Registration number: 68989

Tilia Group Holdings Limited

Annual Report and Financial Statements

for the Period Ended 30 June 2021

Tilia Group Holdings Limited

Contents

Tilia Group Holdings Limited

Group Information

Directors

I Bharadwaj

A W Richardson

Group secretary

Terra Firma Capital Management Limited (appointed on 23 March 2021)

Registered office

2 Trafalgar Court
Les Banques
St Peter Port
Guernsey
GY1 4LY

Bankers

National Westminster Bank Plc
250 Bishopsgate
London
EC2M 4AA

Independent Auditors

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

Tilia Group Holdings Limited

Strategic Report for the period ended 30 June 2021

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

The Company was incorporated in Guernsey on 23 March 2021 and has adopted a year end of June for consistency with the main trading entities of the Group. The Company is an investment holding company for the Group which is principally engaged in residential house building.

On 28 May 2021, Tilia Bidco Limited, a directly owned subsidiary of the Company, acquired 100% of the issued share capital of the Kier Living 'Group' ("Tilia Homes"), an established residential house builder (see note 31 for detailed list of acquired companies) for £120.8m.

Tilia Homes Limited, the main trading entity of the Group and its associated subsidiaries, was previously consolidated into the financial statements of Kier Group plc and had a financial year end of June. The financial statements and notes presented on pages 15 to 62 represent the first reporting period for the Group and comprise the one month trading results of the acquired Tilia Homes, together with the results from incorporation of the Company and another subsidiary formed to facilitate the acquisition of Tilia Homes.

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

Business model and strategy
Our business is based solely on the building and sale of residential properties, currently in England, excluding London and the South East. 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.

Business Review

Creating Tilia Homes

On 28 May 2021, the acquisition of Kier Living from Kier Group plc was completed, and the business was rebranded to Tilia Homes.

This, along with the settlement of the group companies previous overdraft facilities has resulted in a materially improved balance sheet and the capability and expertise to grow and evolve the business, headed by a new senior leadership team that has an extensive track record in the UK House Building sector. Tilia Homes endeavours to streamline the way it works, improve operational efficiencies and acquire more sites independently, scaling back joint venture projects over time.

During the year there was continued uncertainty around the impact of COVID-19 and the disruption of two national lockdowns. However, thanks to the resilience and hard work of everyone across the business, Tilia Homes Limited and associated companies delivered robust results. Operationally, focus has been on core disciplines and effective business processes, which has included the introduction of a new standard house type range and consistency in both sales and build specifications.

We continue to focus on delivering a quality product to our customers and are pleased to have achieved a HBF 4* rating for the last two years.

Future investment in land is pivotal to the business and the land teams have a clear strategy in place to ensure we secure the right opportunities, at the right price, and commence development in the right way, with the backing of our new owners.

Health and safety remains the number one priority at Tilia and we achieved an AIR (Accident Incident Rate) of 127 as at June 21, significantly below the HBF benchmark of 264.

COVID-19

The COVID-19 pandemic continued to impact the economy during the year ended 30 June 2021 with lockdowns continuing to be experienced, along with the disruptive impact of self-isolation requirements. The health and safety of our customers, employees, subcontractors and suppliers has been our number one priority, and whilst we were able to build and sell houses during the period, we continued to use home working and remote working technology where possible.

Despite the ability to build and sell houses in England, the impact of the pandemic on materials and labour supplies and costs continue to create operational challenges for the entire industry including Tilia, but with our strengthened balance sheet and the on-going work to improve business systems and processes, the Group is well place to manage these macro industry-wide headwinds.

Housing Market and UK's departure from EU

The UK housing market has slowly returned to the positive level that it was pre COVID-19, supported by the ongoing significant shortage of housing and combined with stronger demand, facilitated by macroeconomic factors and relatively cheap mortgage financing. We have seen selling prices and sales rates continue to be maintained at a strong level.

The UK is still adjusting to the new trading arrangements in place following the departure from the EU on 31 January 2020. Combined with the still present impact of COVID-19, despite the housing market remaining strong, we expect a period of economic uncertainty for the remainder of 2022. The board will ensure close management of the activities of the business and will ensure robust financial controls are in place.

Environmental Impact and carbon use disclosures

The Group identifies sustainability as a fundamental component of the long-term success of the Group. Being a sustainable business is more important than ever and we continue in the work towards changing mindsets to embrace sustainability so that it becomes embedded within every part of the business.

We are making good progress and can demonstrate our ongoing commitment to sustainability in the reduction of our carbon footprint. Smart meters are now installed in all our new homes and electric charging points can be seen at all our regional offices. Our company car options have been revised in line with our commitment with 40% of the available options being electric vehicles.

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

In accordance with applicable Guernsey Law, we report on our greenhouse gas emissions as part of this Strategic Report.

Our methodology has been based on the principals of the Greenhouse Gas Protocol, taking account of the 2015 amendment which sets out a 'dual reporting' methodology for the reporting of Scope 2 emissions.

The period of this data is from inception of the Company and includes data from 28 May 21 to 30 June 21 for the Group's trading entities.

Greenhouse Gas Emissions and Intensity Ratio

Emission Type	kWh	CO_2e tonnes (Location Based)
	Current Period	Current Period
Scope 1: Combustion	521,906	123.94
Total Scope 1	521,906	123.94
Scope 2: Purchased Energy	26,466	6.17
Total Scope 2	26,466	6.17
Scope 3: Indirect Energy use	35,919	8.64
Total Scope 3	35,919	8.64
Total	**584,291**	**138.75**

	Current Period
Number of employees	448
Intensity Ratio (tCO2/no of employees)	0.3

Emission Type	CO_2e tonnes (Dual Reporting Methodology)		
	Location Based	Market Based (Supplier Specific)	Var. %
Scope 1: Combustion	123.94	123.94	0%
Total Scope 1	123.94	123.94	0%
Scope 2: Purchased Energy	6.17	0	-100%
Total Scope 2	6.17	0	-100%
Scope 3: Indirect Energy use	8.64	8.64	0%
Total Scope 3	8.64	8.64	0%
Total	**138.75**	**132.58**	**-4.4%**

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.

Key recent achievements include: Access to an online hub for information and resources; A focused induction package to support all new joiners; Regular 'Livewire' email updates to update on company news and progress; 'Perks' employee discount platform

Principal risks and uncertainties

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

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

Key Risk	Nature of risk	Mitigation
Housing Market	Major price or sales volume reductions due to macro market forces	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
House building and costs	Materials and labour shortages, inflation in cost prices, and understated cost forecasts	Initiatives to mitigate include; Standard house types, increased central procurement, introduction of Group Commercial function, and the post year-end introduction of COINS ERP system
Land availability	Inability to procure land at satisfactory margins	Initiatives underway to reduce operating costs to improve land affordability
Health and safety	Impact of a major incident on staff, contractors, and reputation	Independent team in place to ensure adherence to our non-negotiable health and safety policies. 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. New ownership reinforces Group's future growth prospects

Key Risk	Nature of risk	Mitigation
COVID-19	Recurrence of lock-downs impacting ability to build and sell	Continue to monitor closely. Action plans implemented previously remain ready to re-introduce if necessary
Customer Satisfaction	Poor customer satisfaction impacting reputation and ability to sell	Customer journey simplified; improved build quality reviews being introduced. Standard house types and finishes improving end quality
Separation from Kier	Failure to deliver full separation from Kier IT, HR and finance shared service activities by the end of May 2022 as outlined in the separation agreement, impacting costs and ability to operate.	Strong project management of separation actions in place, with operational Separation Board in place monitoring progress with updates to full Board monthly. Back up options in place
Cyber Attack and Fraud	Risk of damage to data, systems, and reputation as a result of cyber-attacks or fraudulent activities	New post-Kier IT environment being designed with focus on security and fraud prevention first. Strong focus on segregation of duties. Training in place for staff.
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.
Uncertainty surrounding 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.

