Registration number: 00775505

Tilia Homes Limited

Annual Report and Financial Statements

for the Period ended 31 March 2023

Tilia Homes Limited

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Tilia Homes Limited

Company Information

Directors

M J Dilley

A R Hammond

A V B Gibbs

Company secretary

D S Wilson

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Bankers

National Westminster Bank
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Independent auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
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WC2N 6RH

Tilia Homes Limited

Strategic Report for the Period ended 31 March 2023

The directors present their strategic report for Tilia Homes Limited (the "Company" and "Tilia Homes") for the period ended 31 March 2023. The 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 Company 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. We currently operate four regional businesses in Northern, Central, Eastern and the West of England. The business 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 28 for further information.

Business Review

Transforming 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 continue 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 a 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 interest, tax, and exceptional items of £11.5m (2022: £7.4m loss).

In the nine-month period ended 31 March 2023 the Company made a loss before tax of £30.6m (2022: £16.0m loss). This includes £8.7m interest cost on the loan from our immediate parent following the acquisition in May 2021 (2022: £7.9m). This loss also included taking one-off charges relating to legacy liabilities identified during an in-year review as part of the next phase of Tilia's transformation. The first was a £4.5m provision in relation to the costs associated with fire remediation liabilities, and with getting legacy closed sites fully adopted by local authorities and removing future responsibility and liability for maintenance. The second was a £4.8m impairment recorded on the back of a review of dormant non-trading subsidiaries, ahead of a planned simplification of the Group's structure, that has resulted in the recognition of a non-cash impairment of historic intercompany balances.

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 loan 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 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.

Housing market

In the nine-month timeframe 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, Tilia has seen its own sales completion performance drop at a similar level to that seen in the wider market.

Sentiment remains mixed, due to recent Bank of England base rate rises, combined with continued high inflation levels. The forecast however, remains for inflation to lower.

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 Board identifies sustainability as a fundamental aspect to ensure the long-term success of Tilia Homes. 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 demonstrate our ongoing commitment to sustainability in the reduction of our carbon footprint. Smart meters are installed in all our new homes and electric charging points can be seen at all our regional offices. Our company car options demonstrate this further in line with our commitment with 40% of the available options being electric vehicles.

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. No exclusions were made as part of this reporting.

Tilia Homes Limited

Strategic Report for the Period ended 31 March 2023 (continued)

Greenhouse gas emissions and intensity ratio

Emission Type	kWh			CO_2e tonnes (Location Based)		
	2023 (9 months)	2022 (12 months)	Var. %	2023 (9 months)	2022 (12 months)	Var. %
Scope 1: Combustion	4,529,135	5,596,351	(19.1)	1,096.88	1,324.51	(17.2)
Total Scope 1	**4,529,135**	**5,596,351**	**(19.1)**	**1,096.88**	**1,324.51**	**(17.2)**
Scope 2: Purchased Energy	104,103	714,128	(85.4)	20.14	151.63	(86.7)
Total Scope 2	**104,103**	**714,128**	**(85.4)**	**20.14**	**151.63**	**(86.7)**
Scope 3: Indirect Energy use	681,015	2,904,662	(76.6)	169.47	690.15	(75.4)
Total Scope 3	**681,015**	**2,904,662**	**(76.6)**	**169.47**	**690.15**	**(75.4)**
Total	**5,314,253**	**9,215,141**	**(42.3)**	**1,286.49**	**2,166.29**	**(40.6)**

	2023	2022
Number of employees	410	447
Intensity Ratio (tCO2/no of employees)	3.1	4.8
Revenue (£m)	46.2	78.1
Intensity Ratio (tCO2/£100k revenue)	0.0278	0.0277

People

We want Tilia Homes 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. Our annual appraisal scheme sets individual objectives and a clear development pathway through tailored training, centralised resources, and e-learning. We offer our teams an advanced Employee Assistance Programme and 24-hour access to a GP. The health and wellbeing of our people is extremely important to us. We have a monthly Living-Well newsletter, trained Mental Health First Aiders across the business and access to mental health counselling.

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 Company. The long-term success of the business is impacted by the risk management approach adopted by the Company. The Company 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 Company 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. Tilia does not operate in London or the South East, the areas of the UK where house and land prices are highest
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 to mitigate include: Standard house types, increased central procurement. Group oversight of regional Commercial functions, and the introduction of COINS ERP system. Regular CVR meetings to review costs to complete are integral to controlling spend and maximising profitability. Implementation of the COINS construction module improves management of the build programme and delivery on time
Land availability	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	HR Committee in place to review and react to the risk. Remuneration packages continually under review to ensure we 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

Principal risks and uncertainties (continued)

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 us to escalate and influence
Business continuity	Disruptive event impacts ability to operate, build and sell	We have a playbook in place which allowed the 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. This includes any fire safety related claims	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 and subsequent inability for the JVs to pay dividends to Tilia Homes Limited	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
Liquidity	Risk of lack of liquidity preventing business operation	The business has a strengthened balance sheet since acquisition, with the owner injecting cash for working capital and land purchases. Tilia continued to be supported financially by the shareholder. In addition, the acquisition of 100% of the TCK joint venture gives wider access to bank funding through that vehicle
Failure of policies, procedures or controls	Failure to follow legal, accounting, tax and statutory requirements could have financial, operational and reputational impacts	The Company 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 requires (e.g. Tax), and have recently appointed our first Internal Auditor.

