Inland homes

ANNUAL REPORT 2016

CREATIVE THINKING IN BROWNFIELD DEVELOPMENT

Annual Report and Accounts
for the year ended 30 June 2016
Stock Code: INL

Welcome to Inland Homes plc

As a leading brownfield regeneration specialist, we focus on buying brownfield sites and enhancing their value through obtaining planning permissions for residential and mixed use developments.

Sustainability is at the heart of everything we do.

Why Invest in Inland Homes plc

- Strong management team
- Adding value throughout the development process
- Diverse land portfolio in the South and South East of England
- Unrealised value within the land bank as a result of planning permissions

UNLOCKING POTENTIAL,
CREATING COMMUNITIES,
DELIVERING VALUE

Case Studies

Chapel Riverside, Southampton
See page 20

Garston Joint Venture
See page 22

Meridian Waterside, Southampton
See page 24

Cover: Artist's impression of proposed Chapel Riverside development, Southampton

Our Agile Business Model, see page 17

Our Strategy, see page 27

Signposting icons

Read more content within the report

Read more online at www.inlandhomes.co.uk

Investor website

We maintain a corporate website at www.inlandhomes.co.uk containing a wide range of information of interest to institutional and private investors including:

- Latest news and press releases
- Annual reports and investor presentations

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Who We Are

Inland Homes is an established land regeneration business, focused on developing sites in southern England for residential and mixed use projects. Our foundations have been built on a proactive and decisive approach to identifying the right land opportunities, and our ability to navigate the complex planning system and maximise the potential of the final development.

Our versatile structure, relatively small team, local insight and opportunistic approach gives us a competitive advantage, ensuring we can react fast to secure the sites we want at a price that provides healthy returns. Once secured, our knowledge of and relationships with local authorities, and the wealth of experience in our land team, means that we are able to secure planning consent for the sites we own and manage.

Our ambitious developments, combining style, comfort and sustainability for a wide social demographic, deliver appropriate rewards for our business, our stakeholders, our shareholders and the local community.

Increasingly, we are utilising our own land bank to grow our housebuilding operations and this growth will continue to optimise our revenue profile.

Read about our **Sustainability** on pages 44 to 47

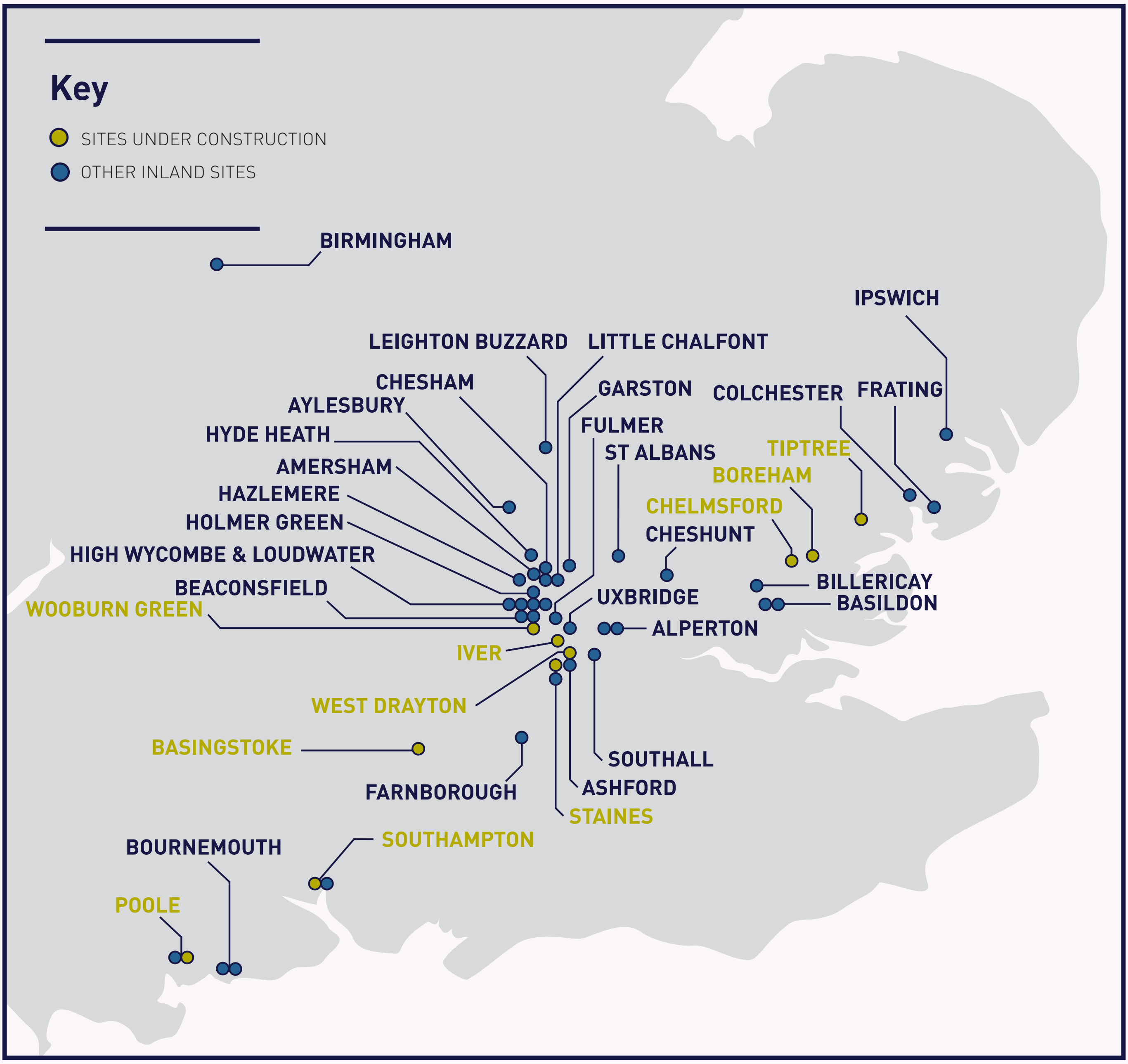
Read about our **Agile Business Model** on pages 17 to 19

Artist's impression of Chapel Riverside, Southampton

Land Portfolio

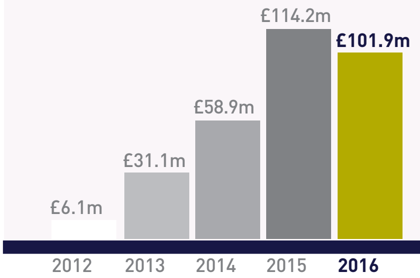
The land portfolio consists of 6,681 plots with the vast majority in the South and South East of England. The size of the sites ranges from under 50 plots to over 500 plots. Our portfolio consists of both brownfield and strategic sites. The strategic land element has grown considerably over the past year, from virtually no sites in June 2015 to 17 sites in June 2016, covering over 330 acres with the potential for 1,600 residential plots. The addition of strategic land to the portfolio opens up short to medium term opportunities that are significantly less capital intensive and provide opportunities to us that would not be available to us from solely dealing with brownfield land. Our core focus has always been, and will continue to be, acquiring and developing brownfield sites.

