Registration number: 04242676

Tilia Partnership Homes Limited

Annual Report and Financial Statements

for the Period ended 31 March 2023

Tilia Partnership Homes Limited

Contents

Tilia Partnership Homes Limited

Company Information

Directors

Amerjit Atwal

Paul Smart

Andrew Hammond

Alexander Gibbs

Secretary

Daniel Wilson

Registered office

Tungsten Building
Blythe Valley Business Park
Solihull
West Midlands
England
United Kingdom
B90 8AU

Bankers

NatWest
Bedford
81 High Street
Leicester Customer Service Centre
11 Western Boulevard
Leicester
LE2 7EJ

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Tilia Partnership Homes Limited

Strategic Report for the Period ended 31 March 2023

The directors present their strategic report for Tilia Partnership Homes Limited (the "Company") 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 from 30 June 2023 to 31 March 2023 and therefore covers a period of 9 months.

Fair review of the business

The principal activity of the Company is the provision of affordable and mixed tenure housing.

Revenue for the 9 month period was £4,766k (2022: £6,779k).

The decrease in revenue can be attributed to a decrease in plot completion numbers. The Company has achieved 18 plot completions in the 9 months to 31 March 2023 (2022: 29). All 18 completions in the current year were private sales (2022: 29 private sales). The main driver behind the lower completion numbers is the shorter accounting period of 9 months (2022: 12 months) but is also partly a function of the market downturn.

Gross profit for the 9 months to 31 March 2023 was £93k (2022: gross loss £555k).

The improvement in gross profit is due to provisions being made for defects on closed sites in the previous period.

Operating loss before tax and exceptional items in the 9 months to 31 March 2023 was £144k (2022: operating loss of £1,057k).

Operating loss has improved due to provisions being made in the previous period for defects on completed jobs. Administrative expenses have decreased due to the lower volume going through the company due to the shortened 9 month period.

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. It remains the Board's expectation that inflation will fall which should reduce the pressure on interest rates and therefore mortgage rates

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. Sales prices increases can also mitigate cost inflation. 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
Cyber-attack and associated fraud	Risk of damage to data, systems, and reputation as a result of cyber-attacks or fraudulent activities	IT environment being with focus on security and fraud prevention first. Strong focus on segregation of duties. Training in place for staff. Additional security layers such as 2FA 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 re-acquisition completed projects	Potential financial impact if company is deemed liable and are required to rectify	Detailed review of old projects underway to identify potential risk. In places liability remains with Kier Group. Provisions taken based on likelihood and estimable value of liability

Tilia Partnership Homes Limited

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

Principal risks and uncertainties (continued)

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 Partnership Homes continued to be supported financially by its immediate parent, Tilia Homes Limited. The acquisition of 100% of the TCK joint venture by the immediate parent 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

Safety, health and environment

The safety and wellbeing of Tilia's employees and suppliers remain of paramount importance.

Please see the Safety, health and environment sections in the Tilia Group Company accounts, which is available at www.tiliahomes.co.uk, for details of the Group's policies and practices. As a member of the Group, the Company has abided and participated in these activities.

Approved by the Board on 18 October 2023 and signed on its behalf by:

....

P K Smart
Director

Tilia Partnership Homes Limited

Directors' Report for the Period ended 31 March 2023

The directors of Tilia Partnership Homes Limited (the "Company") present their report and the audited financial statements for the 9 months ended 31 March 2023.

Directors of the Company

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

Amerjit Atwal

Paul Smart

Andrew Hammond (appointed 28 February 2023)

Alexander Gibbs (appointed 11 July 2023)

Darren Humphreys (resigned 3 February 2023)

Nigel Greenaway (resigned 13 February 2023)

Going concern

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

The company has net current assets and cash at 31 March 2023 of £12.9m and £1.2m respectively. Funding to the Company for working capital support is provided in the form of an intercompany advance from the Company's immediate parent, Tilia Homes Limited. The amount of intercompany advance received at 31 March 2023 was £7.4m. The Company holds no other forms of debt.