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

Revenue from the sale of residential property for the nine-month period was £45.3m (2022 : £78.1m). During the period the Company achieved 160 legal completions (2022: 312). The Company operates though a number of joint ventures and 519 completions (2022: 739) were delivered through the joint ventures. Of the total 679 completions (2022: 1,051), 546 were open market private completions (2022: 859) and 133 were affordable housing equivalent units (2022: 192). The Homes England joint venture ("Tilia Community Living") contributed 266 plots (2022: 406) and the Cross Keys Homes joint venture ("Tilia Cross Keys"), contributed 189 plots in the year (2022: 259).

The significant reduction in completions, due partly to the short-term disruption of the transformation programme, and more latterly due to the market slowdown, has driven the loss in the period. At an operating level before tax, interest and exceptional items, the Company made a loss of £11.5m (2022: loss of £7.4m). This is driven by completions being down 35% in the nine-month period compared to the previous twelve months. This reflects the managed reduction in operating costs in the period. For example, administrative expenses of £14.8m were materially down compared to the £21.3m of cost in the previous 12 months, and these productivity savings are expected to continue as completion volume increases in future periods.

Legal completions (by type)	Period ended 31 March 2023	Year ended 30 June 2022
Private	546	859
Affordable	133	192
Total	679	1,051

Legal completions (by entity)	Period ended 31 March 2023	Year ended 30 June 2022
Tilia Homes Limited	160	312
Tilia Community Living (JV)	266	406
Tilia Cross Keys (JV)	189	259
Other (JV)	64	74
Total	679	1,051

Balance sheet at 31 March 2023

The Company had net assets of £39.7m (2022: £66.7m) and a cash balance of £20.4m (2022: £23.7m) at the year end. The Company's inventory was £141.1m (2022: £122.1m). The Company also holds an investment of £106.9m (2022: £112.5m) in joint ventures, with a non-adjusting post balance sheet event described in note 28.

At 31 March 2023, the Company had net debt of £149.7m (2022: £117.9m). Loan funding is provided to the Company via a £150.1m (2022: £133.6m) loan from its immediate parent Tilia Bidco Limited. The loan expires in May 2026 and the interest rate is 8%. The Company also has access to a rolling credit facility (RCF) of £20.0m from Tilia Bidco Limited. The amount drawn at 31 March 2023 was £20.0m (2022: £8.0m). The RCF expires on 11 May 2025 and the interest rate is 8%. The Company has received written confirmation from the company heading the Group, Tilia Group Holdings Limited, that financial support will be provided for at least 12 months from the date of approval of these financial statements.

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

M J Dilley
Director

Tilia Homes 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.

Company secretary

D S Wilson

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:

N P Greenaway (resigned 13 February 2023)

A R Hammond (appointed 4 February 2023)

M J Dilley

I D Crabb (resigned 27 February 2023)

A V B Gibbs (appointed 11 July 2023)

Capital risk management

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

The Company monitors current and forecast cash liquidity to ensure that there is sufficient capacity to meet requirements for the foreseeable future.

Financial risks and management

The Company's principal financial instruments comprise development land payables and cash. The Company has other financial instruments including trade receivables and trade payables, which arise directly from operations.

No trading in financial instruments has been undertaken.

The Company 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 Company use of financial instruments are credit risk, liquidity risk and market risk.

Financial risks and management (continued)

(a) Liquidity risk

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

The Company'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 Company's reputation.

The Company has rigorous cash management processes. Cash balances are reported daily and variances to short term cash forecasts are analysed as appropriate. Every week the Company prepares a daily rolling cashflow forecast with a forecast period of 20 weeks. These forecasts complement an annual cash budget each year against which to the rolling 20 week forecasts are compared. These facilitate management's assessments of the Company'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 Company 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. Funding is provided to the Company via a loan and RCF from our immediate parent Tilia Bidco Limited as described in note 26.

The Company does not have any derivative financial liabilities.

(b) Credit risk

Credit risk is the risk of financial loss to the Company if a customer fails to meet its contractual obligations mainly arising on the Company's trade receivables. The Company's exposure to credit risk is limited for open market housebuilding activities as the Company 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.

(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 Company income or the value of the Company's financial instruments.

Interest rate risk

Interest rate risk relates to the impact of interest rate increases on the Company's borrowing. The interest rate on both the loan and RCF due to immediate parent Tilia Bidco Limited is at 8%. The Company has no other interest-bearing financial instruments.

Financial risks and management (continued)

Housing market risk

The Company 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.

Whilst these risks are beyond the Company's ultimate control, risk is spread across differing business activities undertaken by the Company and the geographical regions in which it operates.

The UK housing market affects the valuation of the Company'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.