Read about our land bank within the **Chief Executive's Review** on pages 32 to 36

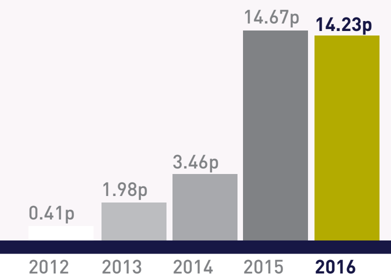


Financial Highlights

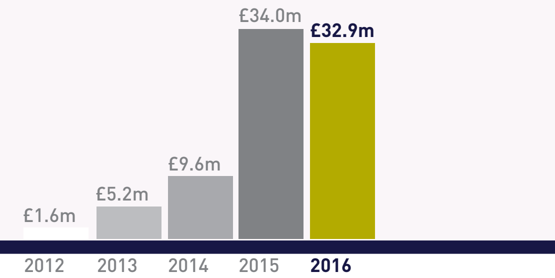
Revenue
£101.9m
2015: £114.2m



Basic earnings per share
14.23p
2015: 14.67p



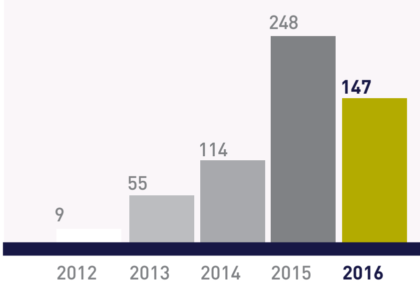
Profit before tax
£32.9m
2015: £34.0m



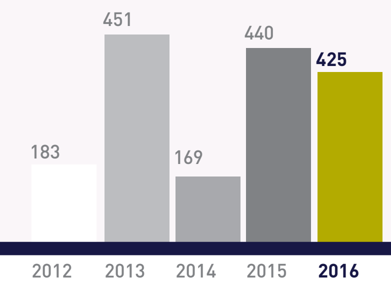
- Revenue from housebuilding of £51.5 million (2015: £66.1 million) with the decline attributable to the deferral of 23 completions to the 2017 financial year and a bulk sale of 59 units in the prior period
- 165% increase in rental income to £2.1 million (2015: £0.8 million) leveraging income opportunities across the portfolio
- 30% increase in net asset value to £116 million, reflecting £18 million revaluation surplus on investment properties
- Group revenue for the year of £101.9 million (2015: £114.2 million) and Profit Before Tax of £32.9 million (2015: £34.0 million)

Operational Highlights

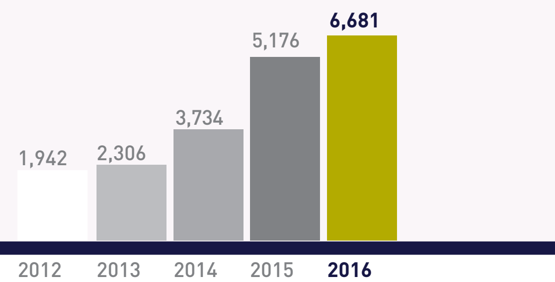
Private housing units sold
147
2015: 248



Residential land plots sold
425
2015: 440



Land bank plots
6,681
2015: 5,176

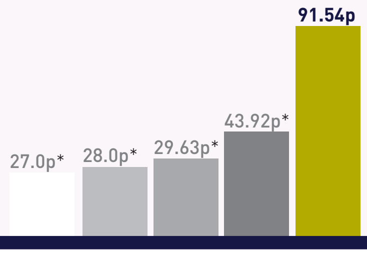


- Significant expansion of land bank to a record 6,681 plots (2015: 5,176), including 17 sites under option providing control over 330 acres of strategic land with the potential for over 1,600 residential plots
- Disposal of 425 plots across 8 sites during the year, for a total consideration of £43.3 million (2015: £39.6 million)
- 147 private homes sold at an average price of £337,000 (2015: £264,000), with a further 321 currently under construction
- Gross margin from the sale of private homes consistent at 21.9% (2015: 20.9%)
- Strategic appointment of new Managing Director of Inland Limited, Gary Skinner, responsible for Group construction activity and project delivery, enabling better control, greater certainty and cost competitiveness for housebuilding operations
- First major joint venture with a local authority with Southampton City Council appointing Inland as development partner on an 8.9 acre site, with the potential for over 450 residential units and a gross development value of over £100 million

Adjusted EPRA net asset value per share

91.54p

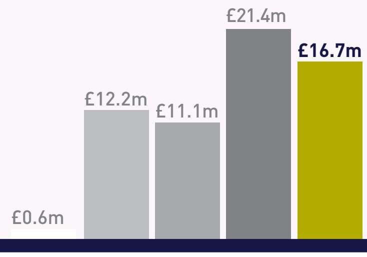
2015: 43.92p*



Year end cash balances

£16.7m

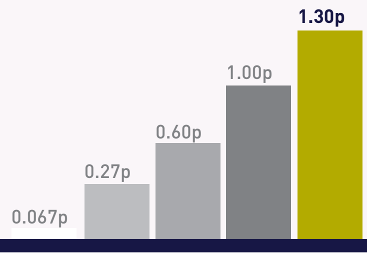
2015: £21.4m



Dividend per share

1.30p

2015: 1.00p



* The Group adopted the performance measures of the European Public Real Estate Association (EPRA) from December 2015, therefore prior year comparatives consist of net asset value only, without the uplift of the underlying asset value.

- Following the adoption of EPRA performance measures to fully reflect unrealised value within the Group's land bank, the EPRA net asset value is:

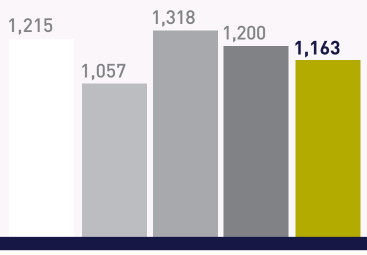
	30 June 2016	31 December 2015
EPRA NAV	**86.63p**	79.85p
Adjusted EPRA NAV	**91.54p**	84.38p

- Strong balance sheet with cash balances of £16.7 million (2015: £21.4 million) and net borrowings of £54.6 million (2015: £34.9 million) at the year end
- 29% increase in proposed final dividend to 0.9p per share reflecting robust underlying performance and confidence in outlook

Plots with planning permission & resolution to grant planning consent

1,163

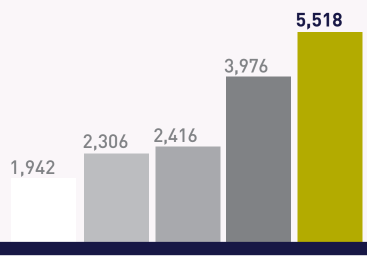
2015: 1,200



Plots without planning permission

5,518

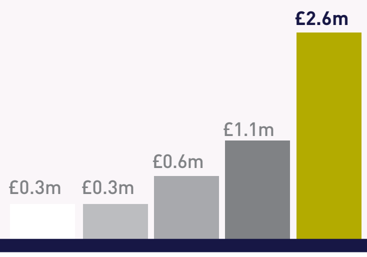
2015: 3,976



Current annual rental income

£2.6m

2015: £1.1m



- Key development projects all progressing well, including Wilton Park, Beaconsfield and Meridian Waterside Southampton, the Group's first full self-delivery project
- Acquisition of substantial regeneration project in Cheshunt, Hertfordshire, comprising a 13 acre site, completed since the year end in a joint venture
- Track record of success in securing planning consents maintained at 100%

- House sales continuing at normal rate post referendum, particularly at Inland's price point and geographic focus
- Forward sales remain strong, totalling £22.5 million (2015: £31.1 million) as of the date of this announcement
- Fundamentals of the housing market and Government initiatives, including Help to Buy, are supportive of Inland's strategy and are contributing to the positive outlook being maintained by the management and Board

See our **Key Performance Indicator** on page 28

Chairman's Statement

Terry Roydon
Non-executive Chairman

Operationally and strategically, this has been yet another significant year for Inland Homes, which now has a strengthened management team, has progressed on a number of important projects and has entered the new financial year with a sound balance sheet. A great deal of effort has been focused on developing a platform for the future expansion of the business and I am confident that shareholders will begin to see the fruits of this labour in the near future.

The appointment of Gary Skinner as Managing Director of Inland Limited, our main operating subsidiary, in February 2016 has added additional expertise to the management team and was an important step in our strategic decision to develop our in-house capability to "self-deliver" our homes, rather than engaging external main contractors on our schemes. This will enable the Group to have greater control and more certainty over delivery, as well as allowing our homes to be built more competitively. Gary was previously Director of Operations at Wilmott Dixon, a major contractor, where he was responsible for the delivery of over 800 homes per annum, and his impact at Inland is already delivering tangible benefits to the business.