The Company is reliant on financial support from its parent company, Tilia Homes Limited. The directors have received written confirmation that Tilia Homes Limited will continue to provide support for at least 12 months from the date of approval of these financial statements. As a result, the Company has sufficient liquidity to continue to trade and pay liabilities as they fall due and therefore the directors continue to adopt the going concern basis in preparing the Company's financial statements.

Directors' liability insurance

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

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.

Tilia Partnership Homes Limited

Directors' Report for the Period ended 31 March 2023 (continued)

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

No dividend was paid in 2023 (2022: £Nil).

Future developments

We anticipate the business will continue to operate in the existing market it currently trades in. We will continue to specialise in the delivery of mixed tenure and affordable housing.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the 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.

The directors of the ultimate parent company are responsible for the maintenance and integrity of the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board on 18 October 2023 and signed on its behalf by:

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P K Smart
Director

Tilia Partnership Homes Limited

Independent auditors' report to the members of Tilia Partnership Homes Limited

Report on the audit of the financial statements

Opinion

In our opinion, Tilia Partnership 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 for the 9 month period then ended;
- 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 and Financial Statements (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.

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.

Auditors' responsibilities for the financial statements and the audit
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 Heath 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. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with management including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Evaluation of management's controls designed to prevent and detect irregularities;
- Review of the financial statement disclosures and underlying supporting 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.

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.

Alex Lazarus (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
19 October 2023

Tilia Partnership Homes Limited

Income Statement for the Period ended 31 March 2023

		9 mth Period ended 31 March 2023	12 mth Year ended 30 June 2022		
	Note	Total £ 000	Before exceptional items £ 000	Exceptional items (note 6) £ 000	Total £ 000
Revenue	4	4,766	6,779	-	6,779
Cost of sales		(4,673)	(7,334)	(3,054)	(10,388)
Gross profit / (loss)		**93**	**(555)**	**(3,054)**	**(3,609)**
Administrative expenses		(237)	(502)	-	(502)
Operating loss before taxation	5	**(144)**	**(1,057)**	**(3,054)**	**(4,111)**
Income tax credit	7	30	1,001	-	1,001
Loss for the financial year		**(114)**	**(56)**	**(3,054)**	**(3,110)**

The above results were derived from continuing operations.

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

Tilia Partnership Homes Limited

Statement of Comprehensive Income for the Period ended 31 March 2023

	9 mth Period ended 31 March 2023 £ 000	12 mth Year ended 30 June 2022 £ 000
Loss for the financial year	(114)	(3,110)
Total comprehensive expense for the year	(114)	(3,110)

Tilia Partnership Homes Limited

(Registration number: 04242676)
Statement of Financial Position as at 31 March 2023

	Note	31 March 2023 £ 000	30 June 2022 £ 000
Non-current assets			
Property, plant and equipment	8	65	80
Deferred tax assets	7	846	847
		911	927
Current assets			
Inventories and work in progress	9	23,644	21,944
Cash and cash equivalents	11	1,224	1,115
Trade and other receivables	13	2,293	1,294
		27,161	24,353
Total assets		28,072	25,280
Current liabilities			
Trade and other payables	12	(10,790)	(7,326)
Provisions for liabilities	10	(3,495)	(1,016)
		(14,285)	(8,342)
Non-current liabilities			
Provisions for liabilities	10	(475)	(3,512)
Total liabilities		(14,760)	(11,854)
Net assets		13,312	13,426
Equity			
Called up share capital	14	10	10
Retained earnings		13,302	13,416
Total equity		13,312	13,426

The financial statements on pages 10 to 22 were approved by the Board of Directors on 18 October 2023 and signed on its behalf by:

....
P K Smart
Director

Tilia Partnership Homes Limited

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

	Called up share capital £ 000	Capital Contribution £ 000	Retained Earnings / (accumulated losses) £ 000	Total £ 000
At 1 July 2021	10	15,803	723	16,536
Loss for the 12 mth year	-	-	(3,110)	(3,110)
Total comprehensive expense	-	-	(3,110)	(3,110)
At 30 June 2022	10	15,803	(2,387)	13,426

