



Annual Report &
Financial Statements
2022- 2023

Tirion

TIRION GROUP LTD

ANNUAL REPORT 2022 - 2023

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01 Year at a Glance

Tirion Group has continued its journey as a developer of residential accommodation and completed the first three phases of The Mill, Cardiff and is on course to deliver the first phase at Royal Victoria Court, Newport.

Financial Highlights

Net Income, before revaluation gains	£2.160m
Value of properties	£60.735m
Funds raised	£36.760m

Operational Highlights

Repairs reported (non-defects)	293
Average end to end time to complete	9.8 days
Satisfaction with repairs	100%
Length of time to relet	6 days
Rent arrears as a percentage of income	0.3%

Property Development Highlights

Number of properties under management	285
Total properties facilitated and occupied to date	811
Number of properties under construction	628
Value of current construction contracts	£54.456m

02 Introduction

Group Chair & Chief Executive



Peter Mathias
Chair Tirion Group

2022 - 23 has been another exciting year for Tirion where we have made progress on delivering our developments, promoting innovation, developing our investment models and setting our future strategies within a refreshed Governance



David Ward
Chief Executive

We are delighted to present the Tirion Annual Report for 2022-2023 which covers the activities and achievements of the Tirion Group including the three development companies (EBDC, WDC and PEDC), our investment vehicle (TIL), our management company (THL) and the parent company (TGL). It is through the seamless integration of the Group Members that we continue to develop and manage, our affordable homes portfolio for the long-term benefit of our communities.

At The Mill we completed the long-term refinancing of Phase (c) through the institutional investment market. We continued the construction of phase (d) and completed the first section in August 2023, the whole phase is expected to be completed by July 2024. We are in advanced stages of negotiations with our long term investment partner to fund phase d, section 1.

We started on site at Royal Victoria Park, Newport last year and progress to date has been excellent. This important and challenging scheme will provide 528 new homes including 264 affordable. The first homes were occupied in June 2023 and the whole site is due to be completed in April 2025.

Good progress continues at Parc Eirin with our partners Pobl completing the first three phases achieving strong sales for both open market and shared ownership homes. I am delighted that with the help of Welsh Government we will soon be delivering new homes for rent at Parc Eirin that will not only benefit from zero-carbon energy systems but also incorporate modern methods of construction by partnering with innovative Welsh based manufacturers and investors in innovative technology.

Early in September 2023 the group received notification, a 'reservation of rights' letter, from one of its funders of a technical breach on its lending covenants. The breach was of the interest cover ratio which was calculated using a completed section of rented properties as opposed to the entire phase. The units in the completed section are let at social rent or intermediate rent. The calculation also included the slightly higher Bank of England base rate at 5.25% rather than that previously forecast 4.5% by the members. This technical breach will be remedied when new sections are completed in October. The members have paid close consideration to current market conditions and the possibility of further interest rate rises and are confident that the current debt

model is sufficient for the members of the group to continue with its plan for future developments, satisfying its lending criteria and to continue as a going concern.

Our funding strategy has now been proven to be effective at delivering affordable homes without Social Housing Grant but we are not resting on our laurels, and we continue to seek new ways to finance and deliver affordable homes. We recognise the importance of addressing the climate emergency and cost of living crisis and are working hard to commercialize zero-carbon energy performance for any new projects. We are also firmly committed to delivering excellent place making and living standards for all our residents.

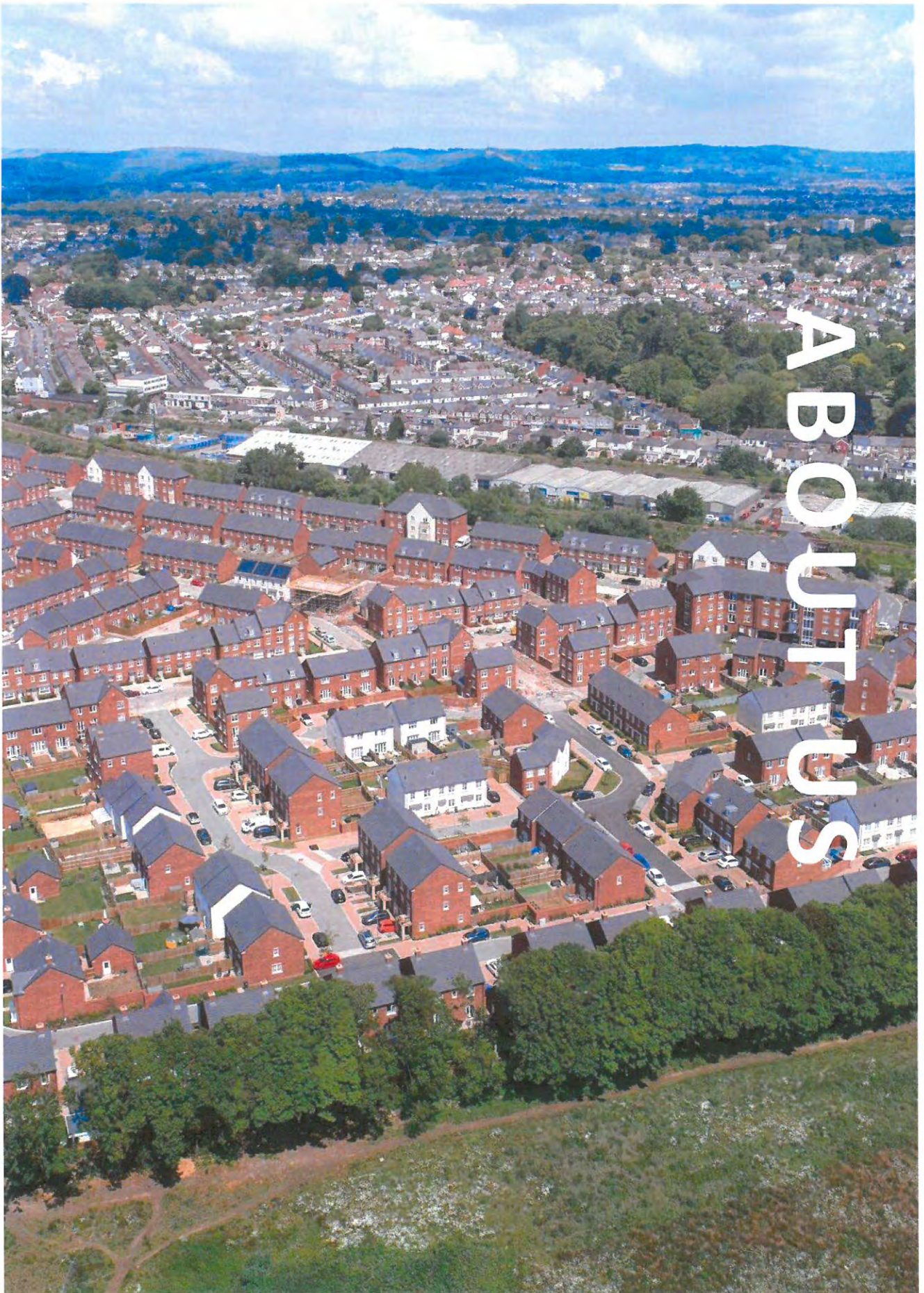
We have made great strides during the year in re-shaping our Strategic Plan and establishing a robust and comprehensive Governance framework that better mirrors our operational activities.

Our 2021-2026 Strategic Plan provides a framework for delivering our existing projects as well as our strategy for securing new projects through our collaboration with our development and funding partners.

Our suite of Corporate Policies together with a new Board and Committee structure will ensure we uphold the highest standards of Governance throughout and beyond the Strategic Plan Period with a new focus on risk assessment underpinning our management approach. Our existing and future partners can rest assured that Tirion will always act with honesty and probity in the pursuit of our objectives.

A special mention must go to our partners Welsh Government, PBS, M&G, Lovell, Cadwyn and Pobl who have demonstrated real commitment to our business model and the wide range of benefits it can bring to the affordable housing sector in Wales.

Finally, we would like to thank our Board Members whose commitment and experience is an invaluable resource and support to the Executive without which our ability to deliver would be significantly diminished. We are looking forward to building on the success of 2022-23 in the coming years.



03 About Us

Our Objectives

Tirion's mission is to develop and invest in affordable homes for rent and sale, creating a legacy of community benefits aligned with the Group's charitable objects

The Group's charitable objectives are to:

- Provide housing, accommodation and assistance to those in need by reason of poverty, age, disability (whether physical, mental, or learning disability) or sickness;
- Provide associated facilities and amenities for such people; and
- Prevent poverty amongst these groups.