Operationally, the geographic focus of the Group continues to be in the South East of England and the outer London Boroughs, where there is a shortage of an adequate, sustainable supply of land with planning consent and also of homes within an affordable price bracket. The Group has delivered another set of robust annual results, with turnover for the year at £101.9 million (2015: £114.2 million) and profit before tax at £32.9 million (2015: £34.0 million), including a revaluation surplus on our investment properties of £18.0 million (2015: £14.5 million) which contributed to a 30% increase in net asset value to £116.0 million (2015: £88.8 million).

As signalled in our 2015 Annual Report and Accounts, the Board has adopted the performance measures of the European Public Real Estate Association (EPRA), in common with most UK listed companies in the real estate market. The EPRA net asset value reflects the unrealised value within projects, created by the increasing value of our land bank as we go through the different stages involved with the planning process and gives a more up to date representation of our key assets. The EPRA net asset value and the adjusted EPRA net asset value of the Group at 30 June 2016 was 86.63p and 91.54p per ordinary share respectively and has been determined as follows:

	EPRA	Adjusted EPRA*
Shares in issue (000)	201,779	201,779
Dilutive effect of options (000)	2,413	–
Dilutive effect of deferred bonus shares (000)	1,027	–
Dilutive effect of growth shares (000)	8,000	–
	213,219	**201,779**

* EPRA NAV adjusted to exclude the dilutive effect of the options, deferred bonus shares and Growth Shares.

	£000	Pence per share	£000	Pence per share
Current net asset value	116,032	54.42p	116,032	57.50p
Unrealised value within projects	67,896	31.84p	67,896	33.65p
Reverse deferred tax liability on investment property	787	0.37p	787	0.39p
EPRA net asset value	**184,715**	**86.63p**	**184,715**	**91.54p**
Deferred tax on uplift at 19%		(6.05)p		(6.39)p
EPRA net asset value after deferred tax		**80.58p**		**85.15p**

"A great deal of effort has been focused on developing a platform for the future expansion of the business and I am confident that shareholders will begin to see the fruits of this labour in the near future."

St. John's, Chelmsford

Chairman's Statement continued

Our financial performance was affected by a contractor engaged by Inland Homes running into financial difficulties, resulting in the delay of 23 legal completions, the proceeds from which will now fall into the year ending 30 June 2017. The actions taken to strengthen our in-house construction team meant that the Group was able to quickly take full control of the relevant sites and all of the related construction activity, which significantly limited the downside suffered by the Group.

During the year, Inland Homes sold 168 homes (2015: 287) (including 21 for Housing Association equivalent units (2015: 39)) at an average price of £337,000 (2015: £264,000) per private unit. Fewer homes were sold this year compared to last year, partly caused by delays in finishing the 23 units referred to above and partly because the previous year's sales numbers were flattered by a bulk sale of 59 units. Inland Homes currently has 321 units under construction across 10 sites, which demonstrates the momentum driving this part of the Group's activities. The timing of these projects together with planned land sales are such that a major part of our profitability will be realised in the second half of our current financial year. Figures for the forward sales of homes, where units have been reserved or where contracts have been exchanged, remain strong and currently total £22.5 million.

As an expert in the regeneration of challenging brownfield sites that other housebuilders are unwilling to take on, the Group's position remains strong. The Group sold 425 (2015: 440) consented plots to other housebuilders in the year, demonstrating the continued market appetite for these opportunities.

Our rental income for the year increased by 165% to £2.1 million (2015: £0.8 million). Further increases are anticipated in the year to come as we continue to intensively manage our commercial and residential portfolio, and effectively exploit the short term rental opportunities (such as car parking or the use of our sites by production companies for filming) provided by our brownfield sites as they are navigated through the planning process.

Worthy of comment is the significant increase in the size of our strategic land bank (sites which are next to existing settlements and are highly likely to get zoned for development because the local authority is short of a five year land supply). From virtually no such holdings 18 months ago, we now have 17 options, delivering control over 330 acres, which offer the potential for over 1,600 residential plots.

Including strategic land, I am pleased to report the entire land bank has increased by 29% to a record 6,681 plots (2015: 5,176), a significant achievement by any measure and putting us in a good position to capitalise on these opportunities in the medium to long term.

The Group's balance sheet has been strengthened during the period, with cash balances of £16.7 million (2015: £21.4 million) at the year end and net borrowings (defined as loans and the accrued ZDP liability less cash) amounting to £54.6 million (2015: £34.9 million). Borrowings have increased post year end due to continuing investment in land opportunities and a further increase in work in progress due to the momentum in our housebuilding activities.

Given the robust underlying performance of the Group, I'm pleased to report that the Board is proposing to increase the final dividend by 28.6% from 0.7p to 0.9p per share, subject to shareholder approval at the upcoming AGM, which is to be held on 1 December 2016. Together with the interim dividend of 0.4p per share paid in May 2016, this brings the total dividend for the year to 1.3p, an increase of 30%. The final dividend will be paid to shareholders on 27 January 2017.

Artist's impression of proposed Randalls development in Uxbridge, Middlesex

The dividend increase is indicative of our confidence in the business and our strategic position in the market going forward. It remains too soon to judge with any confidence the effect that the result of the EU Referendum will have on the new homes market. However, the market fundamentals remain strong, supported by long term unfulfilled demand. To date, interest in our well-located, lower cost, quality homes has remained largely unaffected by the Brexit decision.

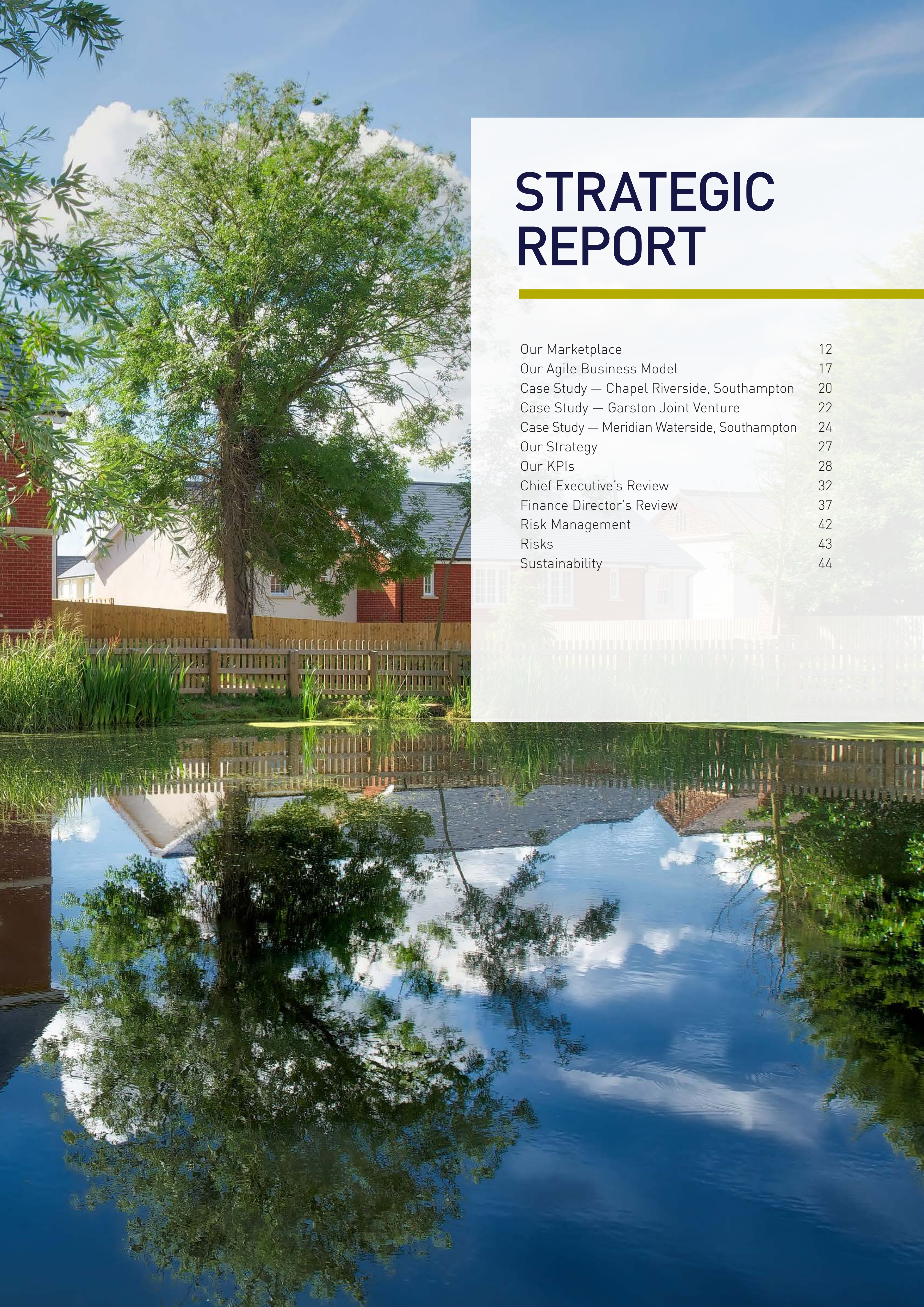
Finally, I should like to extend my thanks once again to our small, but highly skilled and highly motivated team for their continued hard work in building a strong and effective Company in Inland Homes.

