000
30,247,775 (2022: 30,247,775) ordinary £1 shares	30,248	30,248

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

10 Related party transactions

The Company is the ultimate parent undertaking of its Group in the United Kingdom and has prepared consolidated financial statements for the period ended 31 March 2023 and therefore the Company has relief on the exemptions contained within Financial Reporting Standard 101 in respect of the disclosure of related party transactions.

There are no other related party transactions that require disclosure in these financial statements.

11 Subsidiaries and associates

A full list of Tilia Group Holdings Limited's subsidiary and associated undertakings is disclosed in note 15 to the consolidated Group financial statements.

12 Ultimate parent undertaking

The Directors consider the ultimate parent undertaking to be Seaside Holdings (Nominee) Limited, a Guernsey incorporated investment vehicle. The Directors consider the ultimate controlling party to be Guy Hands. Tilia Group Holdings Limited (Ground Floor, Cambridge House, Le Truchot, St Peter Port, Guernsey, GY1 1WD) was the largest and smallest Group of which the Company was a member, and for which consolidated financial statements are prepared. Copies of the financial statements of Tilia Group Holdings Limited are available via the website www.tiliahomes.co.uk.