Currency risk

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

Employment of disabled persons

The Company 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 Company.

Future developments

The Company 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 Companies Act 2006 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 the Company to cover certain losses or liabilities to which they may be exposed due to their office

Reappointment of auditors

Under section 487(2) of the Companies Act 2006, 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 current nor prior year.

Going concern

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

The Company has net assets and cash as at 31 March 2023 of £39.7m and £20.4m respectively. Funding to the Company is provided in the form of a loan from the Company's immediate parent, Tilia Bidco Limited. The principal amount of loan outstanding at 31 March 2023 was £150.1m. The loan expires in May 2026 and the interest rate is 8%. The Company also has access to a rolling credit facility (RCF) from Tilia Bidco Limited. The amount drawn at 31 March 2023 was £20.0m. The current RCF expires on 11 May 2025 and the interest rate is 8%. The Company holds no other forms of debt. The Company has received written confirmation from the company heading the Group, Tilia Group Holdings Limited, that financial support will be provided for at least 12 months from the date of approval of these financial statements.

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 to supplier purchases. The Board has also considered a plausible downside scenario against the base forecast which the business can withstand, while still maintaining adequate liquidity. The base and downside scenario forecasts, in conjunction with the letter of support provided from the Company's immediate parent, foresee that the business will 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.

Disclosure of information to the auditors

Under section 418 of the Companies Act, 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:

M J Dilley
Director

Tilia Homes Limited

Corporate Governance Section 172 Statement for the Period ended 31 March 2023

The Board is committed to engaging with our people, our stakeholders and the communities in which we operate, and creating a healthy and sustainable culture. The Directors of the Company have had regard for the matters set out in section 172(1) (a)-(f) of the Companies Act when performing their duty under s172. The Directors consider that they have acted in good faith in the way that would be most likely to promote the success of the Company for the benefit of its members as a whole, while also considering the broad range of stakeholders who interact with and are impacted by our business.

The following details how the directors have had regard to the matters set out in s172(1) (a)-(f):

(a) *The likely consequences of any decision in the long term* – the long-term success of the company is always considered in making strategic decisions and this is aligned with the strategy and the risk management procedures within the company.

(b) *The interests of the company's employees* – we continue to reinforce the culture and values of the company, aimed at creating the right environment to create opportunities for individuals and teams to realise their full potential. Tilia is committed to developing an inclusive workplace, creating an environment which allows its people to thrive and enhancing diversity to deliver more value for our employees, clients and customers. Our values include a fundamental commitment to operate safely in everything we do as a company, and we have a detailed and rigorous health and safety policy in place. We have a strategy in place to be "The Employer of Choice" and have consulted with staff to ensure we fully understand what is important to them. We are delivering a breadth of training and are proactively supporting staff in their career development.

(c) *The need to foster the company's business relationships with suppliers, customers, and others* – stakeholder relationships are a key source of value that helps ensure the company's success is sustainable in the long term. The company seeks to ensure it manages the relationship with its stakeholders through regular communication across a number of media types. We have improved our processes with regard to ensuring delivery a quality product to our customer and continue to identify opportunities to improve. We have some strong relationships with our suppliers and see strong supplier relationships as being critical to our future success. We have implemented new payment systems which continue to improve the supplier payment process.

(d) *The impact of the company's operations on the community and the environment* – the impact of the company on the environment and our communities is factored in as a part of the company's decision-making processes. We support multiple charities within the areas we operate. Wherever we seek to undertake developments we undertake rigorous impact assessments of their impact on the environment. We are in the process of undertaking a full ESG review with the aim of introducing new policies, procedures and approaches to ensure we continue to act responsibly and with the highest levels of integrity

(e) *The desirability of the company maintaining a reputation of high standards of business conduct* – this is at the heart of the culture of the company to ensure high standards of business conduct are maintained with all its stakeholders

(f) *The need to act fairly between stakeholders of the company* – this is at the heart of the culture of the company and all business decisions are made taking into account the effect on all stakeholders, ensuring decisions are fair and appropriate to all

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

M J Dilley
Director

Tilia Homes Limited

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 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 the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

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

M J Dilley
Director

Independent auditors' report to the members of Tilia Homes Limited

Report on the audit of the financial statements

Opinion

In our opinion, Tilia Homes Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its loss and cash flows for the period from 1 July 2022 to 31 March 2023;
- 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
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the Statement of Financial Position as at 31 March 2023; the Income Statement, Statement of Comprehensive Income and 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 company 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 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 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.

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

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, except to the extent otherwise explicitly stated in this report, 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.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the period ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related 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 the Companies Act 2006 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 inappropriatejournal 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 lawsand 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 judgements 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, in particular any journal entries posted with unusual account combinations.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. 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 Chapter 3 of Part 16 of the Companies Act 2006 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.