Terry Roydon
Non-Executive Chairman
13 October 2016

"Including strategic land, I am pleased to report the entire land bank has increased by 29% to a record 6,681 plots."

Artist's impression of proposed Abbey Wharf development in Alperton, Middlesex

St, Johns, Chelmsford



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Our Marketplace

Competitive landscape

- Inland Homes has positioned itself typically at the first and second time buyer end of the housing market where demand is very strong and has been largely unaffected by recent changes in Stamp Duty Land Tax.
- Our land bank is predominantly in the South and South East of England where demand for housing is the strongest. We promote substantial sites through the planning process and obtain planning consents that would suit housebuilders to commence on site shortly after acquiring it.
- The demand for housing in our place of operation significantly outstrips supply and has resulted in house price inflation, although we are seeing signs that this is slowing.

Key differentiators of Inland Homes

- Inland Homes has a large and growing land bank of 6,681 plots, of which 1,163 have planning consent or a resolution to grant planning consent. The land is predominantly in the South and South East of England where there is continued strong demand from private housebuilders and Registered Providers of affordable homes.
- Inland Homes has a clear and agile business model giving us the flexibility to realise value in the land bank through consented plot sales, sales to Registered Providers, housebuilding or rental income from investment property.
- Our highly experienced management and specialist development teams have worked together for a long time, enabling the successful identification, securing of suitable land and maximising each project's potential. Our planning team, which has over 50 years combined experience, has a long track record of securing planning permissions across all our sites.

UK economic/macroeconomic conditions

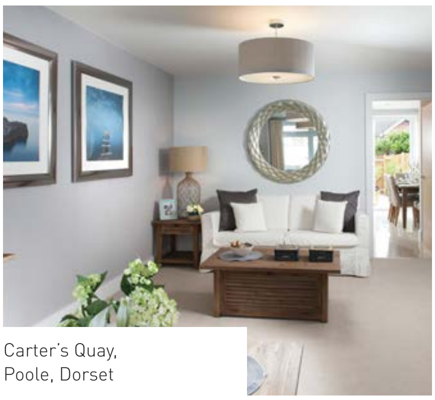
Over the past 5 years the UK economy has steadily improved:

- We have seen a significant population growth
- Unemployment rates have dropped by 40%
- Interest rates and inflation have remained very low
- House prices have continued to rise

Business and consumer confidence since the EU referendum has begun to recover on the back of an accommodative monetary policy and a stable jobs market. Uncertainty is likely to continue but the Bank of England will continue its policy to soften the impact and economists continue to forecast growth in 2016 and 2017.

Implications for Inland Homes

- Growing populations have an increased housing need which benefits both the Group's land trading and housebuilding operations as well as its residential lettings.
- Low unemployment combined with low interest rates allow more people to access the housing ladder, which again benefits the Group's entire business.
- House price increases directly affect the Group's housebuilding operations but also drives up the value of consented land and is a result of the lack of supply, demonstrating the longer term demand for new housing.



Carter's Quay, Poole, Dorset

Artist's impression of former Brooklands College campus, Ashford, Middlesex

Growth in construction costs

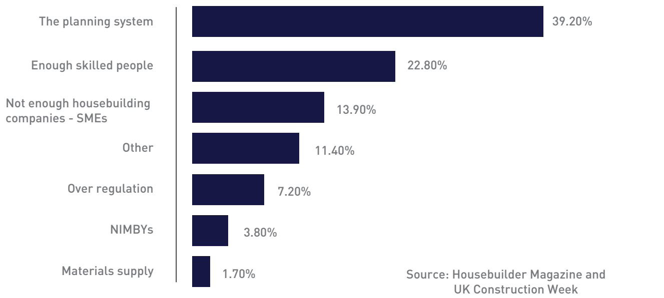
The shortage of skilled labour has been a significant factor in driving recent housebuilding cost inflation and is widely acknowledged as the greatest constraint to increasing the UK housing supply other than the planning system. A survey by the Royal Institute of Chartered Surveyors (RICS) showed that construction wages rose by 6% in 2015, well ahead of the 2% UK average, with bricklayers and quantity surveyors being the most in demand.

Materials cost inflation has flattened following a period of sustained increases from 2009, however these are expected to rise by 3.5% - 4.0% per annum due to the weakness in sterling.

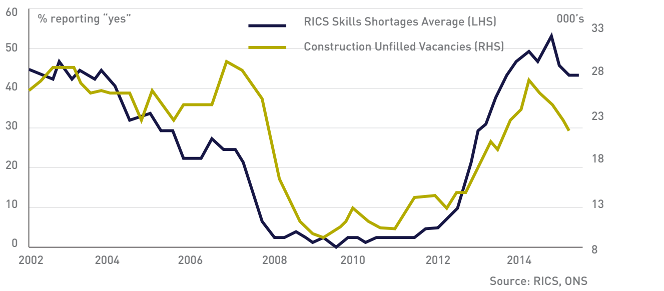
Implications for Inland Homes

- Rising costs in relation to materials will impact on housebuilding profit margins and we have begun to buy materials directly from suppliers rather than via main contractors in order to ensure we are obtaining the best value as well as derive further savings by becoming a bulk purchaser.
- The skills shortage and resulting wage increases will also impact on the Group's profit and we have therefore invested in our own housebuilding expertise as part of a deliberate strategy aimed at addressing the growth in construction costs as well as being part of an expansion programme.

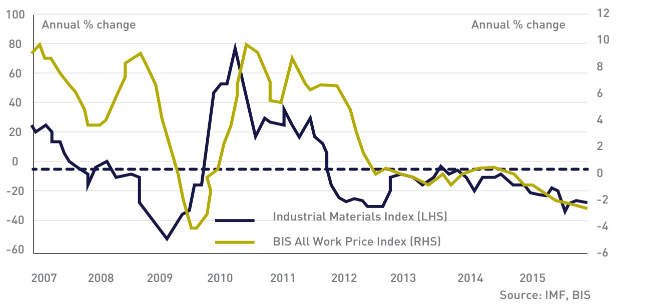
Constraints on UK housing supply



National skills shortages



Building material costs



Artist's impression of proposed Abbey Wharf development in Alperton, Middlesex

Our Marketplace continued

Demand for housing

There exists a structural undersupply of housing nationally and in particular in the South East. There is an estimated requirement of 250,000 homes per annum. Government policies may help to stabilise house price growth but are unlikely to increase supply significantly, leaving an expected shortfall of 100,000 homes per annum.