Financial Review

Results

These financial statements represent the first reporting period for the Group and comprise the one month trading results of Tilia Homes since acquisition on 28 May 2021 together with the results from incorporation of the Company, Tilia Group Holdings Limited, and subsidiary, Tilia Bidco Limited, formed to facilitate the investment in Tilia Homes. The financial reporting period for the Group and Company is 23 March 2021 to 30 June 2021, with the one-month trading period of June 2021 included for the trading entities of the Group.

Revenue for the one-month period was £17.1m. The Group made EBITDA of £4.4m in the period.

In the period the Group achieved 210 legal completions. This comprised 53 open market private completions and 24 affordable housing equivalent units. The Group operate though a number of joint ventures and of the 210 total units, 133 of these were delivered through the joint ventures.

Legal completions	1 month period ended 30 June 2021
Private	53
Affordable	24
Joint ventures	133
Total	210

Other KPIs	1 month period ended 30 June 2021 £ 000
Revenue	17,053
Operating profit *	4,152
EBITDA *	4,397
Profit before tax *	3,484

* Presented before exceptional items

Balance Sheet at 30 June 2021

The Group had net assets of £65.7m and a cash balance of £43.6m at the period end.

The Group's inventory was £113.8m. The Group also holds an investment of £108.4m in joint ventures.

At 30 June 2021, the Group had net debt of £66.4m. Loan funding is provided to the Group via a £110.0m loan from a related party Foster Investments Ltd. The loan is repayable on demand, however the Group and Company have received written confirmation from Foster Investments Limited that the loan will not be recalled for at least 12 months from the date of approval of the financial statements and that further financial support will be provided, if required. The interest rate is 8%. The Group is currently exploring opportunities to obtain an external banking facility to support working capital requirements.

Post balance sheet events

(a) Acquisition of Hopkins Homes Holdings Limited

On 20 January 2022 a subsidiary within the Group, Tilia Bidco Limited, acquired Hopkins Homes Holding Limited, a newly formed company which is the holding company of Hopkins Homes. Further details including purchase consideration and fair value of net assets acquired are presented in note 32.

(b) Shareholder funding

On 30 September 2021, Foster Investments Limited advanced £7,290,000 to Tilia Group Holdings Limited (see note 32).

Approved by the Board on 31 March 2022 and signed on its behalf by:

A Richardson.

....

Ashley Richardson
Director

Tilia Group Holdings Limited

Directors' Report for the period ended 30 June 2021

The directors present their report and the audited financial statements for the period ended 30 June 2021. The Company was incorporated in Guernsey on 23 March 2021.

Principal activity

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

Results and Dividends

The results for the period ended 30 June 2021 are set out in the consolidated income statement, with the results discussed in the preceding Strategic Report.

No dividends were paid in the period.

Directors of the Company

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

David Browne (appointed on 23 March 2021, resigned on 28 October 2021)

Ishan Bharadwaj (appointed on 28 October 2021)

Ashley Richardson (appointed on 29 October 2021)

Statement of Directors' Responsibilities

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

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

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

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

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

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

Employment of disabled persons

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

Future developments

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

Directors' liabilities

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

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

Reappointment of auditors

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

Dividends

There was no dividend declared for the period.

Going concern

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

The Group has net assets and cash as at 30 June 2021 of £65.7m and £43.6m respectively. Funding to the Group is provided in the form of a loan from a related party, Foster Investments Limited. The principal amount of loan outstanding at 30 June 2021 was £110.0m. The loan is repayable on demand, however the Group and Company have received written confirmation from Foster Investments Limited that the loan will not be recalled for at least 12 months from the date of approval of the financial statements and that further financial support will be provided, if required. The interest rate is 8%. The Group holds no other forms of debt.

The Board has reviewed the business's cash flow forecasts for the period to 30 June 2023, based on certain key assumptions which include the level of private sale completions and the price of these sales over that period. The Board has also considered a downside scenario against these forecasts which show that the business can withstand a deterioration in completions and price in line with those experienced during the Global Financial Crisis in 2007-2008, while still maintaining adequate liquidity. The base and downside scenarios forecast, in conjunction with the letter of support provided from Foster Investments Limited, 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 applicable Guernsey law, each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Approved by the Board on 31 March 2022 and signed on its behalf by:

A Richardson.

....

Ashley Richardson
Director

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

Report on the audit of the financial statements

Opinion

In our opinion, Tilia Group Holdings Limited's group financial statements:

- give a true and fair view of the state of the group's affairs as at 30 June 2021 and of its profit and cash flows for the period from 23 March 2021 to 30 June 2021;
- have been properly prepared in accordance with 'International Financial Reporting Standards as adopted in the European Union; and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008.

We have audited the financial statements, included within the Annual Report, which comprise: the Consolidated Statement of Financial Position and Company Statement of Financial position as at 30 June 2021; the Consolidated Income Statement, Consolidated statement of Comprehensive Income, Consolidated statement of Changes in Equity, Consolidated cash flow statement and Company statement of Changes in Equity for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

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

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the group's 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 Group Holdings 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 any form of assurance thereon.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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

In preparing the financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

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

Based on our understanding of the group and industry, we identified that the principal risks of non-compliance with laws and regulations related to Health and Safety legislation and UK tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies (Guernsey) Law, 2008. 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:

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

Auditors' responsibilities for the audit of the financial statements (continued)

- 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 to underlying support documentation;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to work-in-progress;
- Identifying and testing journal entries, in particular any journal entries posted with unusual account combinations, descriptions or posted by senior management.

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

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Section 262 of The Companies (Guernsey) Law, 2008 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies (Guernsey) Law, 2008 exception reporting

Under the Companies 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
- proper accounting records have not been kept by the company
- the company financial statements are not in agreement with the accounting records.