The Groups strategic objectives are to:

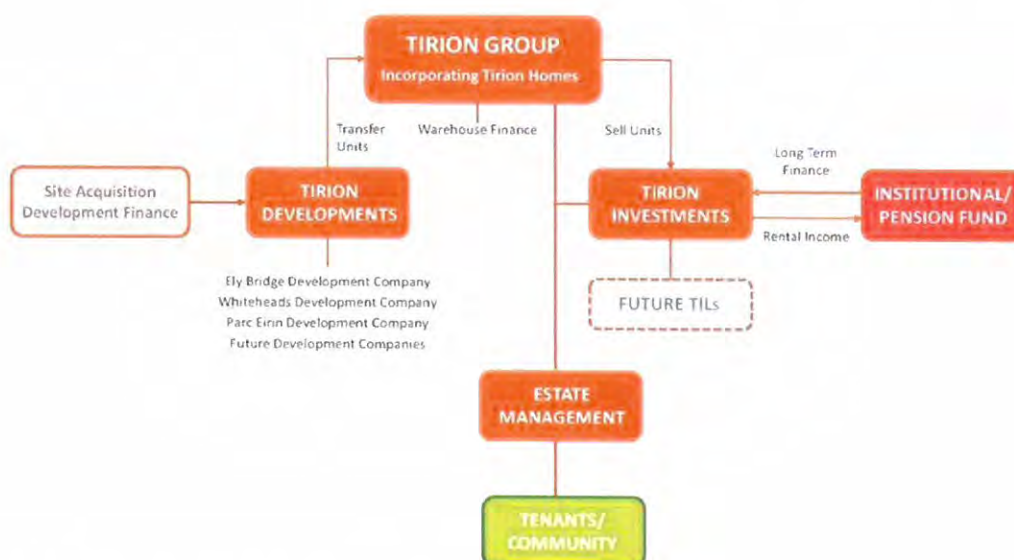
- Sustain, monitor and manage a robust financial standing to support all objectives;
- Increase housing supply and create greater choice in the market through the delivery of large-scale regeneration projects.
- Provide people with high quality well managed homes applying the principles of excellent place-making;
- Provide homes at a discount with secure flexible tenancies that help meet tenants changing life circumstances;

- Develop construction and maintenance pathways to achieving zero-carbon performance by 2030;
- Develop aspirational and sustainable communities through engagement and innovative design;
- Alleviate fuel poverty with a focus on net-zero performance utilising modern methods of construction;
- Create value through an innovative funding model that minimises the call on Government subsidy; and
- Drive economic growth, create jobs and support local communities' future wellbeing.

Business Model

The Group will continue to evolve as new opportunities arise. This will require the incorporation of new Group Members, as projects are undertaken. The current corporate model is:

- TGL is the charitable Community Benefit Society parent of the Group.
- Not for profit development companies (Tirion Developments) are established for each project
- The development companies sell the completed units to TGL until such time as M&G or other institutional investment can be secured.
- At the point TGL secures terms with M&G for long term debt the units are then sold to Tirion Investments Ltd where the assets are held for the term of the senior debt.
- TIL either appoints a partner to manage the completed units or manages directly.
- Surpluses are gift aided to TGL for investment in future projects.



Tirion

Strategic Principles

A range of core principles underpin all that we do to secure our vision. They are embedded in all our planning and development activities.

Excellent Places

We employ the highest standards of place making to create a legacy for our communities. Good design is fundamental to the Tirion brand and ensures the sustainability of our neighbourhoods.

Sustainability

Sustainability is at the core of our design processes, underpinning our economic, environmental and social objectives. Homes currently under construction have been designed to provide a pathway to zero carbon operation, avoiding expensive and disruptive conversion costs when gas boilers are removed.

Our next generation of homes in new developments are being designed such that around 70% of energy required to heat and power homes will be self-generated and net-zero operationally. Technologies being employed include solar, ground source heat pumps, batteries and smart interface management systems.

Exemplar Estate Management

We continue to provide excellent and efficient estate management in conjunction with our selected partners. We consider each site on its merits based on development characteristics and the requirements of our investment partners. In the forthcoming year we will develop an in-house management capability.



The Riverside Park

Flexible Development Strategies

We are currently targeting large-scale regeneration projects to help address the affordable housing need. Securing our vision will result in development strategies that seek a balance of tenures, high quality place making and design standards whilst delivering 50% affordable homes.

Collaboration

During the year we have reinforced our relationships with development and investment partners, creating bespoke delivery solutions. These collaborations will be expanded in the coming year with Welsh Government, funding partners, RSLs, Local Authorities, housing developers and contractors.

Adding Value

We continue to use our expertise, experience and charitable not-for-profit structure to deliver the maximum value for communities and partners by:

- minimising the need for Social Housing Grant through efficient financing and working with the public sector to unlock the potential of existing and emerging Government financial instruments and,
- maximising private sector investments in projects through our development partners and long-term institutional funding.

Core Values

Our brand and reputation are critical to securing our vision. We continue to raise awareness and improve engagement reinforcing the Tirion brand and its values. Core messaging will align with Welsh Government housing deliver policy as we collaborate more closely with WG Housing and Land Divisions and their partners.

Economic and Social Benefits

We are delivering economic and social benefits and in the coming years we will measure and report the impacts to inform progress and continuous improvement. Maximising benefits will contribute to the sustainability of our communities, underpinning our long-term investment strategies.

Inclusive and Transparent

We are and will remain open, transparent, and inclusive in our business, including;

- promoting diversity, inclusion and quality within the Group and throughout our partnerships,
- adopting transparent partnership structures in the delivery of our projects and management services,
- compliance with our legal and moral obligations to our partners.

Strategic Priorities

Five over-arching strategic priorities, developed as part of our Strategic Plan 2021-2025, have driven our business during the past year and form the basis of our Company Annual Business Plans for the coming year.

1. Successfully Deliver Current Projects

We are focused on successfully completing the three existing projects.

The Mill is almost 85% complete with 358 units sold and 324 units occupied by tenants. The entire development is scheduled to be completed by July 2024.

Whiteheads (rebranded as Royal Victoria Court, Newport). Cluster 1, consisting of 72 units for affordable housing was completed on 31 August 2023. The site is due to be completed in mid 2025 and will deliver 234 rented properties, 30 shared ownership homes and 264 private sales.

Parc Eirin has completed 111 homes for sale and shared ownership. Tirion is working with partners to build 114 intermediate rented homes using, with Welsh Government support, Modern Methods of Construction (MMC). The three projects will provide 780 rented homes and 759 private sales, delivering 1,539 homes in total by late 2026.

2. Deliver a Pipeline of Exemplar Projects

The Group is a non-capitalised charitable structure with limited headroom for direct investment.

The Group's strategy is to partner with organisations with an existing land portfolio where we can add value through the delivery of affordable housing, net-zero infrastructure and modern methods of construction through the application of leading edge financial, contractual and technical solutions.

The Mill



3. Establish Estate Management Capability

During the year we recruited Mark Howells as the Group's Housing Director. Under Mark's direction, the Group will provide management services at Royal Victoria Court and at our future developments.

4. Refine the Business Model

We are continuing to refine our current business model and will seek new funding partners that can provide construction and long-term finance in a single package thereby removing construction risk as one of the key barriers to delivery.

5. Maintain a Robust Group Financial Plan

We continue to ensure financial security through the effective and efficient management of detailed financial plans along with sound risk management. It will be some time before the Group will generate capital capable of supporting new schemes.

The key objectives incorporated in the financial plans are to demonstrate:

- the Group's long-term sustainability;
- the financial capacity to achieve our Business Plan goals;
- the Group can meet planned maintenance obligations on all estates;
- compliance with current and future lender financial covenants;
- maximisation of the benefits of equity growth;
- diversity of funding options; and
- equity growth to underpin the long-term financial sustainability of the Group.

The Mill



A watercolor illustration of a residential street. On the left, there are multi-story brick buildings with balconies. A person in a blue hat and purple coat is walking on a balcony. In the center, a person in a red top and white pants is walking on a sidewalk. Laundry is hanging on a line. The street is lined with trees and a blue car is visible in the distance. The overall style is soft and artistic.

HOW WE PERFORMED

04 How We Performed

From an initial start up, the Tirion Group has established a sound development programme and is building its asset base of affordable homes. Key indicators are being adopted to assess year on year performance

Homes are well managed and maintained

Turnover in tenancies is within agreed targets and was focused on the one and two bedroom apartments in Phase A of The Mill. Higher than normal defects at handover were encountered on Phase A but have improved in Phases B & C.

Repairs reported (non defects)	293
Average end to end times for completing reactive repairs	9.8 days
Percentage tenant satisfaction with repair	100%
Number of defects reported	293
Turnover of tenancies	5.9%
Length of time taken to relet	6 days
Customer satisfaction with condition of property when moving in	(new lets) 98% (re-lets) 100%

Growing Property Investments (long term funding)

	Total	The Mill Phase C	The Mill Phase B	The Mill Phase A
Number of Properties	284	104	78	102
Value of Properties	£60.271m	£17.601m	£18.154m	£24.517m
Funds Raised (Nominal)	£36.76m	£12.4m	£10.36m	£14.00m
Fund as % of Value	61.00%	61.44%	61.44%	62.18%

The figures above have been extracted from the TGL audited accounts. These show a strengthening financial position of the Group as it proceeds to complete the development phases and increases the provision of quality affordable housing.

A full set of the audited financial statements can be obtained upon request to the Finance Director.