Government initiatives

Demand

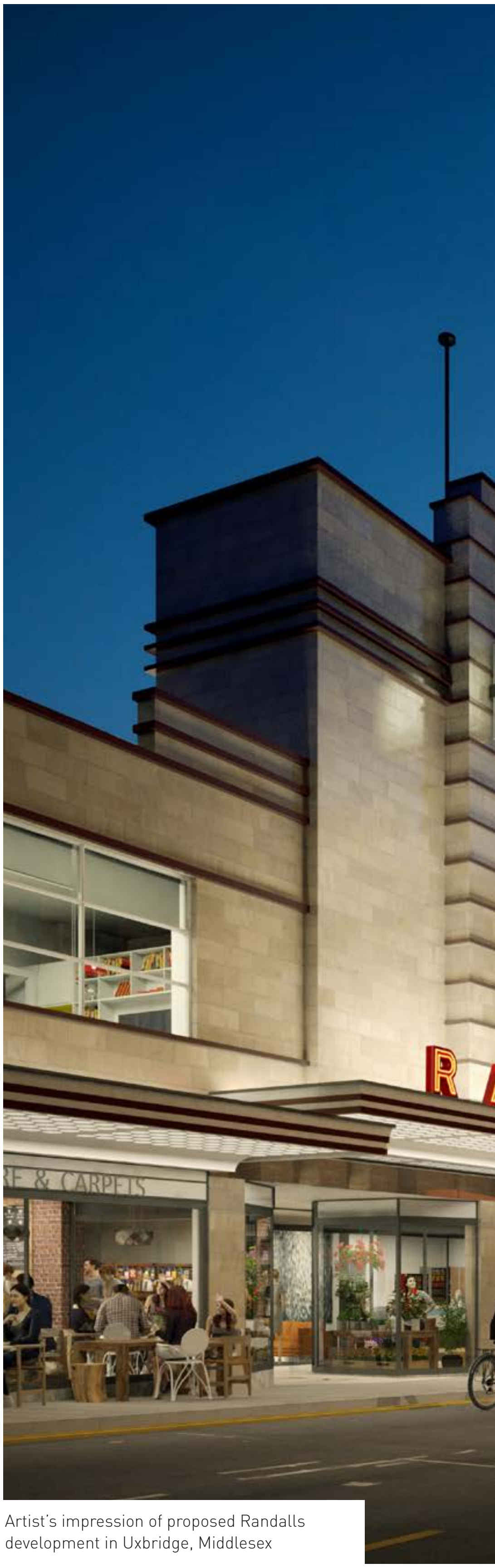
- Help to buy – facilitates deposits as low as 5% through an equity loan scheme and represents 32% of Inland's unit sales
- Help to buy ISA – government contribution of up to 25% of monthly cash savings (up to £50 per month)
- Lifetime ISA – 25% government contribution to savings (up to £4,000)
- Restrictions on pension savings by higher earners – lifetime allowance cut from £1.25 million to £1 million so buy to let provides an alternative investment option despite an increase in buy to let levies
- Starter homes – imposed 20% discount for first time buyers in exchange for reduced requirement for affordable housing

Supply

- Planning reform – focus on reducing the time planning applications spend with decision makers. A 'delivery test' is being introduced to ensure delivery of local homes within a reasonable timeframe.
- Permitted conversion of offices to residential – permanent extension of permitted development rights from April 2016.
- Relaxation of building constraints on green belt land – permitted allocation of appropriate small-scale sites in the green belt specifically for Starter Homes, designed for young families.
- Government to provide £5bn to stimulate housebuilding projects – £2 billion to accelerate construction for homes on publicly owned land, £1 billion of short term loans to small housebuilders and £2 billion of long term funding for infrastructure to deliver up to 200,000 homes.
- Local Authority land release – unlocking large housing sites

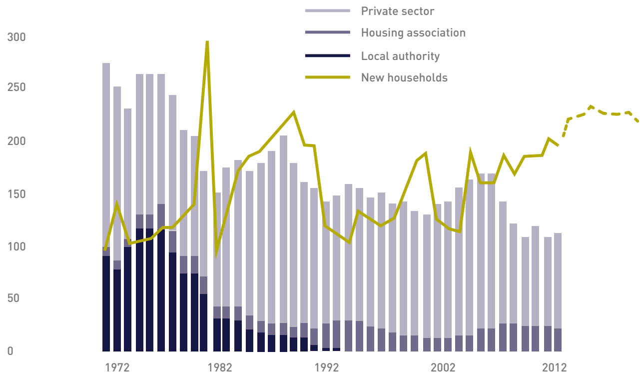
Implications for Inland Homes

- This chronic undersupply underpins our sustainable business model for housebuilding, land trading and lettings operations.
- We ensure that we are aware of and in a position to take full advantage of Government initiatives which increase demand, such as Help to Buy and Starter Homes – Inland Homes received a resolution to grant planning permission on one of the first Starter Homes schemes in the country at our development in Poole, Dorset.
- Similarly, we participate in initiatives to ease supply by purchasing office buildings to convert to residential; by taking part in the Government's consultation on planning reform and being in constant dialogue with Local Authorities to ensure we are considered when large parcels of land are to be released for housing – this strategy led to our involvement with Southampton City Council on our Chapel Riverside project.



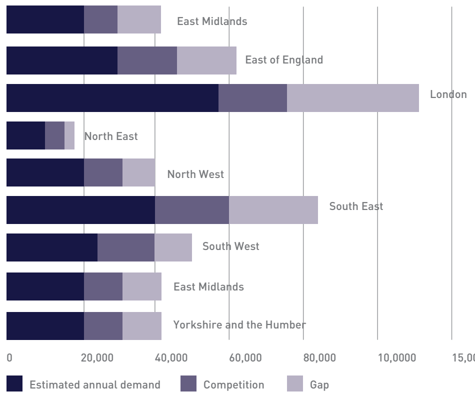
Artist's impression of proposed Randalls development in Uxbridge, Middlesex

Gap between households and housebuilding



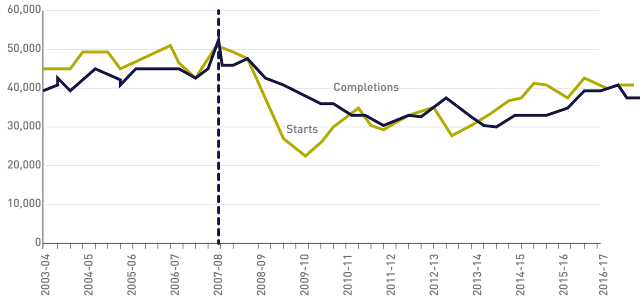
Source: Parliament, uk

UK Housing demand gap



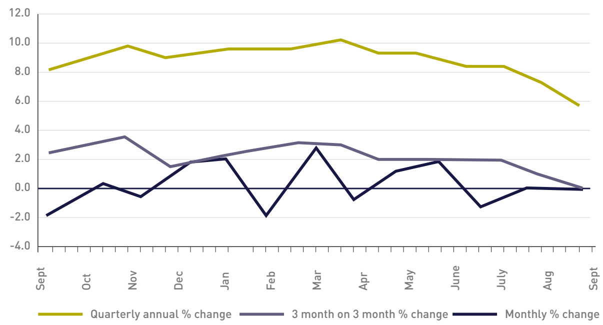
Source: House of Commons Library, Housing need and demand (England)