We have no exceptions to report arising from this responsibility.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants
London
31 March 2022

Tilia Group Holdings Limited

Consolidated Income Statement for the period ended 30 June 2021

	Note	2021		
		Before exceptional items	Exceptional items (see note 6)	Total
		£000	£000	£000
Revenue	4	17,053	-	17,053
Cost of sales		(16,175)	(321)	(16,496)
Gross profit		**878**	**(321)**	**557**
Administrative expenses		(1,193)	(66)	(1,259)
Share of post tax results of joint ventures	16	4,467	-	4,467
Operating profit	5	**4,152**	**(387)**	**3,765**
Gain on bargain purchase	31	-	31,453	31,453
Profit before interest and tax		**4,152**	**31,066**	**35,218**
Finance income	7	155	-	155
Finance costs	7	(823)	-	(823)
Net finance cost		**(668)**	-	**(668)**
Profit before tax		**3,484**	**31,066**	**34,550**
Income tax credit	11	928	-	928
Profit for the financial period		**4,412**	**31,066**	**35,478**

This relates to the period from 23 March 2021 to 30 June 2021.

The above results were derived from continuing operations.

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

Tilia Group Holdings Limited

Consolidated statement of Comprehensive Income for the period ended 30 June 2021

	2021 £ 000
Profit for the period	35,478
Total comprehensive income for the period	35,478

This relates to the period from 23 March 2021 to 30 June 2021.

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

Tilia Group Holdings Limited
(Registration number: (68989)

Consolidated statement of Financial Position as at 30 June 2021

	Note	Group 2021 £ 000
Non-current assets		
Intangible assets	12	1,510
Property, plant and equipment	13	146
Right of use assets	14	382
Investment in joint ventures	16	108,420
Deferred tax assets	11	3,424
Trade and other receivables	18	2,236
		116,118
Current assets		
Inventories	17	113,788
Trade and other receivables	18	27,144
Cash and cash equivalents	19	43,588
Current tax asset	11	-
		184,520
Total assets		**300,638**
Current liabilities		
Trade and other payables	20	(65,424)
Lease liabilities	22	(252)
Loans and borrowings	21	(110,000)
Provisions	23	(3,994)
		(179,670)
Non-current liabilities		
Trade and other payables	20	(47,359)
Lease liabilities	22	(126)
Provisions	23	(7,757)
		(55,242)
Total liabilities		**(234,912)**
Net assets		**65,726**
Equity		
Called up share capital	25	30,248
Accumulated profit		35,478
Total equity		**65,726**

Tilia Group Holdings Limited

(Registration number: (68989))
Consolidated statement of Financial Position as at 30 June 2021 (continued)

The financial statements on pages 15 to 62 were approved by the Board on 31 March 2022 and signed on its behalf by:

....
Ashley Richardson
Director

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

Tilia Group Holdings Limited

Consolidated statement of Changes in Equity for the period ended 30 June 2021

	Share capital £ 000	Accumulated profit £ 000	Total £ 000
Share issue (see note 25)	30,248	-	30,248
Profit for the period and total comprehensive income	-	35,478	35,478
At 30 June 2021	**30,248**	**35,478**	**65,726**

This relates to the period from 23 March 2021 to 30 June 2021.

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

Tilia Group Holdings Limited

Consolidated cash flow statement for the period ended 30 June 2021

	Note	2021 £ 000
Cash flows from operating activities		
Profit for the period		35,478
Adjustments for:		
Depreciation	13, 14	37
Amortisation	12	56
Interest payable	7	820
Taxation	11	(928)
Share of results of equity accounted joint ventures	16	(4,467)
Gain on bargain purchase	31	(31,453)
Increase in provisions		594
Operating cash flow before changes in working capital		**137**
Increase in trade and other receivables		(1,706)
Decrease in inventories		10,491
Increase in trade and other payables		13,932
Net cash flow from operating activities		**22,854**
Cash flows from investing activities		
Acquisition of intangible assets	12	(140)
Acquisition of subsidiary undertaking, net of cash acquired		(119,374)
Net cash flows from investing activities		**(119,514)**
Cash flows from financing activities		
Proceeds from share issue	25	30,248
Proceeds from loan	21	110,000
Net cash flow from financing activities		**140,248**
Net increase in cash and cash equivalents		**43,588**
Cash and cash equivalents at 23 March 2021		-
Cash and cash equivalents at 30 June 2021	19	**43,588**

This relates to the period from 23 March 2021 to 30 June 2021.

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

Tilia Group Holdings Limited

Notes to the Financial Statements for the period ended 30 June 2021

1 General information

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

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

2 Trafalgar Court
Les Banques
St Peter Port
Guernsey
GY1 4LY

The registered number is 68989.

2 Accounting policies

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

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

The Company was incorporated in Guernsey on 23 March 2021 as an intermediate holding company to be utilised for the purpose of purchasing Tilia Homes Limited and its associated subsidiaries from Kier Group plc. The primary trading company of the Group is Tilia Homes Limited, and the purchase of this entity from Kier Group plc was completed on 28 May 2021. The Company's first year end, to align with Tilia Homes Limited, is 30 June 2021. This is the financial year end for all trading Group companies. Consequently, only one month of trading results are consolidated in the Group's financial statements and there are no prior year comparatives. A list of all consolidated subsidiaries and associates, together with the date of consolidation, is listed at note 15.

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

Going concern

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

The Group has net assets and cash as at 30 June 2021 of £65.7m and £43.6m respectively. Funding to the Group is provided in the form of a loan from a related party, Foster Investments Limited. The principal amount of loan outstanding at 30 June 2021 was £110.0m. The loan is repayable on demand, however the Group and Company have received written confirmation from Foster Investments Limited that the loan will not be recalled for at least 12 months from the date of approval of the financial statements and that further financial support will be provided, if required. The interest rate is 8%.

The Group holds no other forms of debt. The Group has received written confirmation from the company financing the Group, Foster Investments Limited, that financial support will be provided for at least 12 months from the date of approval of these financial statements.

2 Accounting policies (continued)

The Board has reviewed the business's cash flow forecasts for the period to 30 June 2023, based on certain key assumptions which include the level of private sale completions and the price of these sales over that period. The Board has also considered a downside scenario against these forecasts which show that the business can withstand a deterioration in completions and price in line with those experienced during the Global Financial Crisis in 2007-2008, while still maintaining adequate liquidity. The base and downside scenarios forecast, in conjunction with the letter of support provided from Foster Investments Limited, 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

The following new standards, amendments to standards and interpretations are effective for the financial period ended 30 June 2020 onwards, none of which have had a material impact on the reported results:
• Amendment to IAS 1 'Presentation of financial statements', effective 1 January 2020.
• Amendment to IAS8 'Accounting policies, changes in accounting estimates and errors', effective 1 January 2020.
• Amendment to IFRS3, 'Definition of a business', effective 1 January 2020.

The following amendments to standards and interpretations are effective for annual periods beginning after 1 January 2021, which are not expected to have a material impact on reported results and have not been early adopted in preparing these financial statements:
• Amendment to IFRS16 'Leases', effective 1 June 2020.

Business Combinations

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

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

2 Accounting policies (continued)

Consolidation

a) Subsidiaries

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

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

b) Joint Arrangements

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

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

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

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

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

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

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

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

2 Accounting policies (continued)

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

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

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

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

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

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

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

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

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

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

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

2 Accounting policies (continued)

Inventories

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

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

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

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

Provisions

Provisions are recognised when the Group has a present or legal constructive obligation as a result of a past event, and where it is probably that an outflow will be required to settle the obligation and the amount can be reliably estimated.