Welcoming Welsh Veterans to Royal Victoria Court, Newport



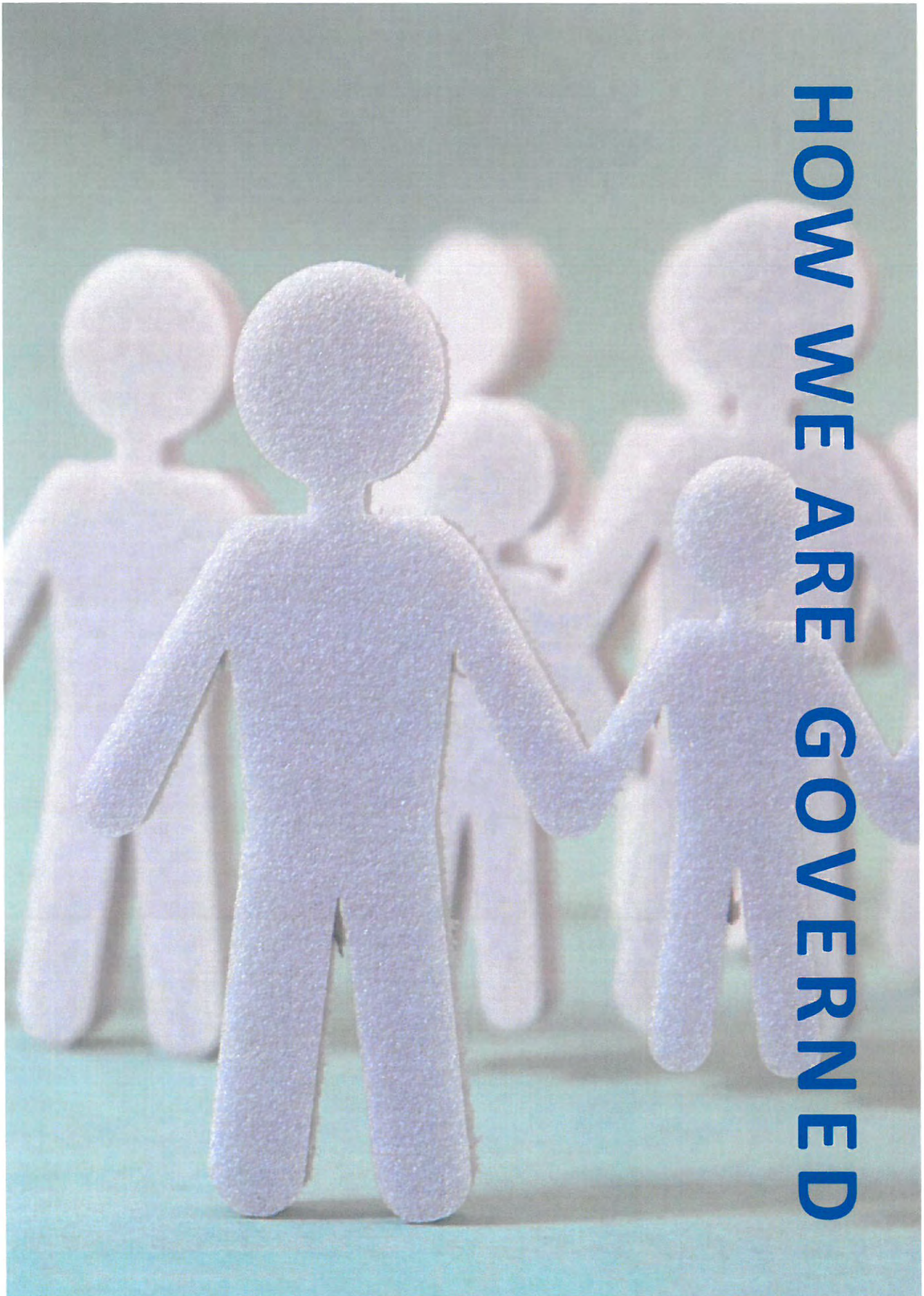
The community is becoming strong and resilient

The creation of The Boneyard is a strong example of local, social enterprise with links to other community activities at The Mill. Covid-19 has impacted on community development, but significant progress was made in the summer of 2021.

Number of tenants participating	263
% Tenants involved	93%
Amount of rent arrears (Year End)	£26,563
% Rent arrears (Year End)	0.3%
Number of ASB cases	21
Number of ASB cases resolved	100%
% Customer satisfaction (took appropriate /effective action/listened to complainant)	100%

Financial security is being maintained

	2023 £'000s	2022 £'000s	2021 £'000s	2020 £'000s
Total income/Gains	10,334	17,418	5,189	2,657
Expenditure	4,112	8,251	1,973	2,317
Net income	6,222	9,167	3,216	340
Value of Properties	60,735	42,534	30,933	17,591
Current assets	22,057	19,916	10,270	12,683
Total Assets	82,792	62,450	41,203	30,274



HOW WE ARE GOVERNED

05 How We Are Governed

Governance Framework

Good governance is fundamental to our success and the achievement of our vision. Tirion Group has adopted and abides by the Governance Code of the Charity Commission. During the year, following an extensive review, our governance arrangements were modified, reflecting the Group's evolution.



Our Governance Committee Framework and Corporate Group Structure are designed to promote and embed the highest standards of accountability, integrity, and probity and to set the appropriate policies, protocols, and internal controls to support decision making. During the year, the Corporate Governance Protocols and Intercompany Agreements were updated, and a wide range of new operational policies drafted.

The Group Board is the ultimate governing body and has overall responsibility for the Tirion Group. Day to day management of the Group is delegated by the Board Members to the Chief Executive and the Executive Committee. Three Committees of group and subsidiary Board Members oversee and advise on activities across the Group. They are, with their remits:

Audit and Risk: Oversee internal and external audits; control and risk management.

Nominations and Remuneration: Keep under review the composition of the Board and its Committees; make recommendations for appointments; determine policy and staff and Board remuneration. Promote effective governance across the Group.

Finance and Executive: Exercise delegated authority in relation to certain financial matters; monitor financial performance, viability, efficiency, and compliance of the Group; and provide advice and support to the Executive Team as required.

Board Composition

The development of the business has been based on innovative ideas, financial structures and funding models. This has resulted in significant experience gained by the Executive Team and Board Members. It is acknowledged that continued input from key Board Members, for which the Group is extremely grateful, is fundamental to the success of the business. The Board consists of a range of highly skilled and committed members, with a wide range of skills and experience as the recent self-assessment schedule below, reveals.

Skills and Experiences	Members in skill category				
	Highly capable	Very capable	Capable	Limited	No capability
Sector Experience	4	3	1		
Specific Skills from Membership Policy	1	7			
Leadership	8				
Strategy and Commercial Acumen	4	4			
Financial Acumen	4	3	1		
Governance and Compliance	2	3	3		
Risk Management	3	4	1		
Profile and Reputation: Social Purpose	5	2	1		
Specialist Professional Skills	6	2			
Behavioural Competencies	Members in skill category				
Team Player/Collaborative	5	3			
Independent: ability to challenge and probe	6	2			
Integrity and high ethical standards	8				
Interpersonal: aware of self and others	2	5	1		
Listening Skills	3	4	1		
Verbal Communication skills	1	7			
Understanding effective decision-making processes	6	2			
Willingness and ability to devote time and energy	4	3	1		
Balance of Skill Sets	72	54	10	0	0

The Mill, Cardiff



Board Members

The following Board and Committee Members served during the Year Ended 31 March 2023.

Andrew Crompton (Non-executive)
Member Tirion Group Board Chair Development Committee
Member EBDC, WDC and PEDC Boards

Mark Davie (Non-executive resigned 27 July 2023)
Member Tirion Investments Limited

Paul Edwards (Non-executive resigned 28 March 2023)
Member Development Committee Board Member EBDC, WDC and PEDC

Mark Howells (Executive)
Member Tirion Homes Limited (from 28 March 2023)
Member Finance and Executive Committee

Ken Haines (Non-executive)
Member Tirion Group Board
Member Development Committee Board Member EBDC, WDC and PEDC: (resigned 28 March 2023)

Gayna Jones (Non-executive)
Member Tirion Group Board
Chair Estates and Communities Committee

John Lovell (Non-executive)
Member Tirion Group Board Chair EBDC, WDC and PEDC
Member of Finance and Executive Committee
Member of Tirion Investments Limited
Member of Tirion Homes Limited

Chad Patel (Executive)
Member Tirion Group Board (from 28 March 2023)
Member Tirion Investments Board (from 28 March 2023)
Member Tirion Homes Limited (from 28 March 2023)
Member Finance and Executive Committee
Member Nominations and Remuneration Committee

Peter Mathias (Non-executive)
Chair Tirion Group Limited
Chair Nominations and Remuneration Committee Member
Finance and Executive Committee Observer Development
Committee, Estates and Communities Committee and Tirion
Investments

Sean Mayo (Non-executive)
Member and Vice Chair Tirion Group Limited Chair Finance
and Executive Committee Chair Tirion Investments Limited
Observer Development Committee

Richard Murphy (Non-executive resigned 28 March 2023)
Member Tirion Group Board
Member Nominations and Remuneration Committee
Member Estates and Communities Committee
Senior Independent Director - Group

Helga Warren (Non-executive resigned 30 June 2023)
Board Member EBDC, WDC and PEDC

David Ward (Executive Director)
Member Tirion Group Board (from 28 March 2023)
Member EBDC, WDC and PEDC (from 28 March 2023)
Member of Finance and Executive Committee

Tirion

Executive Team

David Ward: Group Chief Executive

David has over 30 years' public and private sector-built environment experience. David has worked in local / central government and private consultancy. Between 2000 and 2002 David was Head of the Urban Unit in Welsh Government where he was responsible for developing policy and initiatives to support the regeneration of communities in Wales. In 2002 David joined Newport Unlimited, Wales' only Urban Regeneration Company as Director of Planning and Strategy responsible for the delivery of a £500m regeneration programme. In 2006 David joined Arup where he established Wales' largest multi-disciplinary urban development consultancy team. David has worked extensively in the UK, Scandinavia, Russia and Eastern Europe where he was Project Director for a wide range of major urban and regional development projects. In 2011 David played a pivotal role in the formation of the Tirion Group established to pursue new financing models for residential led regeneration with a focus on affordable housing. David took up the part-time role of CEO in June 2012 and became full-time in 2016.