	Called up share capital £ 000	Capital Contribution £ 000	Retained Earnings / (accumulated losses) £ 000	Total £ 000
At 1 July 2022	10	15,803	(2,387)	13,426
Loss for the 9mth period	-	-	(114)	(114)
Total comprehensive expense	-	-	(114)	(114)
At 31 March 2023	10	15,803	(2,501)	13,312

Tilia Partnership 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
England
United Kingdom
B90 8AU

2 Accounting policies

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

Basis of preparation
The financial statements of Tilia Partnership Homes Limited have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

Summary of disclosure exemptions
The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS101:
IAS 7: Complete exemption from preparing a cash flow statement and related notes;
IAS 8: The listing of new or revised standards that have not been adopted (and information about their likely impact) has been omitted;
IFRS 7: Complete exemption from all of the disclosure requirements of IFRS 7, Financial Instruments, other than for those instruments where these disclosures are still required to comply with the law;
IFRS 13: Complete exemption from all of the disclosure requirements of IFRS 13, Fair value measurement;
IAS 24: Exemption from disclosure of related party transactions entered into between two or more members of a group, provided that any subsidiary party to the transaction is wholly owned by such a member;
IAS 24: Exemption from disclosure of compensation for key management personnel and amounts incurred by an entity for the provision of key management personnel services that are provided by a separate management entity;
IAS 1: Exemption from comparatives for movements on property, plant & equipment, intangible assets and share capital;
IFRS 15: Exemption from certain disclosures in respect of revenue from contracts with customers; and
IFRS 16: Exemption from certain disclosures in respect of leases.

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

The company has net current assets and cash at 31 March 2023 of £12.9m and £1.2m respectively. Funding to the Company for working capital support is provided in the form of an intercompany advance from the Company's immediate parent, Tilia Homes Limited. The amount of intercompany advance received at 31 March 2023 was £7.4m. The Company holds no other forms of debt.

The Company is reliant on financial support from its parent company, Tilia Homes Limited. The directors have received written confirmation that Tilia Homes Limited will continue to provide support for at least 12 months from the date of approval of these financial statements. As a result, the Company has sufficient liquidity to continue to trade and pay liabilities as they fall due and therefore the directors continue to adopt the going concern basis in preparing the Company's financial statements.

Tilia Partnership Homes Limited

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

2 Accounting policies (continued)

Current and deferred income tax

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

Property, plant and equipment is stated in the balance sheet at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	**Depreciation method and rate**
Furniture, fittings & equipment	20 Straight Line
Other property, plant & equipment (leasehold improvements)	6.7% Straight Line

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.

Inventories

Inventory is stated at the lower of cost and net realisable value. The valuation of the Company's work in progress inventory is an area which requires significant judgement. An assessment of the net realisable value of inventory is carried out at each balance sheet date and is dependent upon the Company's estimate of forecast selling prices and build/development costs (by reference to current prices), which may require significant judgement.

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 inventory to its present location and condition. At each reporting date, inventory is 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 profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

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

2 Accounting policies (continued)

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

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

Provisions
Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

Contingent Liabilities
In accordance with IAS 37, the Company 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.

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.

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.

2 Accounting policies (continued)

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.

Trade receivables
Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets.

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. A provision for the impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

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.

Other sources of estimation uncertainty

Cost allocation
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 Company'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.

Other sources of estimation uncertainty (continued)

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 year from continuing operations is as follows:

	2023 £ 000	2022 £ 000
Sale of goods	4,766	6,779

The company has only one operating segment as sale of residential property within the UK.

5 Operating loss

Arrived at after charging:

	Note	2023 £ 000	2022 £ 000
Depreciation expense	7	15	18
Provision for closed site defects	9	-	1,282
Exceptional provision for fire safety defects on a limited number of historic buildings	9	-	3,054
Auditors remuneration		16	22

No other fees (2022:£Nil) were payable to the auditors for its services to the Company.