Employee benefits

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior 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 Group 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 Group's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Group's shareholder.

2 Accounting policies (continued)

Revenue and profit recognition

Recognition

The Group earns revenue.

The principles in IFRS are applied to revenue recognition criteria using the following 5 step model:

1. Identify the contracts with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to the performance obligations in the contract
5. Recognise revenue when or as the entity satisfies its performance obligations

Provision is made for any unavoidable future net losses arising from contract obligations, as soon as they become apparent.

Additional consideration for contract modifications (variations) is only included in revenue (or the forecast contract out-turn) if the scope of the modification has been approved by the customer. If the scope of the modification has been approved but the parties have not yet determined the corresponding change in the contract price, an estimate of the change to the transaction price is made and included in calculating revenue to the extent that any increase in price is highly probable not to reverse.

Variable consideration amounts (gain-share amounts, KPI bonuses, milestone bonuses, compensation event claims, etc.) are included in revenue (or forecasts to completion) only to the extent that it is highly probable that a significant reversal of the amount in cumulative revenue recognised will not occur.

Refund liabilities (liquidated damages, pain-share amounts, KPI penalties, etc.) are accounted for as a reduction in revenue (or in forecasting contract out-turns) as soon as it is expected that the Group will be required to refund some or all of the consideration it has received from the customer.

Claims against third-parties (such as insurance recoveries and claims for cost reimbursements) outside of normal supplier price adjustments are recognised only when the realisation of income is virtually certain. The associated income is accounted for as reduction in costs rather than revenue.

Contract mobilisation is not considered to be a separate performance obligation in most situations, as the customer receives little or no benefit from mobilisation activities. Any consideration received from the customer in relation to the mobilisation phase of a contract is deferred and recognised as additional revenue relating to the performance obligations in the contract that benefit the customer.

If the timing of payments agreed with the customer provides the Group or the customer with a significant benefit of financing the transfer of goods or services, the amount of consideration is adjusted for the effects of the time value of money. The Group does not make an adjustment for the time value of money in the following circumstances:

• When the Group expects, at contract inception, that the period between the entity transferring a good or service and the customer paying for it will be one year or less; or

• Where the timing of the payments is for commercial rather than financing reasons, e.g. construction contract retentions.

Revenue and profit recognition policies are applied as follows:

Revenue from housing sales 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.

2 Accounting policies (continued)

Profit is recognised on the sale of each housing plot by reference to the estimated cost of that plot based on an allocation from the expected overall cost out-turn for the development site. The principal estimation technique used by the Group 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.

Revenue from land sales and land exchanges is recognised on the unconditional exchange of contracts.

The Group 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 Group 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 directors consider that this method is an appropriate measure of the progress towards completed satisfaction of these performance obligations under IFRS 15.

The Group 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.

Cash incentives are a discount from the purchase price offered to the acquirer and are therefore accounted for as a reduction to revenue.

Interest Income

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

Part exchange property income

In certain circumstances, property may be accepted in part consideration for a sale of a residential property. The fair value is established at sale by independent surveyors, reduced for cost to sell. Net proceeds generated from the subsequent sale of part exchange properties are recorded in revenue. The original sale is recorded in the ordinary way, with the fair value of the exchange property replacing cash receipts.

Forward land

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

Share based payments

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the entity. The fair value of the employee services received is measured by reference to the estimated fair value at the grant date of equity instruments granted and is recognised as an expense over the vesting period. The estimated fair value of the option granted is calculated using the Black Scholes option pricing model. The total amount expensed is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied.

The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Following the sale of the Tilia Homes Limited and its associated subsidiaries from Kier Group plc, the awarding of new share-based payments ceased.

2 Accounting policies (continued)

Intangible assets

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

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

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

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

Directly attributable costs that are capitalised as part of the software include the software development employee costs.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

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

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

Impairment of non-financial assets

Non-financial assets not ready to use are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever the events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash generating units). Prior impairments of non-financial assets (other than goodwill) are reviewed for reversal at each reporting date.

Trade and other payables

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

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

2 Accounting policies (continued)

Leases

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

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

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

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

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

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease 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 Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

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

• Leases of low-value items - The Group has defined low value items as assets that have a value when new of less than c£5,000. Low value items comprise IT equipment and small items of plant.
• Short-term leases - Leases with a lease term of less than 12 months at inception.

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

2 Accounting policies (continued)

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

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

Exceptional items

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

3 Critical accounting judgements and key sources of estimation uncertainty

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

Other sources of estimation uncertainty

Cost allocation

In order to determine the profit that the Group is able to recognise on its developments in a specific period, the Group 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.

Fair value of assets and liabilities

As per IFRS 3, the general measurement principle of identifiable assets acquired and liabilities assumed in a business combination is their fair values. In making assessments as to the fair values, there is a degree of inherent estimation uncertainty.

Critical accounting judgements

Joint Ventures

In accordance with IFRS11 joint ventures are identified where the control of an arrangement is shared and decisions around activities require unanimous consent if the action significantly affects the investees return. The key judgement involved in determining joint control is that the board structure does not give any one party majority control over relevant activities, regardless of the economic split between partners.

4 Revenue

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

	2021 £ 000
Sale of goods	17,053

The Group has only one operating segment as residential property.

5 Operating profit

Arrived at after charging/(crediting):

	Note	2021 £ 000
Amortisation expense	12	56
Depreciation expense	13	3
Depreciation of right of use assets	14	34
Exceptional items	6	(31,546)

6 Exceptional items

Included in the Income Statement are the following:

	2021 £ 000
Separation costs	(66)
Gain on bargain purchase	31,453
Costs incurred exiting fixed price build contracts	(321)
	31,066

Exceptional items incurred during the period included a £31.5m gain on bargain purchase credit in relation to the acquisition of the Kier Living group of companies (see note 31).

During the prior period a subsidiary of the Group, Tilia Homes Limited, reviewed its exposure to fixed price build contracts with a decision made to exit this market and focus on mixed tenure development. During the period the Group incurred £0.3m of costs associated with the exit of these contracts.

Separation costs of £0.1m, predominantly in relation to rebranding and marketing, were incurred during the year.

7 Finance costs/(income)

	2021 £ 000
Interest due on loan with related party Foster Investments Limited	820
Interest on finance lease liabilities	3
Other finance income	(155)
Net finance costs	668

8 Staff costs

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

	2021 £ 000
Wages and Salaries	2,150
Social Security costs	228
Pension costs, defined contribution scheme	102
	2,480

Given the consolidation period, the average number of employees would not be a useful metric, therefore the total number of employees employed by the Group as at 30 June 2021 is as follows:

	2021 No.
Production	285
Administration and support	55
Sales, marketing and distribution	108
	448

9 Directors' remuneration

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

Remuneration of key management personnel

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

	2021 £ 000
Salaries and short-term employment benefits	645
Pension contributions	9
	654

10 Auditors' remuneration

	2021 £ 000
Audit of the parent company and consolidated financial statements	75
Audit of the financial statements of the Group's subsidiaries	195
Audit of the financial statements of the Group's joint ventures	225
Total audit services	495

11 Income tax credit

Analysis of tax charge/(credit) for the period

	2021 £ 000
Current tax	
UK corporation tax at 19%	-
Deferred taxation	
Origination and reversal of timing differences	(928)
Tax on profit on ordinary activities	(928)

The tax on profit before tax for the year is lower than the standard rate of corporation tax in the UK of 19%.