Seasonally adjusted trends



Source: ONS

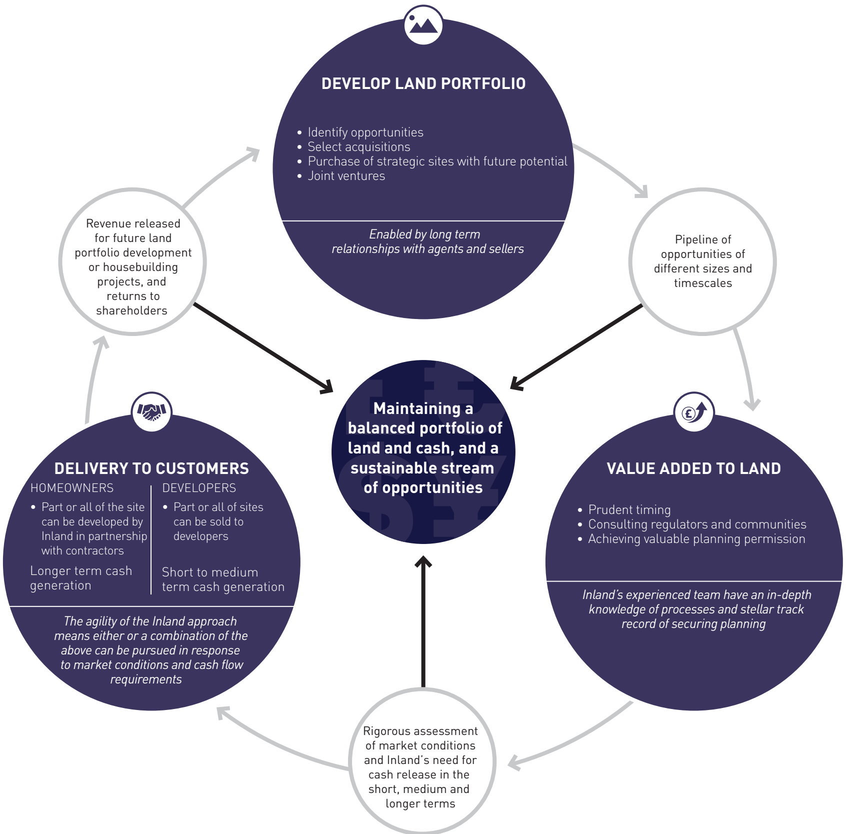
House prices to 30 September 2016



Sources: Halifax, Markit

Alexandra Gardens,
Iver, Buckinghamshire

Our Agile Business Model



The key to our agile business model is balancing resources, both land and cash, to enable regular land purchases and a constantly developing land bank. This feeds opportunities to the planning team who begin the value adding process by securing important planning permissions. The asset can then be monetised in several different ways: selling the land with planning permission, selling a proportion of the plots to developers, or utilising our housebuilding capabilities and selling houses directly to homeowners. Each of these processes is underpinned by an ongoing dual assessment — of the market conditions and customer demands, and our own cash and opportunity flow. The continual decision making and plan refining process based on these considerations means that Inland not only produce highly sought after homes and developments, but deftly balance their assets and cash, maintaining a responsive forward-looking financial strategy.

Income generating opportunities at Cheshunt, Hertfordshire

Assessment of Market Conditions

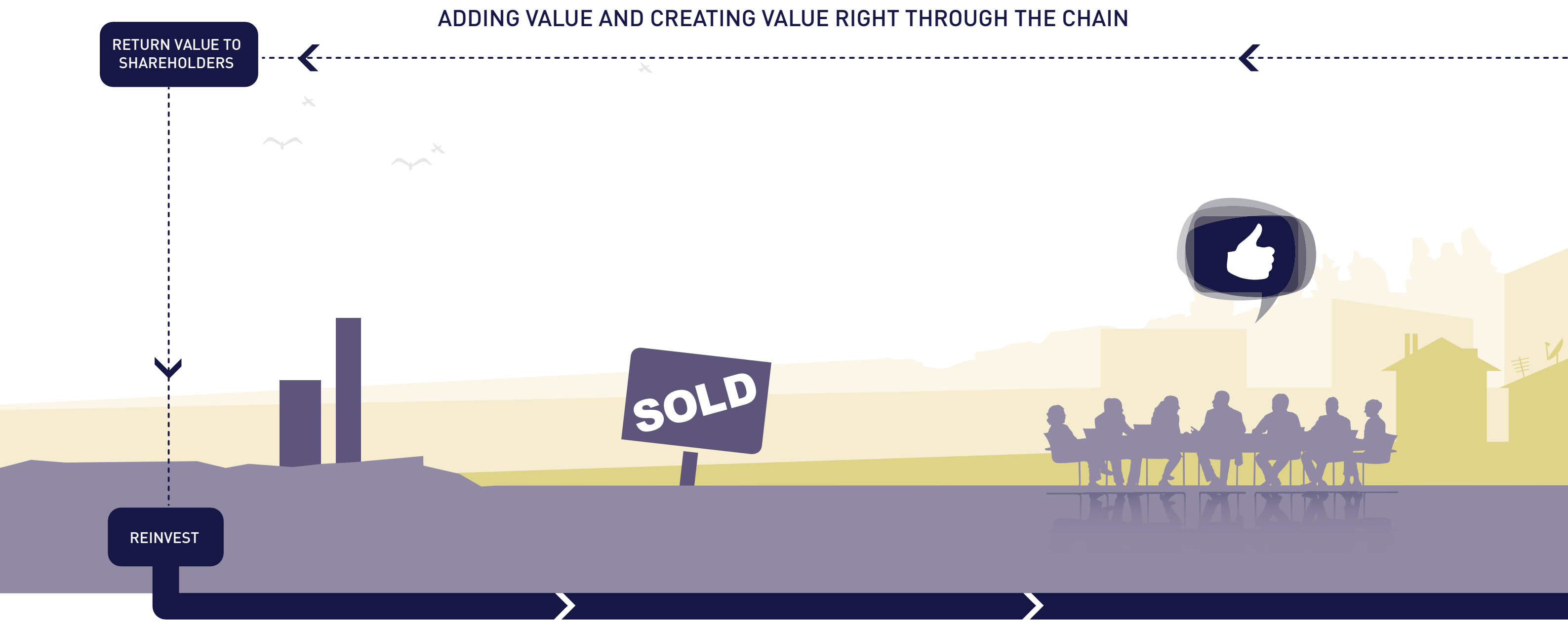
The planning teams undertake thorough research into sites before, during and after purchase, to establish the factors at play, from local authority restrictions or demands on the site and community pressures, to the nature of the landscape and its surrounding areas. Before an application is submitted, extensive consultation is undertaken with planning bodies to establish the parameters for a project. Our in-depth knowledge and experience as well as research into the specific area ensures that the proposed project is not only likely to be supported by the local council, but that there is high demand for the resultant properties and the project will be profitable. External consultants are used to advise on a range of aspects of the project, including sustainability, and once a plan is drawn up we continue to refine and adjust it based on the constant monitoring of local and market forces. As a result, we have a stellar track record of achieving planning permission even on the most difficult sites, and the resulting developments are tailor-made for the local community, completely transforming brownfield land into attractive homes and landscapes.

Holistic Assessment of Our Portfolio

When it comes to deciding on whether to sell the site with planning to developers or undertake the build internally, we assess influencing factors such as costs, timescales and location to decide on the most appropriate route to take. Considering the financing of a project build is critical to this decision making process, and we crucially assess this not only on a project basis, but in terms of how it will affect the cash flow of the Group as a whole. Inland procures funding from a number of sources, including joint ventures and loan finance. However, a major source of funding is using our own equity, and a holistic decision has to be made on whether certain consented sites should be realised into cash to finance future projects and overheads. The inbuilt flexibility and agility of this model allows us to operate sustainably, and undertake projects which deliver sound returns for our shareholders.