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

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

A Paynter

Andrew Paynter (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 September 2023

Tilia Homes Limited

Income Statement for the Period ended 31 March 2023

	Note	Before exceptional items £000	Exceptional items (note 6) £000	9 month period ended 31 March 2023 Total £000	Year ended 30 June 2022 Total £000
Revenue	4	46.162	-	46.162	78.124
Cost of sales		(50.469)	(4.485)	(54.954)	(77.094)
Gross (loss)/profit		**(4,307)**	**(4,485)**	**(8,792)**	**1,030**
Administrative expenses		(14.778)	-	(14.778)	(21.314)
Share of joint ventures profit	16	7.562	-	7.562	12.845
Operating loss	5	**(11,523)**	**(4,485)**	**(16,008)**	**(7,439)**
Impairment of intercompany receivable	6	-	(4.793)	(4.793)	-
Loss before interest and tax		**(11,523)**	**(9,278)**	**(20,801)**	**(7,439)**
Finance costs	7	(9.799)	-	(9.799)	(8.561)
Loss before tax		**(21,322)**	**(9,278)**	**(30,600)**	**(16,000)**
Income tax credit	11	3.602	-	3.602	3.790
Loss for the financial period/year		**(17,720)**	**(9,278)**	**(26,998)**	**(12,210)**

The above results were derived from continuing operations.

The accompanying notes form an integral part of these 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 Homes Limited

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 financial period/year	(26,998)	(12,210)
Total comprehensive expense for the period/year	(26,998)	(12,210)

The accompanying notes form an integral part of these 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 Homes Limited
(Registration number: 00775505)

Statement of Financial Position as at 31 March 2023

	Note	31 March 2023 £ 000	30 June 2022 £ 000
Non-current assets			
Intangible assets	12	1,436	2,175
Property, plant and equipment	13	502	429
Right of use assets	14	1,322	1,536
Investment in subsidiaries	15	23,368	23,368
Investment in joint ventures	16	106,909	112,492
Deferred tax assets	11	7,014	6,429
Trade and other receivables	18	4,674	4,129
		145,225	**150,558**
Current assets			
Inventories	17	141,134	122,115
Trade and other receivables	18	62,365	60,536
Current tax asset	11	2,988	866
Cash and cash equivalents	19	20,410	23,703
		226,897	**207,220**
Total assets		**372,122**	**357,778**
Current liabilities			
Trade and other payables	20	(86,926)	(86,085)
Loans and borrowings	21	(188,437)	(150,256)
Lease liabilities	22	(549)	(718)
Provisions	23	(11,940)	(8,016)
		(287,852)	**(245,075)**
Non-current liabilities			
Trade and other payables	20	(36,957)	(39,532)
Lease liabilities	22	(846)	(928)
Provisions	23	(6,767)	(5,545)
		(44,570)	**(46,005)**
Total liabilities		**(332,422)**	**(291,080)**
Net assets		**39,700**	**66,698**
Equity			
Called up share capital	25	228,761	228,761
Share premium reserve		6	6
Accumulated losses		(189,067)	(162,069)
Total equity		**39,700**	**66,698**

Tilia Homes Limited

(Registration number: 00775505)
Statement of Financial Position as at 31 March 2023

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

The financial statements on pages 19 to 47 were approved by the Board on 28 September 2023 and signed on its behalf by:

M J Dilley
Director

Tilia Homes Limited

Statement of Changes in Equity for the Period ended 31 March 2023

	Share capital £ 000	Share premium £ 000	Accumulated losses £ 000	Total £ 000
At 1 July 2021	**228,761**	**6**	**(149,859)**	**78,908**
Loss for the 12mth year	-	-	(12,210)	(12,210)
Total comprehensive expense	-	-	(12,210)	(12,210)
At 30 June 2022	**228,761**	**6**	**(162,069)**	**66,698**

	Share capital £ 000	Share premium £ 000	Accumulated losses £ 000	Total £ 000
At 1 July 2022	**228,761**	**6**	**(162,069)**	**66,698**
Loss for the 9mth period	-	-	(26,998)	(26,998)
Total comprehensive expense	-	-	(26,998)	(26,998)
At 31 March 2023	**228,761**	**6**	**(189,067)**	**39,700**

The accompanying notes form an integral part of these 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 Homes Limited

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

1 General information

The Company is a private Company limited by share capital incorporated and domiciled in the United Kingdom.

The address of its registered office is:
Tungsten Building
Blythe Valley Business Park
Solihull
West Midlands
United Kingdom
B90 8AU

The principal business activity of the Company is housebuilding.

2 Accounting policies

Basis of preparation

The Company meets the definition of a qualifying entity under FRS 101 issued by the Financial Reporting Council. The financial statements were prepared in accordance with FRS 101 'Reduced Disclosure Framework' as issued by the Financial Reporting Council. Statements have been produced in accordance with the Companies Act 2006. Financial reports have been prepared under an historical cost and going concern basis.

The Company is a subsidiary undertaking of Tilia Bidco Limited, a company registered in Guernsey.

The largest company in which the results of the Company are consolidated is Tilia Group Holdings Limited, a company registered in Guernsey. The Tilia Group Holdings Limited financial statements are available via the website www.tiliahomes.co.uk. The Company is therefore exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements.