The differences are reconciled below:

	2021 £ 000
Profit before tax	34,550
Tax on profit at standard CT rate of 19%	6,565
Expenses not deductible for tax purposes	254
Income not taxable for tax purposes	(7,747)
Tax charge/(credit) for the period	(928)

The deferred tax balance as at the period end has been recognised at 19% in respect of tax losses and 25% in respect of accelerated tax depreciation.

11 Income tax expense (continued)

Deferred tax

Deferred tax movement during the period:

	Arising on acquisition £ 000	Recognised in income statement £ 000	At 30 June 2021 £ 000
Tax losses	2,309	860	3,169
Accelerated tax depreciation	187	68	255
Net tax assets	2,496	928	3,424

12 Intangible assets

	CRM system £ 000	Assets under construction £ 000	Total £ 000
Cost			
At 23 March 2021	-	-	-
Arising on acquisition (see note 31)	1,426	-	1,426
Additions	-	140	140
At 30 June 2021	1,426	140	1,566
Accumulated amortisation			
At 23 March 2021	-	-	-
Charge for the period	56	-	56
At 30 June 2021	56	-	56
Net book amount			
At 30 June 2021	1,370	140	1,510

An amortisation expense of £56,000 has been charged to administrative expenses in the income statement during the period ended 30 June 2021.

The remaining amortisation period of the CRM system is 2 years.

Assets under construction relate to a new ERP and payroll system.

13 Property, plant and equipment

	Total £ 000
Cost	
At 23 March 2021	-
Arising on acquisition	149
Additions	-
At 30 June 2021	149
Accumulated Depreciation	
At 23 March 2021	-
Charge for the period	3
At 30 June 2021	3
Carrying amount	
At 30 June 2021	146

Depreciation expense of £3,000 has been charged to administrative expenses in the income statement during the period ended 30 June 2021.

14 Right of use assets

	Land and buildings £ 000	Motor vehicles £ 000	Total £ 000
Carrying amount			
Arising on acquisition	39	296	335
Lease modification	(1)	82	81
Depreciation charge for the period	(3)	(31)	(34)
At 30 June 2021	35	347	382

Upon acquisition, a review of the Group's leased assets was completed, and lease modifications were made to reflect adjustments in the Group's incremental borrowing rate and the quantum of payments for some motor vehicle leases.

Expenses relating to short-term and low value assets for the period was £16,500.

15 Subsidiary undertakings of the Group

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

Name of subsidiary	Principal activity	Registered office	Start date of consolidation in Group accounts	Group's effective shareholding 2021
Allison Homes Eastern Limited	Dormant	One St Peter's Square, Manchester, England, M2 3DE	28 May 2021	100%
Balaam Wood Management Company Limited	Management Company	154-155 Great Charles Street, Queensway, Birmingham, England, B3 3LP	28 May 2021	100%
Bellwinch Homes Limited	Dormant	One St Peter's Square, Manchester, England, M2 3DE	28 May 2021	100%
Bellwinch Homes (Western) Limited	Dormant	One St Peter's Square, Manchester, England, M2 3DE	28 May 2021	100%
Bellwinch Limited	Dormant	One St Peter's Square, Manchester, England, M2 3DE	28 May 2021	100%
Connect 21 Community Limited	Management Company	Queensway House, 11 Queensway, New Milton, Hampshire, England, BH25 5NR	28 May 2021	100%
Elsea Park Bourne Management Company Limited	Management Company	86A The Maltings, Roydon Road, Stanstead Abbotts, Herts, SG12 8UU England	28 May 2021	100%
Heatherwood (Thetford) Management Company Limited	Management Company	86A The Maltings, Roydon Road, Stanstead Abbotts, Herts, SG12 8UU	28 May 2021	100%
Tilia Bidco Limited *	Intermediate Holding Company	2 Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 4LY	23 March 2021	100%
Tilia Homes Caledonia Limited (formerly Kier Homes Caledonia Limited)	Residential development	One St Peter's Square, Manchester, England, M2 3DE	28 May 2021	100%

15 Subsidiary undertakings of the Group (continued)

Name of subsidiary	Principal activity	Registered office	Start date of consolidation in Group accounts	Proportion of ownership interest and voting rights held 2021
Tilia Homes Northern Limited (formerly Kier Homes Northern Limited)	Dormant	One St Peter's Square, Manchester, England, M2 3DE	28 May 2021	100%
Tilia Land Limited (formerly Kier Land Limited)	Dormant	One St Peter's Square, Manchester, England, M2 3DE	28 May 2021	100%
Tilia Living Developments Limited (formerly Kier Living Developments Limited)	Dormant	One St Peter's Square, Manchester, England, M2 3DE	28 May 2021	100%
Tilia Partnership Homes Limited (formerly Kier Partnership Homes Limited)	Residential Housebuilding	One St Peter's Square, Manchester, England, M2 3DE	28 May 2021	100%
Tempsford Cedars Limited	Non-trading	One St Peter's Square, Manchester, England, M2 3DE	28 May 2021	100%
Twigden Homes Limited	Dormant	One St Peter's Square, Manchester, England, M2 3DE	28 May 2021	100%
Twigden Homes Southern Limited	Dormant	One St Peter's Square, Manchester, England, M2 3DE	28 May 2021	100%
Manor Kingsway Management Company Limited	Dormant	Fisher House, 84 Fisherton Street, Salisbury, England, SP2 7QY	28 May 2021	100%

* indicates direct investment of the Company

16 Investment in joint ventures

	£ 000
Investment in JVs	
Arising on acquisition	103,961
Share of post-tax results of joint ventures	4,467
Loan repayments	(8)
At 30 June 2021	108,420
Carrying amount	
At 30 June 2021	108,420

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

Non-current assets	-
Current assets	233,739
Non-current liabilities	(102,675)
Current liabilities	(22,644)
Net assets as at 30 June 2021	108,420

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

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

Revenue	30,907
Expenses	(26,440)
Share of profit for the period	4,467

Tilia Group Holdings Limited

Notes to the Financial Statements for the Period ended 30 June 2021 (continued)