Development Management

Jon Mathews Development Manager
Geoff Morgan Construction Manager

Chad Patel:

Group Finance Director & Company Secretary

Chad has worked in finance for more than 40 years, initially with an accountancy firm but then moved to commerce and industry where he applied his professional accountancy experience to the commercial sector. He has worked extensively in financial analysis, financial reporting, and foreign currency and treasury management. He moved to the housing sector in the late 1980's and worked at Director level with major housing associations in England and Wales where he was able to apply a commercial ethos to the social housing sector.

Mark Howells: Group Housing Director

Mark has worked in the housing sector for more than 25 years. Initially working for a local authority in both housing and homelessness before working for a housing rights charity providing housing advice and assistance. Mark spent some time in private commercial practice before moving across to a senior role at a housing association delivering housing management regeneration partnerships with a high focus on community engagement. Mark moved to Tirion just under 12 months ago and brings a wealth of experience in managing mixed tenure communities with high performing assets and teams.

Welsh Government Housing Minister at Royal Victoria Court, Newport with from l-r Mark Howells, John Lovell, Julie James, Chad Patel, Peter Mathias, David Ward



Risk Management

Tirion develops, owns and manages homes with a focus on affordability. The business is supported by long-term finance and many of our activities carry significant regulatory, finance and reputational risk. Effective risk management is critical to our success and achieving our strategic goals.

We manage risks through a hierarchy that mirrors our Governance Structure consisting of Committees, Company Boards and oversight by Group Board and the Senior Independent Director.

Detailed risk registers are maintained by the Committees and reviewed periodically. Amber and red risks are reported to the Company Boards every quarter. The Group Board considers all amber and red risks each quarter and where necessary makes recommendations for further action to the Group Company Boards. Further oversight is provided on an annual basis by the Audit and Risk Committee with a specific remit to consider the effectiveness of the existing risk management procedures. In addition to the micro risk management undertaken, the following macro risks are monitored by the Group Board to determine potential high-level impacts on our business.

Risk	Mitigation	Status
Covid-19 – the potential for a post pandemic financial impact requires contingency planning both for the delivery of projects and the management of tenanted estates.	We work with stakeholders to understand and manage risks associated with a recession including rent suppression to protect viability and financial compliance.	
Climate Change – actions to arrest climate change impacts will demand an innovative approach to problem solving in the design and delivery of projects.	We ensure Tirion is at the forefront of technical innovation that can commercially deliver better carbon performance in the construction and operation of our estates. We will continue to engage with partners and industry experts to develop commercial solutions.	
Rent legislation / regulation - may impose rent capping that does not align with our financial obligations to our funders.	We work with WG to help shape emerging rent policies responding to consultations as appropriate. Continuously engage with our funding partners to develop contingency plans for periods where rents may be suppressed.	
De-carbonisation legislation will continue to be introduced for new development and existing homes.	We identify commercially viable solutions for our developments through our “pathway to zero-carbon” policy and ensure they are built into our designs and planned maintenance programmes.	
Development viability has been affected by unprecedented construction cost rises since the beginning of 2020 and the increase in bank base rates.	We continue to work with our contractors and supply chains to identify cost effective solutions that maintain our high-quality standards, and with our funders to ensure that appropriate funding packages are utilized.	
Brexit and the global economic climate have introduced supply chain instability that makes it difficult to appraise projects with confidence.	We continue to work with our contractors to identify robust supply chains that mitigate against cost increases and programme delay.	
Housing Standards are regularly reviewed to ensure that high quality homes are delivered in Wales. This can affect viability particularly in more marginal parts of Wales.	We will continue to develop our standard house type designs to respond efficiently to the official standards whilst minimising waste and ensuring we are delivering a product attractive to our tenants.	
New Building Regulations are being introduced in Wales which will apply to developments still under construction.	We continue to work on the designs of our schemes to ensure they comply with building regulations and can respond to emerging legislation when necessary.	

06 Statement of Board Responsibilities

The Board is responsible for preparing the Board's Annual Report and Financial Statements in accordance with applicable law and regulations, and the United Kingdom Generally Accepted Accounting Practice (FRS102), the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Cooperative and Community Benefit Societies Act 2014 and the laws applicable to Charities requires the members to prepare the financial statements for each financial year which give a true and fair of the Society's and groups state of affairs and its surplus or deficit for the period.

In preparing those financial statements, the members are required to select suitable accounting policies and then apply them consistently, make judgements and estimates that are prudent and reasonable, observe the methods of the Charities SORP 2019 (FRS 102), state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements and prepare the financial statements on a going concern basis.

The members are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Society and the Group and enable them to ensure that the financial statements comply with the relevant legislation; for maintaining the integrity of the corporate and financial information published and held on the Group's web site and for maintaining an agreed Privacy and Data Protection Policy. The members are also responsible for safeguarding

the assets of the Society and to prevent and detect fraud and other irregularities.

In so far as the Board is aware:

- there is no relevant audit information of which the Society's and the Group's auditors are aware, and
- the Board has taken all steps that they ought to have taken to make itself aware of any relevant audit information and to establish that the auditors are aware of that information

Statement of internal controls

The Board has overall responsibility for establishing and maintaining the whole system of internal control and reviewing its effectiveness.

Auditors

The auditors, Haines Watts Wales LLP, Statutory Auditors, will be proposed for re-appointment at the forthcoming Annual General Meeting.

On behalf of the Board:



DA Ward – Member

Date: 28 September 2023



07 Society Information

Members

A Crompton
K Haines
G Jones
L J Lovell
P R G Mathias
S Mayo
C Patel
D Ward

Senior staff

D Ward (CEO)
C Patel (Finance Director and Secretary)
M Howells (Housing Director)

Registered Office

7 Neptune Court
Vanguard Way
Cardiff
CF24 5PJ

Registered Society Number

7521

Auditors

Haines Watts Wales LLP, Statutory Auditors
7 Neptune Court
Vanguard Way
Cardiff
CF24 5PJ

Bankers

Barclays Bank
3rd Floor
Windsor Court
3 Windsor Place
Cardiff
CF10 3BX

08 Report of the Independent Auditors to the Members of Tirion Group Limited

Opinion

We have audited the financial statements of Tirion Group Limited (the 'Society') and its subsidiaries (the 'group') for the year ended 31 March 2023 which comprise the Consolidated Statement of Financial Activities, Consolidated Statement of Financial Position, Parent Statement of Financial Position, Company, Consolidated Statement of Cash Flows and Notes to the Consolidated Statement of Cash Flows, Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the Society's affairs as at 31 March 2023 and of the group's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, The Co-operative and Community Benefit Societies Act 2014 and the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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.

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

Other information

The members are responsible for the other information. The other information comprises the information in the Report of the Members, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent Society and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board.

We have nothing to report in respect of the following matters where The Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

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

Responsibilities of members

As explained more fully in the Statement of Members' Responsibilities set out on page four, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the members are responsible for assessing the group's and the parent Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the members either intend to liquidate the group or the parent society 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 a Report of the Auditors 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.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our planning procedures identify the legal and regulatory frameworks applicable to the operations and financial statements of the group. These are reviewed internally with the audit team including relevant industry experience and expectations as well as externally with the client management. The key laws and regulations we considered in this context were the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, The Co-operative and Community Benefit Societies Act 2014, UK GAAP (FRS102) and the Charities Act 2011 and relevant tax legislation.

Once identified, we assess the risks of material misstatements in relation to the laws and regulations, irregularities, including fraud and adjust our testing accordingly. Our audit procedures include:

- Discussing with members and management which areas of the business they believe to be more susceptible to fraud, and whether they have any knowledge or suspicion of fraudulent activities;
- Obtaining an understanding of the key controls put in place by the company to address risks identified, assessing the effectiveness of those and discussing how these are maintained and monitored internally
- Assessing the risk of management override and review and testing of journal entries made into the accounting system;
- Challenging assumptions and judgements made by the company in relation to the significant accounting estimates employed in the preparation of the financial statements;
- Discussing with Directors and management the legal and regulatory obligations of the business and whether they have any knowledge or suspicion of non compliance.

Despite the audit being planned and conducted in accordance with ISAs (UK) there remains an unavoidable risk that material misstatements in the financial statements may not be detected owing to inherent limitations of the audit, and that by their very nature, any such instances of fraud or irregularities likely involve collusion, forgery, intentional misrepresentation, or the override of internal controls.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the charitable society's members, as a body, in accordance with The Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the charitable society's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the society and the society's members as a body, for our audit work, for this report, or for the opinions we have formed.