Summary of disclosure exemptions

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

IAS 7, 'Statement of cash flows';
Paragraphs 45(b) and 46 to 52 of IFRS 2, 'Share-based payment' (details of the number and weighted average exercise prices of share options, and how the fair value of goods or services received was determined);
Paragraphs 30 and 31 of IAS 8, 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective);
IFRS 7, 'Financial instruments: Disclosures';
Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities);
The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group;
Paragraph 17 of IAS 24, 'Related party disclosures' (key management compensation);

Paragraph 38 of IAS 1, 'Presentation of financial statements' – comparative information requirements in respect of: paragraph 79(a)(iv) of IAS 1; paragraph 73(e) of IAS 16, 'Property, plant and equipment'; and paragraph 118(e) of IAS 38, 'Intangible assets' (reconciliations between the carrying amount at the beginning and end of the period);

2 Accounting policies (continued)

The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers; and
Paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details of indebtedness required by paragraph 61(1) of Schedule 1 to the Regulations is presented separately for lease liabilities and other liabilities, and in total.

The Company proposes to continue to adopt the reduced disclosure framework of FRS101 in its next financial statements.

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.

Going concern

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

The Company has net assets and cash as at 31 March 2023 of £39.7m and £20.4m respectively. Funding to the Company is provided in the form of a loan from the Company's immediate parent, Tilia Bidco Limited. The principal amount of loan outstanding at 31 March 2023 was £150.1m. The loan expires in May 2026 and the interest rate is 8%. The Company also has access to a rolling credit facility (RCF) from Tilia Bidco Limited. The amount drawn at 31 March 2023 was £20.0m. The current RCF expires on 11 May 2025 and the interest rate is 8%. The Company holds no other forms of debt. The Company has received written confirmation from the company heading the Group, Tilia Group Holdings Limited, that financial support will be provided for at least 12 months from the date of approval of these financial statements.

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 to supplier purchases. The Board has also considered a plausible downside scenario against the base forecast which the business can withstand, while still maintaining adequate liquidity. The base and downside scenario forecasts, in conjunction with the letter of support provided from the Company's immediate parent, foresee that the business will 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.

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.

The Company 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. 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.

Functional and presentational currency

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

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.

2 Accounting policies (continued)

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 Company 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 Company. 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.

Property, plant and equipment and depreciation

Land is not depreciated. Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

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

Leasehold buildings and improvements	Period of lease
Plant and equipment (including vehicles)	3-12 years

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 investment and results recognised via equity accounting shown in the financial statement under share of joint ventures profits. Joint ventures are fundamental to the Company's operations and therefore the share of post-tax results of joint ventures is presented within operating results.

If land is sold to a joint venture, only the proportion not owned by Tilia Homes is recognised as revenue and hence profit in the period, with the proportion owned by Tilia Homes 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 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 Company 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. The inventory balance is dependent on the equalised margin approach based on expected site-wide profit. 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 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. Provisions held by the Company are currently limited to onerous contracts, closed sites and maintenance.

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 benefit expense

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company 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 periods. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods 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 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.

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

2 Accounting policies (continued)

Revenue and profit recognition

Recognition

Revenue is recognised principally from the sale of homes we build.

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

2 Accounting policies (continued)

Intangible assets

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 Company 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 period.

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

CRM system	7 years
ERP system	5 years

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

Trade and other payables

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

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 Company under residual value guarantees;
• The exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
• Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

2 Accounting policies (continued)

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 Company, 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 Company 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 period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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 Company is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

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

• Leases of low-value items - The Company 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 Company recognises the related lease payments as an expense on a straight-line basis over the lease term.

Contracts may contain both lease and non-lease components. The Company 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.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with FRS 101 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.

Sources of estimation uncertainty

Cost allocation and estimation

In order to determine the profit that the Company is able to recognise on its developments in a specific period, the Company has to allocate site-wide development costs between units built in the current year 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 probably 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.

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.

Deferred tax asset

Deferred tax assets are recognised only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of whether or not there will be sufficient future taxable profits available to offset the assets as they reverse. This requires assumptions regarding future profitability and is therefore inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognised in respect of deferred tax assets as well as in the amounts recognised in income in the period in which the change occurs.

4 Revenue

The analysis of the Company's revenue for the period from continuing operations is as follows:

	2023 £ 000	2022 £ 000
Sale of residential property	45.306	78.124
Sale of land	856	-
	46,162	78.124

The Company has only one operating segment as residential property.

5 Operating loss

Arrived at after charging:

	Note	2023 £ 000	2022 £ 000
Amortisation expense	12	739	748
Depreciation expense	13	85	51
Depreciation of right of use assets	14	620	725
Exceptional items*	6	4,485	-

*the element charged within operating loss

6 Exceptional items

Included in the income statement are the following items:

	Narrative reference	2023 £ 000	2022 £ 000
Impairment of intercompany receivable	i	4,793	-
Legacy closed site provisions	ii	4,485	-
		9,278	-

The directors believe that highlighting exceptional items allows for a better standing of underlying performance. No exceptional items were presented during the year end 30 June 2022 and those included in the period ended 31 March 2023 are outlined below:

(i) *Impairment of* intercompany receivable (charged below operating loss)
A review of dormant, non-trading subsidiaries in the year ahead of a planned simplification of the Group's structure has resulted in the recognition of a non-cash impairment of historic intercompany balances.