16 Investments in joint ventures (continued)

Name of joint venture	Principal activity	Registered office	Proportion of ownership interest and voting rights held
			2021
Black Rock Devco LLP	Residential development	One St Peters Square, Manchester, England, M2 3DE	50%
Black Rock Holdco 1 LLP	Investment holding Company	One St Peters Square, Manchester, England, M2 3DE	50%
Black Rock Holdco 2 LLP	Investment holding Company	One St Peters Square, Manchester, England, M2 3DE	50%
Driffield Devco LLP	Residential Development	One St Peters Square, Manchester, England, M2 3DE	50%
Driffield Holdco 1 LLP	Investment holding Company	One St Peters Square, Manchester, England, M2 3DE	50%
Driffield Holdco 2 LLP	Investment holding Company	One St Peters Square, Manchester, England, M2 3DE	50%
Easingwold Devco LLP	Residential Development	One St Peters Square, Manchester, England, M2 3DE	50%
Easingwold Holdco 1 LLP	Investment holding Company	One St Peters Square, Manchester, England, M2 3DE	50%
Easingwold Holdco 2 LLP	Investment holding Company	One St Peters Square, Manchester, England, M2 3DE	50%
Tilia Cross Keys Dev LLP (formerly Kier Cross Keys Dev LLP)	Residential development	One St Peters Square, Manchester, England, M2 3DE	90%
Tilia Cross Keys Holdco 1 LLP (formerly Kier Cross Keys Holdco 1 LLP)	Investment holding Company	One St Peters Square, Manchester, England, M2 3DE	90%
Tilia Cross Keys Holdco 2 LLP (formerly Kier Cross Keys Holdco 2 LLP)	Investment holding Company	One St Peters Square, Manchester, England, M2 3DE	90%
Tilia Community Living LLP (formerly Kier Community Living LLP)	Residential Development	One St Peters Square, Manchester, England, M2 3DE	69%
Tilia Community Living Holdco 1 LLP (formerly Kier Community Living Holdco 1 LLP)	Investment holding Company	One St Peters Square, Manchester, England, M2 3DE	69%

16 Investments in joint ventures (continued)

Name of joint venture	Principal activity	Registered office	Proportion of ownership interest and voting rights held 2021
Tilia Community Living Holdco 2 LLP (formerly Kier Community Living Holdco 2 LLP)	Investment holding Company	One St Peters Square, Manchester, England, M2 3DE	69%
Tilia Community Living Topco 1 LLP (formerly Kier Community Living Topco 1 LLP)	Investment holding Company	One St Peters Square, Manchester, England, M2 3DE	69%
Tilia Community Living Topco 2 LLP (formerly Kier Community Living Topco 2 LLP)	Investment holding Company	One St Peters Square, Manchester, England, M2 3DE	69%
TCK Peterborough Devco LLP (formerly KCK Peterborough Devco LLP)	Residential Development	One St Peters Square, Manchester, England, M2 3DE	90%
TCK Peterborough Holdco 1 LLP (formerly KCK Peterborough Holdco 1 LLP)	Investment holding Company	One St Peters Square, Manchester, England, M2 3DE	90%
TCK Peterborough Holdco 2 LLP (formerly KCK Peterborough Holdco 2 LLP)	Investment holding Company	One St Peters Square, Manchester, England, M2 3DE	90%
Tilia Sovereign LLP	Residential Development	One St Peters Square, Manchester, England, M2 3DE	50%
Notaro Kier LLP	Residential Development	One St Peters Square, Manchester, England, M2 3DE	50%
Stokesley LLP	Residential Development	One St Peters Square, Manchester, England, M2 3DE	50%
Stokesley Holdco 1 LLP	Investment holding Company	One St Peters Square, Manchester, England, M2 3DE	50%
Stokesley Holdco 2 LLP	Investment holding Company	One St Peters Square, Manchester, England, M2 3DE	50%

Tilia Group Holdings Limited

Notes to the Financial Statements for the Period ended 30 June 2021 (continued)

17 Inventories

	2021 £ 000
Work in progress	113,788

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

The cost of inventories expensed in the period and included within cost of sales was £16,496,000.

The directors consider all inventories to be essentially current in nature although the Group's operational cycle is such that a proportion of inventories will not be realised 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.

Included within inventories are £985,000 of part exchange properties.

18 Trade and other receivables

Current	2021 £ 000
Trade receivables	7,849
Amounts due from related parties	13,196
Prepayments	1,353
Contract assets	2,383
Other receivables	2,363
Total current trade and other receivables	27,144

Non-current	2021 £ 000
Amounts due from related parties	2,236

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

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

19 Cash and cash equivalents

	2021 £ 000
Cash on hand	43,588

20 Trade and other payables

Current	**2021** **£ 000**
Trade payables	14,110
Land development payables	9,936
Accrued expenses	35,411
Amounts due to related parties	1,186
Contract liabilities	1,922
Social security and other taxes	2,283
Other payables	576
Total current trade and other payables	65,424

Non-current	**2021** **£ 000**
Trade payables	10,000
Land development payables	37,359
Total non-current trade and other payables	47,359

Balances for related parties include £366,000 normal trading balances which will be settled in accordance with normal business trading and £820,000 of interest due to a related party, Foster Investments Limited.

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

	Trade and other payables **£ 000**	**Land development payables** **£ 000**	**30 June 2021** **£ 000**
Less than one year	51,284	9,936	61,220
More than one year and less than two years	5,280	5,148	10,428
More than two years and less than five	3,188	21,072	24,260
More than five years	1,531	13,076	14,607
	61,283	49,232	110,515

21 Loans and borrowings

	2021 £ 000
Loan from related party	110,000

This loan is repayable on demand, however the Group and Company have received written confirmation from Foster Investments Limited that the loan will not be recalled for at least 12 months from the date of approval of the financial statements and that further financial support will be provided, if required. The interest rate is 8%. The loan is repayable in more than two years but not more than five years.

22 Lease liabilities

The lease liability is presented as follows:

	2021 £ 000
Current	252
Non-current	126
Total lease liabilities	378

Lease liabilities maturity analysis

Future minimum lease payments as at 30 June 2021 are as follows:

	2021 £ 000
Less than one year	272
One to two years	92
Two to three years	40
Three to four years	2
Total gross payments	406
Impact of finance expenses	(28)
Carrying amount of liability	378

Total cash outflows related to leases for the period

	2021 £ 000
Principal elements of lease payments	32
Interest	3
Total cash outflow	35

23 Provisions

	2021 £ 000
At 23 March 2021	-
Arising on acquisition	11,156
Charged to the income statement in the period	643
Utilised in the period	(48)
At 30 June 2021	11,751

Analysis of total provisions:	2021 £ 000
Due within one year	3,994
Due after one year	7,757
Total	11,751

This provision relates to costs associated with onerous fixed price build contracts.

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

24 Contract Balances

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

	2021 £ 000
Net customer contract position	461
Total	461

Revenue recognised for the period on open contracts amounts to £3,339,000. During the period costs of £2,773,000 have been recognised within costs of sales in respect of contract assets.

25 Called up share capital

	2021 £ 000
Issued at incorporation on 23 March 2021 (30,247,775 ordinary £1 shares)	30,248
In issue at 30 June 2021	30,248

All shares were fully authorised and paid.

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

26 Financial instruments

Capital risk management

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

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

No trading in financial instruments has been undertaken.

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

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

The principal operational risks of the business are detailed on pages 5 to 6.

(a) Credit risk

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

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

26 Financial instruments (continued)

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

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

	2021 £ 000
Not past due	3,408
Past due 1 to 30 days	399
Past due 31 to 60 days	1
Past due 61 to 90 days	73
Past due 91 to 365 days	499
Past due greater than one year	3,469
Total	7,849

The Group does not hold a provision for impairment of trade receivables.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due. An ageing profile of the Group's loans and borrowings is presented in note 21.