Stephen Lucey (Senior Statutory Auditor)
Haines Watts Wales LLP, Statutory Auditors
7 Neptune Court
Vanguard Way
Cardiff
CF24 5PJ

Date:

3 October 2023

Tirion

09 Consolidated Financial
Statements for the Year
Ended 31 March 2023

Tirion Group Ltd
The Mill
2 Dol Elai
CF11 8GJ

Tirion Group Limited

**Contents of the Consolidated Financial Statements
for the Year Ended 31 March 2023**

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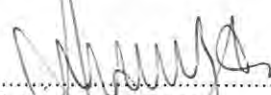
Tirion Group Limited

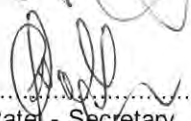
**Consolidated Statement of Financial Activities
(Incorporating an Income and Expenditure Account)
for the year ended 31 March 2023**

	Notes	Unrestricted fund £	Restricted funds £	2023 Total funds £	2022 Total funds £
Incoming Resources					
Charitable activities	3	-	2,160,343	2,160,343	9,585,565
Other income			<u>82,350</u>	<u>82,350</u>	<u>49,488</u>
Total		-	2,242,693	2,242,693	9,635,053
 Resources Expended					
Charitable activities	4	-	4,112,135	4,112,135	8,251,248
Total		-	<u>4,112,135</u>	<u>4,112,135</u>	<u>8,251,248</u>
 Net income/(expenditure) before gains/losses		-	(1,869,442)	(1,869,442)	1,383,805
Gain on revaluation of fixed asset investments		-	8,057,150	8,057,150	7,452,894
Gain on revaluation of fixed assets		-	34,304	34,304	330,197
Net income/(expenditure)		-	6,222,012	6,222,012	9,166,896
Reconciliation of funds	17				
Total funds brought forward		-	4,877,511	4,877,511	(4,289,385)
Total funds carried forward		<u>-</u>	<u>11,099,523</u>	<u>11,099,523</u>	<u>4,877,511</u>

The financial statements were approved by the Board of Members on 26 September 2023 and were signed on its behalf by:


.....
D A Ward - Member


.....
S Mayo - Member


.....
C Patel - Secretary

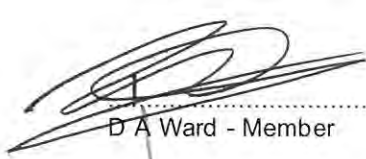
Tirion Group Limited

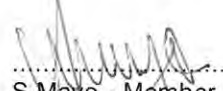
Consolidated Statement of Financial Position

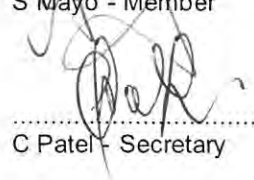
for the Year Ended 31 March 2023

	Notes	2023 £	2022 £
Fixed assets			
Tangible assets	9	13,479,364	1,464,946
Investments	10	-	-
Investment property	11	47,256,056	41,068,955
		<u>60,735,420</u>	<u>42,533,901</u>
Current assets			
Stocks	12	11,611,037	9,196,019
Debtors	13	6,955,463	7,462,087
Cash at bank		3,490,231	3,257,509
		<u>22,056,731</u>	<u>19,915,615</u>
Creditors			
Amounts falling due within one year	14	(13,069,328)	(11,116,098)
Net current (liabilities)/assets		<u>8,987,403</u>	<u>8,799,517</u>
Total assets less current liabilities		69,722,823	51,333,418
Creditors			
Amounts falling due after more than one year	15	(58,623,299)	(46,455,907)
Net (liabilities)/assets		<u>11,099,524</u>	<u>4,877,511</u>
Funds			
Restricted funds	17	11,099,524	4,877,511
		<u>11,099,524</u>	<u>4,877,511</u>

The financial statements were approved by the Board of Members on 26 September 2023 and were signed on its behalf by:


.....
D A Ward - Member


.....
S Mayo - Member



.....
C Patel - Secretary


Tirion Group Limited

Society Statement of Financial Position
for the Year Ended 31 March 2023

	Notes	2023 £	2022 £
Fixed assets			
Tangible assets		-	-
Investments	10	300	300
Investment property	11	-	3,156,750
		<u>300</u>	<u>3,157,050</u>
Current assets			
Debtors	13	103,101	186,999
Cash at bank		<u>460,158</u>	<u>62,234</u>
		563,259	249,223
Creditors			
Amounts falling due within one year	14	<u>(1,737,482)</u>	<u>(2,829,273)</u>
Net current (liabilities)/assets		<u>(1,174,223)</u>	<u>(2,580,040)</u>
Total assets less current liabilities		(1,173,923)	577,010
Creditors			
Amounts falling due after more than one year	15	<u>(300)</u>	<u>(300)</u>
Net (liabilities)/assets		<u>(1,174,223)</u>	<u>576,710</u>
Reserves			
Restricted reserves		<u>(1,174,223)</u>	<u>576,710</u>
		<u>(1,174,223)</u>	<u>576,710</u>
Society's (deficit)/surplus for the financial year		(1,750,933)	224,032

The financial statements were approved by the Board on 26 September 2023 and were signed on its behalf by:


.....
D A Ward - Member


.....
S Mayo - Member


.....
C Patel - Secretary

Tirion Group Limited

**Consolidated Statement of Cash Flows
for the Year Ended 31 March 2023**

	Notes	2023 £	2022 £
Cash flows from charity activities			
Cash generated from activities	1	(5,262,488)	(2,785,521)
Interest paid		<u>(1,505,638)</u>	<u>(1,339,735)</u>
Net cash from charity activities		<u>(6,768,126)</u>	<u>(4,125,256)</u>
Cash flows from investing activities			
Interest received		82,350	49,488
Purchase of fixed assets		(4,575)	-
Purchase of investment property		<u>(11,663,795)</u>	<u>(3,823,992)</u>
Net cash from investing activities		<u>(11,586,020)</u>	<u>(3,774,504)</u>
Cash flows from financing activities			
Loans received/(repaid)		<u>18,586,867</u>	<u>9,377,593</u>
Net cash from financing activities		<u>18,586,867</u>	<u>9,377,593</u>
Increase/(decrease) in cash and cash equivalents		232,721	1,477,833
Cash and cash equivalents at beginning of year	2	3,257,509	1,779,676
		<u> </u>	<u> </u>
Cash and cash equivalents at end of year	2	<u>3,490,230</u>	<u>3,257,509</u>

Tirion Group Limited

**Notes to the Consolidated Statement of Cash Flows
for the Year Ended 31 March 2023**

1. Reconciliation of cash flow from charity activities

	2023	2022
	£	£
Surplus/ (deficit)	6,222,012	9,166,896
Finance costs	1,505,638	1,339,735
Finance income	(82,350)	(49,488)
Depreciation of tangible assets	55,299	6,677
Gain on fixed assets	(34,304)	(330,197)
Gain on investment property	<u>(8,057,150)</u>	<u>(7,452,894)</u>
	(390,855)	2,680,729
(Increase) / Decrease in stocks	(2,415,018)	(1,306,109)
Decrease / (increase) in debtors	506,624	(6,861,993)
(Decrease) / increase in creditors	<u>(2,963,239)</u>	<u>2,701,852</u>
Cash generated from charity activities	<u><u>(5,262,488)</u></u>	<u><u>(2,785,521)</u></u>

2. Cash and cash equivalents

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 March 2023

	31.3.23	1.4.22
	£	£
Cash and cash equivalents	<u>3,490,231</u>	<u>3,257,509</u>

Year ended 31 March 2022

	31.3.22	1.4.21
	£	£
Cash and cash equivalents	<u>3,257,509</u>	<u>1,779,676</u>

Tirion Group Limited

**Society Statement of Cash Flows
for the Year Ended 31 March 2023**

	Notes	2023 £	2022 £
Cash flows from charity activities			
Cash generated from activities	1	(253,880)	(950,472)
Interest paid		(287,360)	(56,019)
		<u> </u>	<u> </u>
Net cash from charity activities		<u>(541,240)</u>	<u>(1,006,491)</u>
Cash flows from investing activities			
Purchase of investment property		(10,763,191)	(2,860,730)
Sale of investment property		12,250,000	11,250,000
		<u> </u>	<u> </u>
Net cash from investing activities		<u>1,486,809</u>	<u>8,389,270</u>
Cash flows from financing activities			
Loans received/(repaid)		<u>(547,645)</u>	<u>(7,457,146)</u>
Net cash from financing activities		<u>(547,645)</u>	<u>(7,457,146)</u>
Increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of year	2	62,234	136,601
		<u> </u>	<u> </u>
Cash and cash equivalents at end of year	2	<u>460,158</u>	<u>62,234</u>

Tirion Group Limited

**Notes to the Society Statement of Cash Flows
for the Year Ended 31 March 2023**

1. Reconciliation of cash flow from charity activities

	2023	2022
	£	£
Surplus/ (deficit)	(1,750,933)	224,032
(Gain)/loss on investment property	-	(369,327)
Loss on disposal of investment properties	1,669,941	-
Finance costs	287,360	56,019
	206,368	(89,276)
Decrease / (increase) debtors	83,898	(158,540)
(Decrease) / increase creditors	(544,146)	(702,656)
Cash generated from charity activities	(253,880)	(950,472)

2. Cash and cash equivalents

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 March 2023

	31.3.23	1.4.22
	£	£
Cash and cash equivalents	460,158	62,234

Year ended 31 March 2022

	31.3.22	1.4.21
	£	£
Cash and cash equivalents	62,234	136,601

Tirion Group Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2023

1. Accounting policies

Basis of preparing the financial statements

The financial statements of the charitable group, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP 2019 (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019)', The Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, The Co-operative and Community Benefit Societies Act 2014 and the Charities Act 2011. The financial statements have been prepared under the historical cost convention except where expressly disclosed below.

Basis of consolidation

The consolidated accounts include the results of Tirion Group Limited ("the Society") and its subsidiaries for the year ended 31 March 2023. Consolidated accounts are required under The Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969. No separate company Statement of Financial Activities (SOFA) has been prepared for the Charity as permitted by paragraph 24.37 of the SORP.