(ii) *Legacy closed site provisions* (charged within operating loss)
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 remediation.

7 Finance costs

	2023 £ 000	2022 £ 000
Interest on loan due to immediate parent	8,680	7,934
Interest on RCF due to immediate parent	929	86
Other finance costs	190	541
Total	9,799	8,561

8 Staff costs

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

	2023 £ 000	2022 £ 000
Wages and salaries	19,472	24,277
Social security costs	2,237	2,806
Pension costs, defined contribution scheme	976	1,039
	22,685	28,122

The average monthly number of persons employed by the Company (including directors) during the year, analysed by category was as follows:

	2023 No.	2022 No.
Production	234	271
Administration and support	74	66
Sales, marketing and distribution	102	110
	410	447

9 Directors' remuneration

	2023 £ 000	2022 £ 000
Remuneration	1,517	1,625

No payments (2022: £246k) were paid to directors in respect of loss of office.

During the year the number of directors who were receiving benefits was as follows:

	2023 No.	2022 No.
Accruing benefits under money purchase pension scheme	2	4

In respect of the highest paid director:

	2023 £ 000	2022 £ 000
Remuneration	715	339

10 Auditors' remuneration

	2023 £ 000	2022 £ 000
Statutory audit services	93	91

11 Income tax credit

Tax credited in the income statement:

	2023 £ 000	2022 £ 000
Current taxation		
Group relief receivable	(3,017)	(866)
Total current taxation	(3,017)	(866)
Deferred taxation		
Arising from origination and reversal of temporary differences	(773)	(945)
Arising from changes in tax rates and laws	-	(1,498)
Arising from previously unrecognised tax loss, tax credit or temporary difference of prior periods	188	(481)
Total deferred taxation	(585)	(2,924)
Tax credit in the income statement	(3,602)	(3,790)

11 Income tax credit (continued)

The tax on loss before tax for the year is higher than the standard rate of corporation tax in the UK (2022: higher than the standard rate of corporation tax in the UK) of 19% (2022: 19%). The differences are reconciled below:

	2023 £ 000	2022 £ 000
Loss before taxation	(30,600)	(16,000)
Corporation tax at standard rate of 19% (2022: 19%)	(5,814)	(3,040)
Adjustments to tax charge in respect of previous periods - deferred tax	188	(481)
Adjustments to tax charge in respect of previous periods - current tax	(45)	-
Increase from effect of expenses not deductible in determining tax loss	2,744	1,305
Other permanent differences	(2,973)	-
Deferred tax credit relating to changes in tax rates or laws	2,312	(1,498)
Group relief surrendered	2,972	790
Receipt for group relief	(2,972)	(790)
Residential property developer tax group relief	(13)	(76)
Fixed asset differences	(1)	-
Total tax credit	(3,602)	(3,790)

Deferred tax

The deferred tax balance as at the year end has been recognised at 25% (2022: 25%) which is the enacted corporation tax rate that will be effective from 1 April 2023. 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 movement during the year:

	At 1 July 2022 £ 000	Recognised in income statement £ 000	At 31 March 2023 £ 000
Losses	6,305	885	7,190
Accelerated tax depreciation	124	(300)	(176)
Net tax assets	6,429	585	7,014

Deferred tax movement during the prior year:

	At 1 July 2021 £ 000	Recognised in income statement £ 000	At 30 June 2022 £ 000
Losses	3,321	2,984	6,305
Accelerated tax depreciation	184	(60)	124
Net tax assets	3,505	2,924	6,429

11 Income tax credit (continued)

Current tax

Current tax movement during the year:

	At 1 July 2022 £ 000	Recognised in income statement £ 000	Receipts £ 000	At 31 March 2023 £ 000
Group relief	866	3,017	(895)	2,988
Net tax assets	866	3,017	(895)	2,988

Current tax movement during the prior year:

	At 1 July 2021 £ 000	Receipts for group relief £ 000	At 30 June 2022 £ 000
Receipts for group relief	-	866	866
Net tax assets	-	866	866

12 Intangible assets

	CRM system £ 000	ERP system £ 000	Total £ 000
Cost			
At 1 July 2022 and 31 March 2023	4,661	1,586	6,247
Impairment			
At 1 July 2022 and 31 March 2023	1,819	-	1,819
Accumulated amortisation			
At 1 July 2022	2,174	79	2,253
Charge for the year	501	238	739
At 31 March 2023	2,675	317	2,992
Carrying amount			
At 31 March 2023	167	1,269	1,436
At 30 June 2022	668	1,507	2,175

13 Property, plant and equipment

	Total £ 000
Cost	
At 1 July 2022	688
Additions	158
At 31 March 2023	846
Impairment	
At 1 July 2022 and 31 March 2023	140
Accumulated depreciation	
At 1 July 2022	119
Charge for the year	85
At 31 March 2023	204
Carrying amount	
At 31 March 2023	502
At 30 June 2022	429

14 Right of use assets

	Land and buildings £ 000	Motor vehicles £ 000	Total £ 000
Carrying amount			
At 1 July 2022	791	745	1,536
Additions	56	402	458
Disposals	-	(52)	(52)
Depreciation charge for the year	(355)	(265)	(620)
At 31 March 2023	492	830	1,322

15 Investment in subsidiaries

	£ 000
Carrying amount	
At 30 June 2022 and 31 March 2023	23,368

Investments' carrying values are supported by their recoverable amounts as wholly owned subsidiaries with the relevant intercompany balances, inclusive of impairment charges.