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

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

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

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

The Group does not have any derivative financial liabilities.

26 Financial instruments (continued)

(c) Market risk

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

Interest rate risk

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

Housing market risk

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

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

The UK housing market affects the valuation of the Group's non-financial assets and liabilities and the critical judgements applied by management in these financial statements, including the valuation of land and work-in-progress.

Currency risk

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

Fair values of financial instruments

Trade and other receivables

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

Trade and other payables

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

26 Financial instruments (continued)

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated at its carrying amount where the cash is repayable on demand. Set out below is a comparison by category of carrying amounts and fair values of all the Group's financial instruments as at 30 June 2021.

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

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

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

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

Financial assets	Note	Measurement level	Fair value £ 000	Carrying value £ 000
Cash and cash equivalents	19	2	43,588	43,588
Trade and other receivables	18	2	25,644	25,644
Contract assets	18	2	2,383	2,383
Total			71,615	71,615

Financial liabilities	Note	Measurement level	Fair value £ 000	Carrying value £ 000
Trade and other payables	20	2	61,283	61,283
Contract liabilities	20	2	1,922	1,922
Loans and borrowings	21	2	110,000	110,000
Total			173,205	173,205

Prepayments and contract assets are excluded from the trade and other receivables balances. Contract liabilities, non-cash land commitments and statutory liabilities are excluded from trade and other payables as these are not financial instruments.

Borrowing facilities

At 30 June 2021, the Group had committed borrowing facilities totalling £110,000,000 representing exclusively the loan due to a related party Foster Investments Limited.

27 Dividends

The directors do not recommend a payment of a dividend in respect of the period ended 30 June 2021.

28 Related party transactions

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

	Sales £ 000	Purchases £ 000	Management Fees/Recharges £ 000	Finance Income £ 000
Driffield Devco LLP	-	-	421	-
Easingwold Devco LLP	-	-	449	-
Notaro Kier LLP	-	-	(287)	-
Stokesley Devco LLP	-	-	710	-
Tilia Cross Keys Dev LLP	-	-	6,642	-
Tilia Community Living LLP	-	-	6,555	-
Total	-	-	14,490	-

The outstanding balances between the Group and joint venture related parties as at 30 June 2021 are detailed below:

	Trade and Other Receivables £ 000	Trade and Other Payables £ 000
Black Rock Devco LLP	-	50
Driffield Devco LLP	278	-
Easingwold Devco LLP	277	-
Notaro Kier LLP	-	181
Stokesley Devco LLP	522	-
TCK Peterborough Devco LLP	48	
Tilia Cross Keys Dev LLP	2,936	-
Tilia Community Living LLP	11,371	-
Tilia Sovereign LLP	-	
Total	15,432	231
Current	13,196	231
Non-current	2,236	-
Total	15,432	231

29 Related party transactions (continued)

Guy Hands, the ultimate controlling party of the Group, is a director and sole shareholder of Terra Firma Investments Limited. During the period ended 30 June 2021, the Group accrued advisory fees of £136,000 from Terra Firma Investments Limited. This amount was outstanding at 30 June 2021.

During the period ended 30 June 2021, the Group received loan funding of £110,000,000 from a related party Foster Investments Limited. Both the principal loan amount of £110,000,000 and accrued interest of £820,000 were outstanding at 30 June 2021. The loan is repayable on demand, however the Group and Company have received written confirmation from Foster Investments Limited that the loan will not be recalled for at least 12 months from the date of approval of the financial statements and that further financial support will be provided, if required. The interest rate is 8%.

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

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

The Directors consider the ultimate parent undertaking to be Seaside Holdings (Nominee) Limited, a Guernsey incorporated investment vehicle. The Directors consider the ultimate controlling party to be Guy Hands. Tilia Group Holdings Limited (2 Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 4LY) was the largest and smallest group of which the Company was a member, and for which consolidated financial statements are prepared.

31 Business combinations

On 28 May 2021, Tilia Bidco Limited, a directly owned subsidiary of the Company, acquired 100% of the issued share capital of the Kier Living 'Group', a residential house builder. The acquisition was made in line with the Group's growth strategy. The Group comprises the following entities:

Kier Living Limited
Kier Partnership Homes Limited
Allison Homes Eastern Limited
Kier Homes Caledonia Limited
Kier Homes Northern Limited
Kier Land Limited
Tempsford Cedars Limited
Twigden Homes Limited
Twigden Homes Southern Limited
Bellwinch Limited
Bellwinch Homes (Western) Limited
Bellwinch Homes Limited
Kier Living Developments Limited
Elsea Park Bourne Management Company Limited
Balaam Wood Management Company Limited
Manor Kingsway Management Company Limited
Heathwood (Thetford) Management Company Limited
Connect 21 Community Living Limited

The Group also has investments in the following joint ventures:

Kier Community Living Topco 1
Kier Community Living Topco 2
Kier Community Living Holdco 1 LLP
Kier Community Living Holdco 2 LLP
Kier Community Living LLP
Kier Cross Keys Holdco 1 LLP
Kier Cross Keys Holdco 2 LLP
Kier Cross Keys Dev LLP
KCK Peterborough Holdco 1 LLP
KCK Peterborough Holdco 2 LLP
KCK Peterborough Devco LLP
Stokesley Holdco 1 LLP
Stokesley Holdco 2 LLP
Stokesley Devco LLP
Driffield Holdco 1 LLP
Driffield Holdco 2 LLP
Driffield Devco LLP
Easingwold Holdco 1 LLP
Easingwold Holdco 2 LLP
Easingwold Devco LLP
Black Rock Holdco 1 LLP
Black Rock Holdco 2 LLP
Black Rock Devco LLP
Kier Sovereign LLP
Notaro Kier LLP

31 Business combinations (continued)

The following table summarises the fair value of the consideration for the Group:

Consideration	£ 000
Equity	120,813
Total consideration	**120,813**

The fair values of the assets and liabilities acquired are set out below:

	Fair value £ 000
Cash and cash equivalents	1,439
IT software intangibles	1,426
Property, plant and equipment	149
Investments accounted for using the equity method	103,961
Right-of-use assets	335
Deferred tax assets	2,496
Inventories	124,280
Trade and other receivables	27,755
Trade and other payables	(98,072)
Lease liabilities	(347)
Provisions	(11,156)
Total identifiable net assets	**152,266**
Gain on bargain purchase	(31,453)
Net assets acquired	**120,813**

31 Business combinations (continued)

Acquisition-related costs of £242,000 have been charged to administrative expenses in the consolidated income statement for the period ended 30 June 2021.

The revenue in the consolidation income statement since 28 May 2021 contributed by the acquired Group was £17,053,000. The acquired Group also contributed a profit before tax of £3,511,000 over the same period.

The gain on bargain purchase has been fully recognised in the consolidated income statement.

At the point of acquisition, the Group entities were renamed as 'Tilia' rather than 'Kier'.