Subsidiary undertakings

The financial statements of the subsidiaries have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Further information relating to the subsidiaries can be found in note 21.

Income

All income is recognised in the Statement of Financial Activities once the society has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Income from charitable activities includes income recognised as earned (as the related goods or services are provided) under contract.

Other income relates to interest receivable which is recognised on a receivable basis.

Expenditure

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to that expenditure, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with the use of resources.

Investments

Investments in subsidiaries are measured at cost less impairment.

Investment property

Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in Statement of Financial Activities.

Tirion Group Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2023

1. Accounting policies - continued

Stocks

Work in progress is valued at the lower of cost and estimated selling price less costs to sell. Impairment of work in progress is considered at each year end and cost reduced if required.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life:

Computer Equipment - 33.3% on cost

Housing property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in Statement of Financial Activities.

Depreciation is charged on the historic cost of property components. Depreciation is charged on cost on a straight line basis over the component's expected economic useful life as follows:

Component	Years
Boilers, and ventilation	15
Light fitting, kitchen and alarms	20
Rainwater goods, parking/hardstanding's	25
External doors, bathroom, wiring	30
Window & timber grade doors	35
Internal ceilings	40
Roof tiles	65

Land is not depreciated.

Trade debtors

Trade debtors are amounts due from customers for services performed in the ordinary course of business. Trade debtors are recognised initially at transaction price. They are subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the entity does not have an unconditional right, at the end of the reporting period, to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities. Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Fund accounting

Unrestricted funds can be used in accordance with the charitable objectives at the discretion of the members.

Restricted funds can only be used for particular restricted purposes within the objects of the charity. Restrictions arise when specified by the donor or when funds are raised for particular restricted purposes. Further explanation of the nature and purpose of each fund is included in the notes to the financial statements.

Tirion Group Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2023

1. Accounting policies - continued

Taxation

Tirion Group Limited is registered with charitable status as a community benefit society and with the Financial Conduct Authority. It benefits from corporation tax exemptions available to charitable bodies. Those primary purpose activities that fall within its charitable purposes and where its funds are applied only for these purposes are exempt from corporation tax.

All subsidiaries of the Society are limited companies which are fully taxable entities except for Tirion Investments Limited which benefits from corporation tax exemptions available to charitable bodies.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the SOFA in the period to which they relate.

Funding

The members of the group continue to work closely with its funders and investors whilst closely monitoring market conditions and its ongoing borrowing requirements. The members are in dialogue with one of its funders with regards to a technical breach of its borrowing covenant resulting from the unprecedented increase in interest rates. The technical breach will be remedied when new sections are completed in October. The funder has acknowledged the situation and has agreed to continue funding the project. The members are monitoring the position closely and are confident that the group will satisfy the conditions of its borrowing agreements in future.

2. Going concern

Group

The Board is aware that due to the nature of the development projects where a significantly large amount of cost is expended ahead of earning any revenue income, the development companies (EBDC, WDC & PEDC) will report significant accounting losses until revenue income is generated. The long-term projections monitored via regular review of the development tracker, shows that each scheme will generate a surplus when completed. The Board also receives cash flow projections and update on funding agreements (short term and long term) as part of periodic financial reporting package.

Based on the above, the Board considers that the Group is financially viable and can meet its liabilities as they fall due and therefore these financial statements have been prepared on a going concern basis.

Parent entity

The Board is aware that due to the upfront costs for setting up the Society and to facilitate the funding for the acquisition of residential accommodation, the Society will report accounting deficits in early years. The long term financial projections monitored regularly by the Board show that the Society will generate sufficient revenue income to discharge all of its obligations.

Based on the above, the Board considers that the Society is financially viable and can meet its liabilities as they fall due and therefore these financial statements have been prepared on a going concern basis.

Tirion Group Limited

**Notes to the Consolidated Financial Statements
for the Year Ended 31 March 2023**

3. Income from charitable activities

	2023	2022
	£	£
Sales	-	7,963,257
Rental Income	2,160,343	1,622,308
	<u>2,160,343</u>	<u>9,585,565</u>

4. Charitable activities costs

	Direct costs	Finance costs (See note 5)	Support costs (See note 6)	Totals
	£	£	£	£
Charitable activities	<u>1,913,901</u>	<u>2,167,684</u>	<u>30,550</u>	<u>4,112,135</u>

5. Finance costs

	2023	2022
	£	£
Bank charges	5,259	3,256
Loan interest	1,505,638	669,932
Arrangement and exit fees	(123,521)	65,800
Indexation charge	780,308	669,803
	<u>2,167,684</u>	<u>1,408,791</u>

6. Support costs

Support costs include governance costs of £30,550 (2022: £28,737) for the preparation and audit of the statutory accounts for the Group and its subsidiaries.

7. Employees and members

	2023	2022
	£	£
Wages and salaries	364,633	342,938
Social security costs	35,330	31,216
Other pension costs	<u>18,299</u>	<u>30,110</u>
	<u>418,262</u>	<u>404,264</u>

The average number of employees during the year was as follows:

	2023	2022
	<u>10</u>	<u>13</u>

Tirion Group Limited

Notes to the Consolidated Financial Statements for the Year Ended 31 March 2023

7. Employees and members - continued

Group

Total members' remuneration for the year ended 31 March 2023 was £69,540 (2022: £64,320). Members' remuneration was paid in line with the governing document of the Society:

	2023	2022
	£	£
G Jones	6,480	6,120
P Mathias	12,900	12,225
S Mayo	12,900	12,225
R Murphy	<u>8,400</u>	<u>5,475</u>
	40,680	36,045
Paid via subsidiary:		
L J Lovell	12,780	12,195
A C Compton	6,480	6,120
K V Haines	4,800	4,575
P Edwards	4,800	5,700
Total	<u>69,540</u>	<u>64,635</u>

Key management remuneration for the year ended 31 March 2023 was £268,494 (2022: £327,932). Key management include individuals who are deemed to have significant influence on the strategy of the Group.

One employee received benefits in the current and prior year totalling between £90,000 - £100,000. One employee received benefits in the current and prior year totalling between £160,000 - £170,000.

Parent

Total members' remuneration and key management remuneration for the year ended 31 March 2023 was £40,680 (2022: £36,045).

One employee received benefits in the current and prior year totalling between £90,000 - £100,000. One employee received benefits in the current and prior year totalling between £160,000 - £170,000.

Members' expenses

	2023	2022
	£	£
Members' expenses	<u>840</u>	<u>804</u>

Members' expenses relate to travel and subsistence costs reimbursed to 2 members (2022: 2).

8. Taxation

Analysis of the tax charge - group

No liability to UK corporation tax arose for the year ended 31 March 2023 nor for the year ended 31 March 2022.

Tirion Group Limited

Notes to the Consolidated Financial Statements
for the Year Ended 31 March 2023

9. Tangible fixed assets

Group	Housing property £	Computer equipment £	Totals £
Cost or valuation			
At 1st April 2022	1,464,541	2,037	1,466,578
Additions	12,030,838	4,575	12,035,413
Revaluations	<u>34,304</u>	<u>-</u>	<u>34,304</u>
At 31st March 2023	<u>13,529,683</u>	<u>6,612</u>	<u>13,536,295</u>
Depreciation			
At 1st April 2022	-	1,632	1,632
Charge for year	53,368	1,931	55,299
Revaluation adjustments	<u>-</u>	<u>-</u>	<u>-</u>
At 31st March 2023	<u>53,368</u>	<u>3,563</u>	<u>56,931</u>
Net book value			
At 31st March 2023	<u>13,476,315</u>	<u>3,049</u>	<u>13,479,364</u>
At 31st March 2022	<u>1,464,541</u>	<u>405</u>	<u>1,464,946</u>

Cost or valuation at 31st March 2023 is represented by:

	Housing property £
Valuations	457,428
Cost	<u>13,072,255</u>
	<u>13,529,683</u>

If housing properties had not been revalued they would have been included at the following historical cost:

	2023 £	2022 £
Cost less accumulated depreciation	<u>13,011,700</u>	<u>1,034,230</u>

Housing properties were valued on market rent basis on 31st March 2023 by the members, using the valuation model supplied by a third party as agreed with M&G Investments.

Tirion Group Limited

**Notes to the Consolidated Financial Statements
for the Year Ended 31 March 2023**

10. Fixed asset investments

Parent

	Shares in group undertakings £
Cost	
At 1 April 2022	
and 31 March 2023	<u>300</u>
Net book value	
At 31 March 2023	<u>300</u>
At 31 March 2022	<u>300</u>

Further disclosure on subsidiary undertakings is disclosed in note 22.

11. Investment property

Group

	Total £
Fair value	
At 1st April 2022	41,068,955
Additions	2,927,181
Reclassification	-
Revaluations	<u>3,259,920</u>
At 31st March 2023	<u>47,256,056</u>
Net book value	
At 31st March 2023	<u>47,256,056</u>
At 31st March 2022	<u>41,068,955</u>

Fair value at 31st March 2023 is represented by:

	£
Valuations	18,167,990
Cost	<u>29,088,066</u>
	<u>47,256,056</u>

Tirion Group Limited

**Notes to the Consolidated Financial Statements
for the Year Ended 31 March 2023**

11. Investment property - continued

Company	Total £
Fair value	
At 1st April 2022	3,156,750
Additions	10,763,750
Disposals	(13,920,500)
Revaluation	-
	<hr/>
At 31st March 2023	-
	<hr/>
Net book value	
At 31st March 2023	-
	<hr/> <hr/>
At 31st March 2022	3,156,750
	<hr/> <hr/>

Investment properties relating to 'Phase A', 'Phase B' and 'Phase C' of the Ely Bridge site were valued by the members, using the valuation model supplied by a third party as agreed with M&G investments.