Details of the subsidiaries, excluding management companies, as at 31 March 2023 are as follows:

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held 2023	Proportion of ownership interest and voting rights held 2022
Allison Homes Eastern Limited*	Dormant	Tungsten Building, Blythe Valley Business Park, Solihull, England, B90 8AU	100% / 100%	100% / 100%
Bellwinch Homes Limited	Dormant	Tungsten Building, Blythe Valley Business Park, Solihull, England, B90 8AU	100% / 100%	100% / 100%
Bellwinch Homes (Western) Limited	Dormant	Tungsten Building, Blythe Valley Business Park, Solihull, England, B90 8AU	100% / 100%	100% / 100%
Bellwinch Limited*	Dormant	Tungsten Building, Blythe Valley Business Park, Solihull, England, B90 8AU	100% / 100%	100% / 100%
Hugh Bourn Developments (Wragby) Limited (dissolved 30 September 2020)	Dissolved	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL	100% / 100%	100% / 100%
Javelin Construction Company Limited (dissolved 18 August 2020)	Dissolved	1 More London Place, London SE1 2AF	100% / 100%	100% / 100%
Tilia Homes Caledonia Limited*	Residential development	Tungsten Building, Blythe Valley Business Park, Solihull, England, B90 8AU	100% / 100%	100% / 100%

Tilia Homes Limited

Notes to the Financial Statements for the Period ended 31 March 2023 (continued)

15 Investment in subsidiaries (continued)

Name of subsidiary	Principal activity	Registered office	Proportion of ownership interest and voting rights held 2023	Proportion of ownership interest and voting rights held 2022
Tilia Homes Northern Limited*	Dormant	Tungsten Building, Blythe Valley Business Park, Solihull, England, B90 8AU	100% / 100%	100% / 100%
Tilia Land Limited*	Dormant	Tungsten Building, Blythe Valley Business Park, Solihull, England, B90 8AU	100% / 100%	100% / 100%
Tilia Living Developments Limited*	Dormant	Tungsten Building, Blythe Valley Business Park, Solihull, England, B90 8AU	100% / 100%	100% / 100%
Tilia Partnership Homes Limited*	Residential Housebuilding	Tungsten Building, Blythe Valley Business Park, Solihull, England, B90 8AU	100% / 100%	100% / 100%
Tempsford Cedars Limited*	Non-trading	Tungsten Building, Blythe Valley Business Park, Solihull, England, B90 8AU	100% / 100%	100% / 100%
Twigden Homes Limited*	Dormant	Tungsten Building, Blythe Valley Business Park, Solihull, England, B90 8AU	100% / 100%	100% / 100%
Twigden Homes Southern Limited	Dormant	Tungsten Building, Blythe Valley Business Park, Solihull, England, B90 8AU	100% / 100%	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 results 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

16 Investment in Joint Ventures (continued)

Details of the joint ventures as at 31 March 2023 are as follows:

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%
Farington Moss Devco LLP (dissolved on 13 October 2020)	Dissolved	81 Fountain Street, Manchester, England, M2 2EE	10%	10%
Farington Moss Holdco 1 LLP (dissolved on 13 October 2020)	Dissolved	81 Fountain Street, Manchester, England, M2 2EE	10%	10%
Farington Moss Holdco 2 LLP (dissolved on 13 October 2020)	Dissolved	81 Fountain Street, Manchester, England, M2 2EE	10%	10%
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%

16 Investment in Joint Ventures (continued)

Name of joint venture	Principal activity	Registered office	Proportion of ownership interest 2023	2022
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%
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 the Company, acquired CKH Developments Limited's 10 % share in Tilia Cross Keys Holdco 1 LLP for a purchase price of £7,000k.

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	141,134	122,115

The cost of inventories expensed in the year and included within cost of sales was £54,954k (2022: £77,094k).

The directors consider all inventories to be essentially current in nature although the Company'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 £323k (2022: £171k) of part exchange properties.

18 Trade and other receivables

Current	2023 £ 000	2022 £ 000
Trade receivables	3,169	5,161
Amounts due from related parties	57,040	45,859
Prepayments	1,062	833
Contract assets	490	488
Other receivables	604	8,195
Total current trade and other receivables	62,365	60,536

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. An impairment has been recognised in the period against 'Amounts due from related parties', see note 6 for further information.

The Company's exposure to credit and market risks, including maturity analysis, relating to trade and other receivables is disclosed in the financial risk review note as part of the Directors' report.