Directors' emoluments are paid through the company's immediate parent Tilia Homes Limited. The remuneration of those directors is dealt with in the financial statements of Tilia Homes Limited. Any allocation of these emoluments to the company for qualifying services would be trivial.

6 Exceptional items

Included in the income statement are the following items:

	Narrative reference	2023 £ 000	2022 £ 000
Legacy closed site provisions	i	-	3,054
		-	3,054

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

(i) *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 liabilities relating to fire remediation.

7 Income tax credit

Tax credited in the income statement

	2023 £ 000	2022 £ 000
Current taxation		
UK corporation tax	(31)	(226)
Total current taxation credit	(31)	(226)
Deferred Tax		
Arising from origination and reversal of temporary differences	1	12
Losses and other deductions	-	(787)
Total deferred taxation	-	(775)
Tax (credit) / expense	(30)	(1,001)

The tax on loss before taxation for the year is lower than the standard rate of corporation tax in the UK (2022 - lower 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	(144)	(4,111)
Corporation tax at standard rate in the UK of 19% (2022:19%)	(27)	(781)
Fixed asset differences	2	3
Residential property developer tax	-	(24)
Deferred tax expense relating to changes in tax rates or laws	(5)	(199)
Total tax credit	(30)	(1,001)

The deferred tax balance as at the year end has been recognised at 25.0% (2022: 25.0%) 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

Deferred tax assets

2023	Asset £ 000
Accelerated tax depreciation	53
Losses and other deductions	793
Total deferred tax asset	846

2022	Asset £ 000
Accelerated tax depreciation	60
Losses and other deductions	787
Total deferred tax asset	847

Deferred tax movement during the year:	At 1 July 2022 £ 000	Recognised in income £ 000	At 31 March 2023 £ 000
Accelerated tax depreciation	60	(7)	53
Losses and other deductions	787	6	793
Total deferred tax asset	847	(1)	846

8 Property, plant and equipment

	Property, plant and equipment £ 000	Total £ 000
Cost		
At 1 July 2022	294	294
At 31 March 2023	294	294
Accumulated Depreciation		
At 1 July 2022	214	214
Charge for the year	15	15
At 31 March 2023	229	229
Carrying amount		
At 30 June 2022	80	80
At 31 March 2023	65	65

9 Inventories and work in progress

	2023 £ 000	2022 £ 000
Work in progress	23,644	21,944

The cost of inventories expensed in the year and included within cost of sales was £4,673,000 (2022: £6,642,000).

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 with 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.

Tilia Partnership Homes Limited

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

10 Provisions for liabilities

	Fire safety defects £ 000	Closed sites £ 000	Maintenance £ 000	Total Provisions £ 000
At 1 July 2022	3,054	1,427	47	4,528
Charged to the income statement in the year	-	-	93	93
Utilised in the year	(219)	(345)	(87)	(651)
At 31 March 2023	2,835	1,082	53	3,970

	2023 £ 000	2022 £ 000
Due within one year	3,495	1,016
Due after one year	475	3,512
	3,970	4,528

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

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

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

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

11 Cash and cash equivalents

	2023 £ 000	2022 £ 000
Cash at bank	1,224	1,115

12 Trade and other payables

Current	2023 £ 000	2022 £ 000
Trade payables	2,056	3,305
Accrued expenses	1,384	1,534
Amounts due to related parties	7,350	2,487
Total current trade and other payables	10,790	7,326

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

13 Trade and other receivables

	2023 £ 000	2022 £ 000
Trade receivables	1,886	797
Prepayments	3	-
Amounts due from related parties	30	197
Other receivables	374	300
	2,293	1,294

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

14 Called up share capital

Allotted, called up and fully paid shares

		2023		2022
	No.	£ 000	No.	£ 000
Ordinary Shares of £1 each	10,000	10	10,000	10

15 Parent and ultimate parent undertaking

The Company's immediate parent is Tilia Homes Limited.

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.