All investment properties within phases A to C were disposed of in the year to the companies subsidiary Tirion Investments Limited.

12. Stocks

	Group		Company	
	2023 £	2022 £	2023 £	2022 £
Work-in-progress	<u>11,606,149</u>	<u>9,196,019</u>	<u>-</u>	<u>-</u>

Tirion Group Limited

Notes to the Consolidated Financial Statements
for the Year Ended 31 March 2023

13. Debtors

	Group		Company	
	2023 £	2022 £	2023 £	2022 £
Amounts falling due within one year:				
Trade debtors	46,082	436,956	-	6,254
Amounts owed by group undertakings	-	-	103,101	175,516
Other debtors	-	4,447	-	-
VAT	-	-	-	-
Prepayments and accrued income	<u>28,228</u>	<u>28,241</u>	<u>-</u>	<u>5,229</u>
	<u>74,310</u>	<u>469,644</u>	<u>103,101</u>	<u>186,999</u>
Amounts falling due after more than one year:				
Trade debtors	<u>6,881,153</u>	<u>6,992,443</u>	<u>-</u>	<u>-</u>
Aggregate amounts	<u>6,955,463</u>	<u>7,462,087</u>	<u>103,101</u>	<u>186,999</u>

14. Creditors: amounts falling due within one year

	Group		Company	
	2023 £	2022 £	2023 £	2022 £
Other loans (see note 16)	10,427,024	8,315,899	1,695,209	2,242,854
Trade creditors	1,648,851	839,280	281	2,501
Amounts owed to group undertakings	-	-	12,399	561,154
Social security and other taxes	13,038	9,648	12,837	9,451
VAT	2,250	48,861	-	-
Other creditors	75,433	60,176	1,284	848
Accrued expenses	<u>902,732</u>	<u>1,842,234</u>	<u>15,472</u>	<u>12,465</u>
	<u>13,069,328</u>	<u>11,116,098</u>	<u>1,737,482</u>	<u>2,829,273</u>

Tirion Group Limited

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2023**

15. **Creditors: amounts falling due after more than one year**

	Group		Company	
	2023 £	2022 £	2023 £	2022 £
Other loans (see note 16)	58,623,299	43,653,195	-	-
Amounts owed to group undertakings	-	-	300	300
Other creditors	-	2,802,712	-	-
	<u>58,623,299</u>	<u>46,455,907</u>	<u>300</u>	<u>300</u>

16. **Loans**

An analysis of the maturity of loans is given below:

	Group		Company	
	2023 £	2022 £	2023 £	2022 £
Amounts falling due within one year or on demand:				
Other loans	<u>10,427,024</u>	<u>8,315,899</u>	<u>1,695,209</u>	<u>2,242,854</u>
Amounts falling due between one and two years:				
Other loans - 1-2 years	<u>8,742,797</u>	<u>9,934,908</u>	-	-
Amounts falling due between two and five years:				
Other loans - 2-5 years	<u>11,488,042</u>	<u>10,538,359</u>	-	-
Amounts falling due in more than five years:				
Repayable by instalments				
Other loans more 5yrs instal	<u>38,392,460</u>	<u>23,179,928</u>	-	-

Parc Eirin Development Company Limited

The loan is from the Welsh Government and is dated 3 July 2020, this loan supersedes both the revised loan agreement dated 30 March 2017 and the original loan agreement dated 30 March 2013. The interest is calculated on a compound basis with reference to the European Reference rates together with a 1% margin. The interest rate together with the 1% margin increased from 1.66% to 4.52% as at 31 March 2023 (2022: 1.66%).

The repayment of the loan is set by the company reaching key milestone events.

The loan of £1 million plus accrued interest is due for repayment based on the earlier of several different key events but no earlier than 30 April 2024 and therefore this has been classified as falling due for repayment within 1 to 2 years.

The loan is secured on the Parc Eirin site and the cash balances within the company.

Tirion Group Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2023

16. Loans - continued

Ely Bridge Development Company Limited

The Phase D construction loan of £8,106,253 owed to Principality Building Society is due to be repaid on or before 31 December 2024. The loan has been classified as falling due for repayment within 1 to 2 years.

The loan is secured by way of fixed charges numbered 0801 0561 0005, 0801 0561 0006 and 0801 0561 0007 over the freehold land known as Ely Mill, Canton, Cardiff dated 2 September 2015 and 26 October 2017.

The loan for £9,793,826 is from the Welsh Government and is dated 3 July 2020, this loan supersedes both the revised loan agreement dated 30 March 2017 and the original loan agreement dated 30 March 2013. The interest is calculated on a compound basis with reference to the European Reference rates together with a 1% margin. The interest rate together with the 1% margin, the interest rate increased from 1.66% to 4.52% at the balance sheet date of 31 March 2023 (2022: 1.66%).

The loan of £8.08 million plus accrued interest is due for repayment based on the earlier of several different key events but no later 31 March 2024. Discussions between Welsh Government and Ely Bridge Development Company Limited are at an advanced stage to extend the repayment date to 31 July 2025 however as these documents have not been signed the loan has been classified as falling due for repayment within 12 months from the balance sheet date.

The loan is secured on the Ely Bridge site and the cash balances within the company, together with charges over the completed properties at the Mill site which have been transferred within the Group.

Whiteheads Development Company Limited

The loan is from the Welsh Government and is dated 29 April 2021, this loan supersedes the revised loan agreements dated 3 July 2020 and 30 March 2017 and the original loan agreement dated 30 March 2013. The interest is calculated on a compound basis with reference to the European Reference rates together with a 1% margin. The interest rate together with the 1% margin increased from 1.66% to 4.52% in the year to 31 March 2023 (2022: 1.66%).

The loan of £7 million plus accrued interest is due for repayment based on the earlier of several different key events but no later 31 December 2025 and therefore the loan has been classified as falling due for repayment within 2-5 years.

The loan is secured on the Whiteheads site and the cash balances within the company.

Tirion Investments Limited

The loan notes are acquired by a number of institutional investors and are dated 18 June 2020 (Tranche 1), 7 May 2021 (Tranche 2) and 8 December 2023 (Tranche 3). The interest is calculated at 1.0870% per annum on Tranche 1 and 2 and 3.2% on Tranche 3. The loan notes are due to be repaid in instalments by 31 March 2070.

The loan notes are secured against the land held as well as any future land acquired.

Tirion Group Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2023

17. Funds

	At 1.4.22 £	Net movement in funds £	Transfers between funds £	At 31.3.23 £
Unrestricted funds				
General fund	-	-	-	-
Restricted funds				
Tirion Group Limited	265,129	(481,334)	-	(216,205)
Whiteheads Development	(849,397)	(650,152)	-	(1,499,549)
Parc Eirin Development	(799,565)	(38,345)	-	(837,910)
Ely Bridge Development	(6,716,980)	(922,168)	-	(7,639,148)
Tirion Investments	12,978,324	8,314,011	-	21,292,335
	<u>4,877,511</u>	<u>6,222,012</u>	-	<u>11,099,523</u>
TOTAL FUNDS	<u>4,877,511</u>	<u>6,222,012</u>	-	<u>11,099,523</u>

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gain/(loss) on investments £	Movement in funds £
Unrestricted funds				
General fund	-	-	-	-
Restricted funds				
Tirion Group Limited	283,498	(764,832)	-	(481,334)
Whiteheads Development	-	(650,152)	-	(650,152)
Parc Eirin Development	-	(38,345)	-	(38,345)
Ely Bridge Development	37,402	(959,570)	-	(922,168)
Tirion Investments	1,921,793	(1,699,236)	8,091,454	8,314,011
Total restricted	<u>2,242,693</u>	<u>(4,112,135)</u>	<u>8,091,454</u>	<u>6,222,012</u>

Tirion Group Limited

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 March 2023

17. Funds - continued

Comparatives for movement of funds

	At 1.4.21 £	Net movement in funds £	Transfers between funds £	At 31.3.22 £
Unrestricted funds				
General fund	-	-	-	-
Restricted funds				
Tirion Group Limited	352,678	(87,549)	-	269,129
Whiteheads Development	(2,394,537)	1,545,140	-	(849,397)
Parc Eirin Development	(778,651)	(20,914)	-	(779,565)
Ely Bridge Development	(6,456,717)	(260,263)	-	(6,716,980)
Tirion Investments	4,987,842	7,990,482	-	12,978,324
	(4,289,385)	9,166,896	-	4,877,511
TOTAL FUNDS	(4,289,385)	9,166,896	-	4,877,511

Net movement in funds, included in the above are as follows:

	Incoming resources £	Resources expended £	Gain/(loss) on investments £	Movement in funds £
Unrestricted funds				
General fund	-	-	-	-
Restricted funds				
Tirion Group Limited	96,506	(553,382)	369,327	(87,549)
Whiteheads Development	7,295,463	(5,750,323)	-	1,545,140
Parc Eirin Development	-	(20,914)	-	(20,914)
Ely Bridge Development	673,612	(509,320)	(424,555)	(260,263)
Tirion Investments	1,569,472	(1,417,309)	7,838,319	7,990,482
Total restricted	9,635,053	(8,251,248)	7,783,091	9,166,896

Whiteheads Development, Parc Eirin Development, Ely Bridge Development and Tirion Investments represent the subsidiaries whose results are recognised in the consolidated results. Their funds are restricted to the projects, due to the restrictions of the funder. The restrictions will be lifted when specific milestones are achieved for each project.