19 Cash and cash equivalents

	2023 £ 000	2022 £ 000
Cash on hand	20,410	23,703

20 Trade and other payables

Current	2023 £ 000	2022 £ 000
Trade payables	32.537	23.846
Accrued expenses	11.298	18.889
Amounts due to related parties	40.634	40.663
Contract liabilities	910	1.254
Social security and other taxes	1.195	1.371
Other payables	352	62
Total current trade and other payables	86.926	86.085

Non-current	2023 £ 000	2022 £ 000
Total non-current trade and other payables	36.957	39.532

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

21 Loans and borrowings

	2023 £ 000	2022 £ 000
Current loans and borrowings		
Loan payable to immediate parent	167.424	142.170
RCF payable to immediate parent	21.013	8.086
Total current loans and borrowings	188.437	150.256

The loan is repayable on demand and therefore has been disclosed as current, with an interest rate of 8%. The RCF expires on 11 May 2025, but the Company has received written confirmation from its immediate parent that the RCF and loan facilities will continue to be made available for at least 12 months from the date of approval of these financial statements.

22 Lease liabilities

Leases included in liabilities

	2023 £ 000	2022 £ 000
Current	549	718
Non-current	846	928
Total lease liabilities	1,395	1,646

Lease liabilities maturity analysis

Future minimum lease payments as at 31 March 2023 are as follows:

	2023 £ 000	2022 £ 000
Less than one year	633	826
One to two years	483	531
Two to three years	279	338
Three to four years	103	138
Four to five years	16	14
Five years and above	6	9
Total gross payments	1,520	1,856
Impact of finance expenses	(125)	(210)
Carrying amount of liability	1,395	1,646

Total cash outflows related to leases

	2023 £ 000	2022 £ 000
Principal elements of lease payments	759	744
Interest	104	133
Total cash outflow	863	877

23 Provisions

	Onerous fixed build contracts £'000	Closed sites £'000	Maintenance £'000	Total provisions £'000
At the beginning of the year	9,335	2,742	1.484	13.561
Charged to the income statement in the year	1.392	6.726	1.441	9.559
Utilised in the year	(2.055)	(1.330)	(1.028)	(4.413)
At the end of the year	8.672	8.138	1.897	18.707

Analysis of total provisions:	2023 £ 000	2022 £ 000
Due within one year	11.940	8.016
Due after one year	6.767	5.545
Total	18.707	13.561

The closed sites provision consists of costs to complete on closed and legacy sites and the maintenance provision covers after care on completed homes. 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 £6.726k in total; £4.485k of this 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)	(1.433)
Total	(138)	(1.433)

Revenue recognised for the year on open contracts amounts to £5.986k (2022: £8.466k). During the year costs of £5.346k (2022: £8.102k) 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 No.	2023 £ 000	2022 No.	2022 £ 000
Ordinary shares of £1 each	228.760.639	228.761	228.760.639	228.761

26 Related party transactions

Tilia Homes Limited operates through several joint ventures with which it holds trading balances. Further details can be found in note 16.

Guy Hands, the ultimate controlling party of the Company, is a director and sole shareholder of Terra Firma Investments Limited. During the period ended 31 March 2023, the Company incurred advisory fees of £2,045k (2022: £1,973k) in respect of Terra Firma Investments Limited. £1,365k (2022: £854k) was outstanding at 31 March 2023.

The Company's immediate parent is Tilia Bidco Limited. During the period ended 31 March 2023, the Company accrued interest of £8,680k (2022: £7,934k) in respect of the loan payable to Tilia Bidco Limited. Both the principal loan amount of £150,144k (2022: £133,560k) and interest payable of £17,280k (2022: £8,610k) were outstanding at 31 March 2023. The loan expires in May 2026 and the interest rate is 8%.

During the period ended 31 March 2023, the Company accrued interest of £929k (2022: £86k) in respect of the RCF payable to Tilia Bidco Limited. Both the principal amount of £20,000k (2022: £8,000k) and interest payable of £1,013k (2022: £86k) were outstanding at 31 March 2023. The RCF expires on 11 May 2025 and the interest rate is 8%.

During the period ended the Company was also charged expenses from Terra Firma Holdings Limited of £6k. This amount was not outstanding at 31 March 2023.

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

The Company is subsidiary undertaking of Tilia Bidco Limited, a company registered in Guernsey.

The largest company in which the results of the Company are consolidated is Tilia Group Holdings Limited, a company registered in Guernsey (Ground Floor, Cambridge House, Le Truchot, St Peter Port, GY1 1WD). The Tilia Group Holdings Limited financial statements are available via the website www.tiliahomes.co.uk.

The directors consider the ultimate controlling party to be Guy Hands.

28 Post balance sheet events

In April 2023 Tilia Homes Developments 1 Limited, a newly incorporated and wholly owned subsidiary of the Company, 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 Company's financial statements.

On 28 June 2023 and 7 August 2023, the Company received further loan funding of £690k and £6,200k respectively from its immediate parent Tilia Bidco Limited.