Our Agile Business Model continued

Revenue is principally generated from sale of homes, land and rental income. Large projects usually require a mixed use scheme, where Inland Homes will develop the commercial plots. We retain these commercial assets, which generates a continuous annual income that contributes towards covering our overheads.



Identify Land

Our local insight and established relationships with vendors and public sector bodies mean that we are aware of opportunities to increase our land bank.

Acquire Land

Our financing resources and strong reputation as being trustworthy and reliable mean that we can act quickly to secure promising sites. Sites acquired can often deliver short term returns. This revenue can be generated from a number of sources, such as sale of surplus assets, rent from tenants, car parking and the sites being utilised as filming locations. The tenants that are already present on the site may become long-term sources of revenue if they remain on the site during and after the development process.

Achieve Planning Permission

Once a site is acquired, extensive research and stakeholder consultations continue to prepare our bids for planning permission. Our record of achieving planning permissions on sites is second to none.

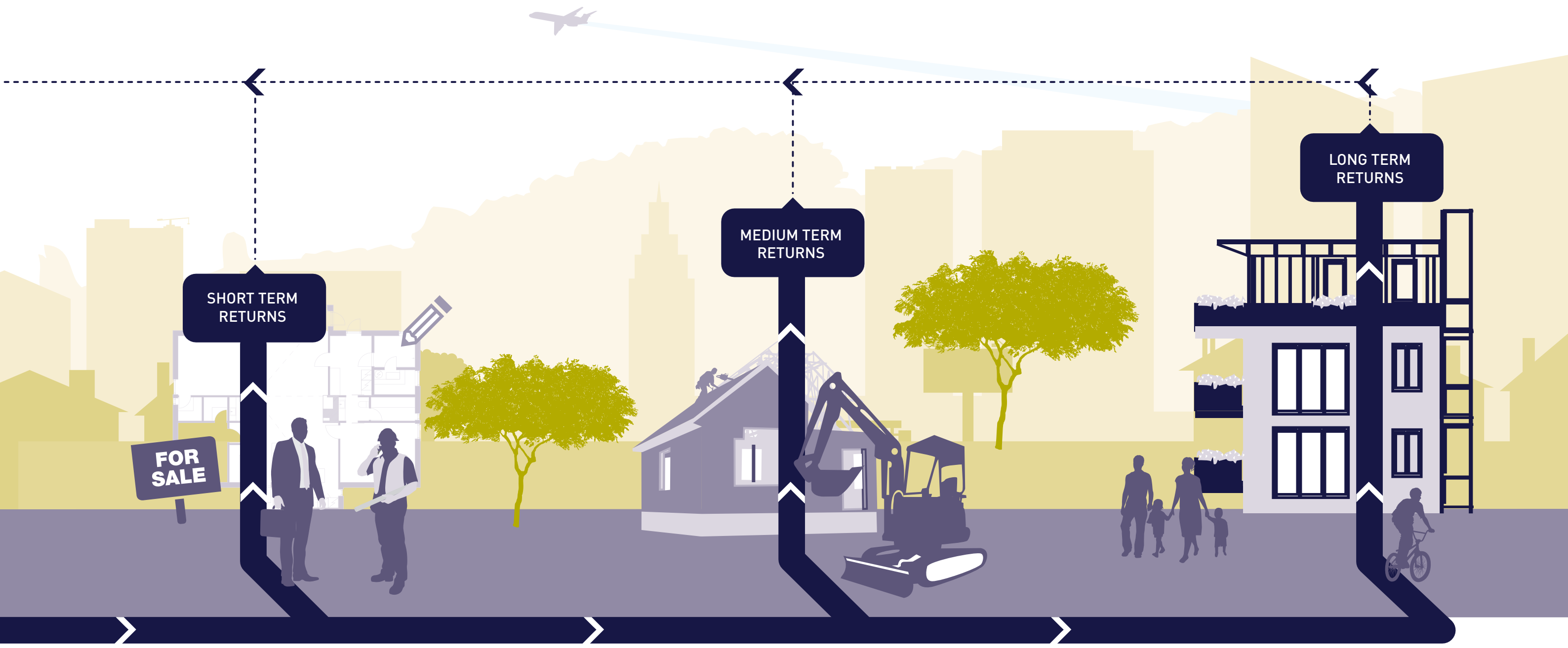
Value to Developers

As housebuilders ourselves, we know how to meet the needs of potential developers in order for them to be able to begin building soon after acquiring the site from us. We ensure that any potential barriers to development are dealt with and that the planning permission is for the right housing mix and development size to maximise the potential value of the site.

When selling a portion of a site to a developer, they receive additional benefits. We co-ordinate with them over branding to ensure that the look and feel of their homes is in keeping with the development as a whole. We will install all of the infrastructure for the site, such as drainage, providing a platform for them to begin their development.

Value to Homeowners

We are proud of the developments we plan and design, and are always looking to create communities attractive to future residents. Delivering on our commitment to quality and comfort, developed sites feature open spaces, play areas and immaculate landscaping to suit the needs of a variety of people.



Sell Land with Planning Permission to Developers

Once consent is achieved, we have the opportunity to sell the whole site with planning permission to developers or housing associations for a short term return.

Sell Part of the Site

By selling a portion of a site while carrying out infrastructure works and housebuilding on other parts, we deliver revenue in the medium term.

Develop the Whole Site

Building a whole development takes longer but maximises the revenue a site can deliver over the long term. Historically, the construction element of development projects would always be undertaken by principal contractors. We are now focused on developing the capability to self-deliver new homes.

Read about our **Strategy** on pages 26 to 27

Read about our case study on **Meridian Waterside, Southampton** on pages 24 to 25

Case Study – Chapel Riverside, Southampton

Chapel Riverside is strategically important to Inland Homes as it is the first site on which we are working with a local authority as a development partner. This development is one of Southampton City Council's major regeneration sites across the city. The opportunity to bid for the Chapel Riverside site resulted from the relationship we built with Southampton City Council through the Meridian Waterside project. We were able to demonstrate our creative approach and expertise and show that we would make a reliable, trustworthy development partner. We signed a development agreement for Chapel Riverside in October 2015 and expect to secure planning permission within the next year. It will be a mixed use development comprising up to 450 residential units and marine-based commercial space with an expected gross development value of over £100 million.

A number of challenges have arisen on this project that we have worked in collaboration with Southampton City Council to solve. The previous use for this site was as the council's waste and recycling centre. A legacy from this is the presence of a large storm water settlement tank in the middle of the site. We are working closely with Southern Water and the council to come up with a solution for its removal which will unlock the ability for us to develop the site more readily.

Read about **Sustainability** on page 44

We undertake careful consideration of the requirements of the community when planning developments and this project is no exception. A number of benefits will be delivered to the community on completion. Currently the area fronting the River Itchen is all in private ownership however the waterfront will become accessible to the general public through the inclusion of a riverside walkway and parks in our development. Additionally, we will build 300 metres of river flood defences.

The work on this project has strengthened our relationship with Southampton City Council by demonstrating our creative approach to solving issues and our commitment to creating developments that both serve the needs of future residents and the wider community. We believe that this will lead to further opportunities with Southampton City Council and potentially also with other local authorities across the country.

Expected gross development value of over

£100 million

Up to 450

residential units

Working with a local authority as a development partner

Case Study – Garston Joint Venture

Joint ventures are an attractive proposition for us as it means that we do not need to supply all the capital required for the purchase of sites. This reduces the level of risk associated with developing the site. Participating in joint ventures allows us to be involved in a greater number of opportunities at any one time and also diversifies risk.