Tirion Group Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2023

18. Contingent liabilities

Ely Bridge Development Company Limited

On the 27th August 2015 the company entered in to an agreement with the Cardiff City Council to pay £2,000,000 pursuant to Section 106 Town and Country Planning Act 1990 relating to Land at Ely Bridge. A sum of £500,000 (25%) was paid during 2018/19, £500,000 (25%) was paid during 2019/20 and £500,000 (25%) paid during 2021/22 and the remaining balance is payable as follows:

- the final 25% prior to the date of occupation of the last dwelling within phase D or if earlier 30 June 2023.

In addition to the education payment, the Section 106 agreement requires EBDC to construct a Community Facility and provide other facilities for the benefit of the community. During the prior year, land was sold to Cadwyn Housing Association who will now deal with the Section 106 obligation. However, the agreement with Cardiff Council is still with EBDC. Total estimated cost of these obligations is £760,000. Cardiff City Council has agreed to extend the deadline for constructing the Community Facility from 30 June 2023 to 31 July 2025 which has been agreed in principal but not formally signed.

As at 31 March 2023, the conditions to make a payment, or provide the community facilities, had not been met and therefore there was no liability arising in the balance sheet.

In addition to the above, the following side agreements have been entered into:

Spine Road

On 28th April 2016, the company entered into a side agreement with Cardiff Council in relation to highway works on Ely Mill, Cardiff - Spine Road. The Spine Road Side Agreement obliges the relevant parties to complete the Section 38 Agreement and Bond once the Council has confirmed that the highway works have been completed to enable the Certificate of Substantial Completion to be issued. The total estimated cost of this obligation is £472,000.

The sums are payable on or before completion of the Section 38 Agreement.

As at 31 March 2023, the conditions to make further payments have not been met and therefore there was no liability arising.

Green Street 1

On 17th August 2017, the company entered into a side agreement with Cardiff Council in relation to highway works on Ely Mill, Cardiff - Green Street 1. The Green Street 1 Side Agreement obliges the relevant parties to complete the Section 38 Agreement and Bond once the Section 38 Agreement to be completed pursuant to the Spine Road Side Agreement has been completed. The total estimated cost of this obligation is £13,340.

The sums are payable on or before completion of the Section 38 Agreement.

As at 31 March 2023, the conditions to make further payments have not been met and therefore there was no liability arising.

Tirion Group Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2023

Green Street 2

On 21st June 2021, the company entered into a side agreement with Cardiff Council in relation to highway works on Ely Mill, Cardiff - Green Street 2. The Green Street 2 Side Agreement obliges the relevant parties to complete the Section 38 Agreement and Bond once the Section 38 Agreement linked to the Spine Road Side Agreement has been completed and the Council has confirmed that the highway works have been completed to enable the Certificate of Substantial Completion to be issued. The total estimated cost of this obligation is £11,585.

The sums are payable on or before completion of the Section 38 Agreement.

As at 31 March 2023, the conditions to make further payments have not been met and therefore there was no liability arising.

Whiteheads Development Company Limited

The company received a pre-action letter of claim on behalf of Coilcolor for flooding events that occurred during late 2016. The Company has taken appropriate expert advice and legal representations and is confident that it is not responsible for the alleged damages and has sent a substantive response defending its position. As the value is unable to be reliably measured as at the year end, the liability has been treated as contingent.

19. **Pension and other schemes**

Defined contribution pension scheme

The Group operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the Group to the scheme and amounted to £18,299 (2022: £30,110).

20. **Related party disclosures**

No related party transactions have occurred in the current or prior year except for those disclosed in note 7.

The Group has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

21. **Leasing agreement**

Minimum lease payments under non-cancellable operating lease fall due as follows:

	2023	2022
	£	£
Within one year	2,900	2,900
Between one and five years	4,350	7,250
	<u>7,250</u>	<u>10,150</u>

Tirion Group Limited

Notes to the Consolidated Financial Statements - continued for the Year Ended 31 March 2023

22. Group note

Tirion Group Limited has 6 directly owned subsidiaries.

- Whiteheads Development Company Limited (08741542) – 100% owned of the called up share capital.
- Parc Eirin Development Company Limited (08741560) – 100% owned of the called up share capital.
- Ely Bridge Development Company Limited (08010561) – wholly controlled (limited by guarantee).
- Tirion Homes Limited (08937395 - Dormant) – 100% owned of the called up share capital.
- Tirion Investments Limited (RS009240) – wholly controlled.
- Tirion Affordable Homes Limited (RS008839 - Dormant) – wholly controlled.

	WDC Ltd	PEDC Ltd	EBDC Ltd	TH Ltd	TI Ltd
Income	47,869	-	10,745,607	-	10,416,427
Expenditure	(651,488)	(38,345)	(10,629,781)	-	(1,917,338)
Net Profit/(loss)	<u>(603,619)</u>	<u>(38,345)</u>	<u>115,826</u>	<u>-</u>	<u>8,499,089</u>
Total assets	6,916,047	355,594	13,473,677	100	63,272,511
Total liabilities	(8,451,600)	(1,193,404)	(20,257,154)	-	(41,841,718)
Net assets/(liabilities)	<u>(1,535,553)</u>	<u>(837,810)</u>	<u>(6,783,477)</u>	<u>100</u>	<u>21,430,793</u>
Funds	<u>(1,535,553)</u>	<u>(837,810)</u>	<u>(6,783,477)</u>	<u>100</u>	<u>21,430,793</u>

Victoria Court (Newport No1) Residents Management Company Limited, a company limited by guarantee, was incorporated on 19 March 2021. This company is an associate of Whiteheads Development Company Limited, there is no surplus during the period and no activity on the balance sheet.

Copies of the individual financial statements are available from Companies House.

The ultimate controlling party of Tirion Group Limited is the board of members.

23. Subsequent events

Subsequent to the balance sheet date. Development of the Whitehead site has progressed with the completion of Cluster 1 (of 4) on 1 September 2023 which consists of 75 units. On completion of Cluster 1 a payment obligation of £9,409,274 becomes payable 1 December 2023. The obligation will be settled through the sale of shared ownership units and long term funding.

Early in September 2023 the group received notification, a 'reservation of rights' letter, from one of its funders of a technical breach on its lending covenants. The breach was of the interest cover ratio which was calculated using a completed section of rented properties as opposed to the entire phase. The units in the completed section are let at social rent or intermediate rent. The calculation also included the slightly higher Bank of England base rate at 5.25% rather than that previously forecast 4.5% by the members. This technical breach will be remedied when new sections are completed in October. The members have paid close consideration to current market conditions and the possibility of further interest rate rises and are confident that the current debt model is sufficient for the members of the group to continue with its plan for future developments, satisfying its lending criteria and to continue as a going concern.

Tirion Group Limited

Detailed Consolidated Statement of Financial Activities
for the Year Ended 31 March 2023

	2023		2022	
	£	£	£	£
Sales, UK		-		7,963,257
Cost of sales				
Purchases		-		<u>5,583,480</u>
Gross profit		-		2,379,777
Other income				
Rents received	2,160,343		1,622,308	
Deposit account interest	21,913		435	
Other interest receivable	<u>60,437</u>		<u>49,053</u>	
		<u>2,242,693</u>		<u>1,671,796</u>
		2,242,693		4,051,573
Expenditure				
Insurance	89,189		63,635	
Light, heat and power	468		(592)	
Directors' salaries	16,080		16,395	
Directors' fees	12,780		12,195	
Wages	348,553		314,348	
Social security	35,330		31,216	
Pensions	18,299		30,110	
Hire of plant and machinery	1,490		890	
Subcontract costs	4,714		10,230	
Telephone	2,982		686	
Post and stationery	4,390		2,800	
Travel and subsistence	419		242	
Motor expenses	7,811		5,665	
Computer consumables	3,513		-	
Community engagement	23,209		20,416	
Sundry expenses	1,503		6,754	
Housing management fee	473,197		378,492	
Estate service charge	41,040		-	
Accountancy	7,700		6,688	
Subscriptions	3,900		531	
Legal fees	373,068		319,126	
Auditors' remuneration	33,144		28,737	
Depreciation of tangible fixed assets	55,299		6,677	
Advertising	-		3,736	
Diminution in value	<u>451,543</u>		-	
		<u>1,944,451</u>		<u>1,258,977</u>
		298,242		2,792,596
Finance costs				
Bank charges	5,269		3,256	
Arrangement and exit fees	(123,521)		65,800	
Loan interest	1,505,638		669,932	
Indexation charge	<u>780,308</u>		<u>669,803</u>	
		<u>2,167,684</u>		<u>1,408,791</u>
		(1,869,442)		1,383,805
Gain/loss on revaluation of assets				
Gain/loss on revaluation of investment properties	4,797,230		7,756,524	
Gain/loss on revaluation of fixed assets	<u>3,294,224</u>		<u>330,197</u>	
		<u>8,091,454</u>		<u>7,783,091</u>
Net profit		<u>6,222,012</u>		<u>9,166,896</u>