32 Post balance sheet event

(a) Acquisition of Hopkins Homes Holdings Limited

On 20 January 2022, Tilia Bidco Limited acquired Hopkins Homes Holdings Limited, a newly formed company which is the holding company of Hopkins Homes, for a consideration of £290,337,000. 100% of voting rights were acquired.

Hopkins Homes is the largest privately-owned house builder in East Anglia. The acquisition of Hopkins is in line with the Group's strategy of investing in high-quality, asset backed businesses with strong growth potential in the house building sector.

The financial effects of this transaction have not been recognised at 30 June 2021. The operating results and assets and liabilities of the acquired company will be consolidated from 20 January 2022.

(i) Purchase consideration and fair value of net assets acquired

Tilia Bidco Limited paid £290,337,000 in cash for Hopkins Homes Group Limited. Tilia Group Holdings Limited issued £293,020,900 of shareholder loans to Foster Investments Limited to fund the acquisition.

The fair values of the assets and liabilities of the Hopkins Homes Holdings Limited have not yet been determined and will be reported in the next financial statements.

It is expected that goodwill will arise on acquisition and this is attributable to Hopkins Homes Holding Limited's strong business, brand and the synergises expected to arise after the Tilia Bidco Limited's acquisition of the new subsidiary. None of the goodwill is expected to be deductible for tax purposes.

(i) Acquisition-related costs

Acquisition-related costs of £2,054,000 will be included in administrative expenses in the Income Statement in the reporting period ending 30 June 2022.

(iii) Information not disclosed as not yet available

At the time the financial statements were authorised for issue, the group had not yet completed the accounting for the acquisition of Hopkins Homes Holding Limited. The fair values of the assets and liabilities disclosed above have only been determined provisionally as the valuations have not been finalised. It is also not yet possible to provide detailed information about each class of acquired receivables and any contingent liabilities of the acquired entity.

(b) Shareholder funding

On 30 September 2021 Foster Investments Limited advanced £7,290,000 to Tilia Group Holdings Limited increasing the aggregate principal loan amount to £117,290,000.

Registration number: 68989

Tilia Group Holdings Limited

Company Financial Statements for the period ended 30 June 2021

for the Period Ended 30 June 2021

Tilia Group Holdings Limited

(Registration number: 68989)

Company Statement of Financial Position as at 30 June 2021

	Note	Company 2021 £ 000
Non-current assets		
Investment in subsidiaries	5	30,248
Current assets		
Trade and other receivables	6	110,820
Total assets		**141,068**
Current liabilities		
Trade and other payables	7	(845)
Non-current liabilities		
Trade and other payables	7	(110,000)
Total liabilities		**(110,845)**
Net assets		**30,223**
Equity		
Called up share capital	8	30,248
Accumulated loss		(25)
Total equity		**30,223**

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

The financial statements on pages 56 to 62 were approved by the Board and authorised for issue on 31 March 2022.

....
Ashley Richardson
Director
Tilia Group Holdings Limited
Company number: 68989

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

Tilia Group Holdings Limited

Company statement of Changes in Equity for the period ended 30 June 2021

	Share capital £ 000	Accumulated loss £ 000	Total £ 000
Issue of shares	30,248	-	30,248
Loss for the period	-	(25)	(25)
Total comprehensive expense	-	(25)	(25)
At 30 June 2021	**30,248**	**(25)**	**30,223**

Tilia Group Holdings Limited

Notes to the Company Financial Statements for the period ended 30 June 2021

1 General information

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

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

2 Trafalgar Court
Les Banques
St Peter Port
Guernsey
GY1 4LY

The registered number is 68989.

2 Accounting policies

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

Basis of preparation

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

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

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

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

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

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

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

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

2 Accounting policies (continued)

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

Going Concern

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

The Company has net assets as at 30 June 2021 of £30.2m. Funding to the Company is provided in the form of a loan from a related party, Foster Investments Limited. The principal amount of loan outstanding at 30 June 2021 was £110.0m. The loan is repayable on demand, however the Group and Company have received written confirmation from Foster Investments Limited that the loan will not be recalled for at least 12 months from the date of approval of the financial statements and that further financial support will be provided, if required. The interest rate is 8%.

The Group holds no other forms of debt.

The Board has reviewed the business's cash flow forecasts for the period to 30 June 2023, based on certain key assumptions which include the level of private sale completions and the price of these sales over that period. The Board has also considered a downside scenario against these forecasts which show that the business can withstand a deterioration in completions and price in line with those experienced during the Global Financial Crisis in 2007-2008, while still maintaining adequate liquidity. The base and downside scenarios forecast, in conjunction with the letter of support provided from Foster Investments Limited, 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.

Investments in subsidiary undertakings

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

Trade and other receivables

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

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

Trade and other payables

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

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

2 Accounting policies (continued)

Borrowings

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

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

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

Current and deferred income tax

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

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

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

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

Dividends

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

3 Profit attributable to the parent of Tilia Group Holdings Limited

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

4 Dividends

No dividends were paid in the period to 30 June 2021. The Directors do not recommend the payment of a final dividend in respect of the period ended 30 June 2021.

5 Investment in subsidiary

Cost and net book value

	30 June 2021 £ 000
As at balance sheet date	30,248

Company	Principal activity	Proportion of ordinary shares held by the Company 30 June 2021
Tilia Bidco Limited	Investment Company	100%

6 Trade and other receivables

	30 June 2021 £ 000
Amount owed by subsidiary undertaking in less than one year	110,820
Total	110,820

The amount owed by subsidiary undertaking in more than one year of £110,000,000 is a loan made to Tilia Bidco Limited. This loan bears interest at 8% per annum. The loan is unsecured and is repayable on 28 May 2026. The amount owed by subsidiary undertaking in less than one year of £820,000 is interest due from Tilia Bidco Limited on the aforementioned loan.

7 Trade and other payables

	30 June 2021 £ 000
Amount owed to related undertaking in less than one year	110,820
Accrued expenses	25
Total	110,845

The amount owed to related undertaking in more than one year of £110,000,000 is a loan due to related party Foster Investments Limited. This loan bears interest at 8% per annum. The loan is unsecured and is repayable on 28 May 2026. The amount owed to related undertaking in less than one year of £820,000 is interest due to Foster Investments Limited on the aforementioned loan.

8 Called up share capital

Allotted, called up and fully paid

	30 June 2021 £ 000
30,247,775 ordinary £1 shares	30,248

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

9 Related party transactions

The Company is the ultimate parent undertaking of its Group in the United Kingdom and has prepared consolidated financial statements for the period ended 30 June 2021 and therefore the Company has relief on the exemptions contained within Financial Reporting Standard 101 in respect of the disclosure of related party transactions.

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

10 Subsidiaries and associates

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

11 Ultimate parent undertaking

The Directors consider the ultimate parent undertaking to be Seaside Holdings (Nominee) Limited, a Guernsey incorporated investment vehicle. The Directors consider the ultimate controlling party to be Guy Hands. Tilia Group Holdings Limited (2 Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 4LY) was the largest and smallest group of which the Company was a member, and for which consolidated financial statements are prepared. Copies of the financial statements of Tilia Group Holdings Limited are available via the website www.tiliahomes.co.uk.