In Garston, Hertfordshire, we have a 50-50 joint venture with a private landowner on an 8 acre greenfield site. The site is currently being used as a grazing field for horses and has been allocated for 100 homes by the local authority. We have recently submited a planning application. The proposed development will comprise 2, 3 and 4 bedroom houses and apartments with first time buyers as the target market. A separate joint venture company has been established with the board formed from both the landowner and Inland Homes. Inland manage the entire development process, from gaining planning permission to construction,marketing and sales for which we will charge the joint venture company a management fee for this service, which will cover some of our overheads.

Inland will provide significant added value for the landowner in this joint venture. They benefit from our planning expertise as we can secure a planning permission that will get the maximum value possible out of the land. We were able to unconditionally purchase the site for development, which differentiates us from other developers who buy sites subject to planning. The lack of conditionality made our offer very attractive to the landowners. By forming the joint venture with us, they are able to maximise their return and are able to extract some cash up front. They will receive half of the profit generated from the sale of homes, which is far greater than the return they would have made from selling the site to us without planning permission.

The Local Authority has allocated the site for development in 2026. Our due diligence has identified that the local authority is significantly short on its housing supply numbers. Our task is to demonstrate to the Local Authority that bringing this site forward for development at an earlier date will deliver them much needed housing and this will result in a much earlier return on investment for us.

8 acre

greenfield site

Allocated for 100

homes by the local authority

Read about our **Agile Business Model** on pages 17 to 19

Case Study – Meridian Waterside, Southampton

Meridian Waterside is a key priority site in Southampton City Council's major regeneration programme. The most recent use for the site was as the former Meridian TV studios. It has a waterside location fronting the River Itchen and the design required careful planning with extensive consultation with the city council. The plans for the development include infrastructure works that contribute to part of a new flood defence system the city is building along the water front. The development will deliver 351 homes and retail space.

It is the first site on which we will self-deliver the residential and commercial units on the development. Previously, we would have worked with a principal contractor, who would take on the responsibility of construction for the entire project. We are taking on the role of managing the construction on this site, which has meant recruiting people with sound expertise in this area, developing policies and procedures and establishing a supply chain of sub-contractors. The team of Inland Homes employees on site consists of a project manager, who oversees a site manager, a technical manager and a site surveyor. We are building up a capability to self-deliver on other sites too.

Self-delivery allows Inland Homes to have more control over projects. This means that we can forecast more accurately when completions will take place and be more reactive to the market environment. The overall project will be more cost-effective as we are removing a principal contractor's profit margin and overheads from the cost of the construction. A disadvantage of self-

delivery is that Inland Homes is taking on the risk that would have previously been passed onto the principal contractor. To manage this, we have allowed in an element of contingency in the budget for potential risks.

Self-delivery means there is more joined-up thinking within the business. We can ensure that the approach to construction reflects the needs of our sales and marketing team. The recruitment of people with experienced construction expertise means that the designs developed as part of the planning process will be challenged from a construction perspective, which makes sure that the development works both aesthetically and practically. With the build team now in-house, the sales team are also better supported. It is far easier for the sales team to liaise with an internal construction team on various minute details relating to developments under construction than with a principal contractor.

351 homes

and retail space

First site on which we will self-deliver the residential and commercial units

Inland's clear strategy has delivered growth and a number of outstanding projects over the last year. We have maintained existing relationships and developed new ones, and refined our housebuilding capabilities so that we continue to compete with other housebuilders. However, we have still retained the essence of what makes us unique.

Artist's impression of proposed Chapel Riverside development, Southampton

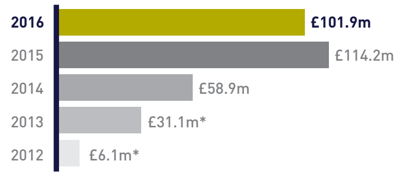
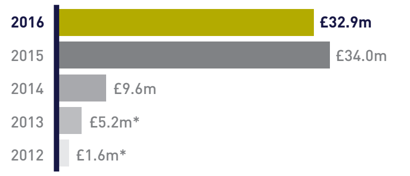
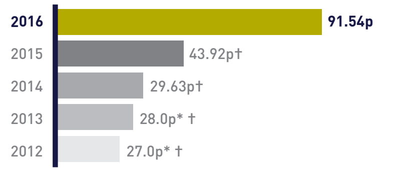
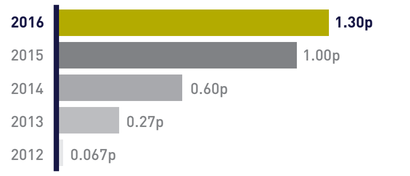
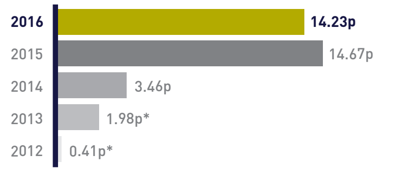
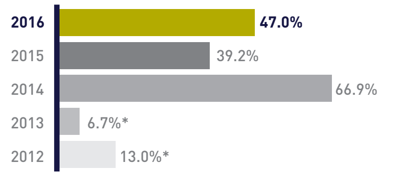
Our Strategy

Strategic goal	Description	Progress over past year
1 **Increase the size of our land bank year on year**	Purchases range from sites ready for immediate development, to tactical acquisitions of sites which open up the potential of neighbouring land, to areas which will become key housebuilding terrain in the future. All of these purchases are funded by our careful financial strategy, which balances loan finance, joint venture funding and cash released by sales of other sites and completed residential units.	• 29% increase in land bank plots since the last annual report • Planning permission or resolution to grant planning permission obtained on 544 plots since the last annual report
2 **Continue the core activity of plot sales to other developers to generate cash to fund our operations**	As our planning team adds value to land through achieving planning permission, we are able to make attractive short term margins through land sales to developers. In this strong housebuilding climate there is high demand for quality land, so our strategy means that we are well poised to take advantage of this and generate strong revenue streams and cash flow to feed back into our land buying programme.	• 425 plots with planning permission sold during the financial year • 1,163 plots with planning permission remaining in land bank • Applications for planning permission submitted on a further 1,446 plots
3 **Maximise the value from our land bank by expanding our housebuilding programme**	Having proved our credentials as a quality housebuilder with award-winning developments such as Drayton Garden Village and Carter's Quay, we continue to build momentum and develop our quality portfolio. Our housebuilding capabilities have bolstered our reputation and attracted some significant partnerships, for example the project in Chapel Riverside, Southampton.	• Investment in staff to increase the level of construction expertise within the Group • Appointment of Gary Skinner as Managing Director of Inland Limited to lead the expansion of housebuilding • We have 321 residential units under construction across 10 sites
4 **Maintain borrowings at a manageable level through a strong focus on cash management and vendor financing**	Our varied range of financing options gives us flexibility. Our business plan includes the sale of consented land, which we can tailor to our cash flow requirements. Additionally, we have an increasing bank of properties, which are providing a steady stream of rental income and cash that contributes to our overheads.	• Gearing at 47.0% • Current annual rent £2.6m • Cash balances of £16.7m • Forward sales of £22.5m • Deferred consideration of £22.4m

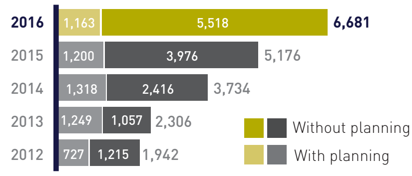
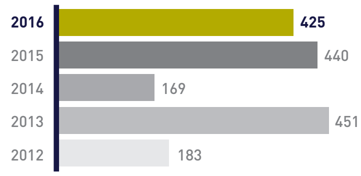
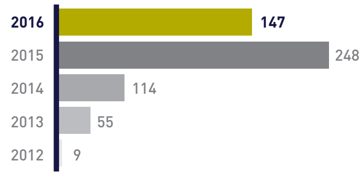
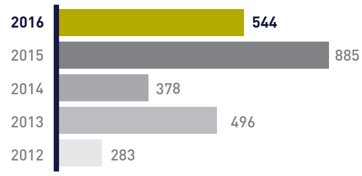
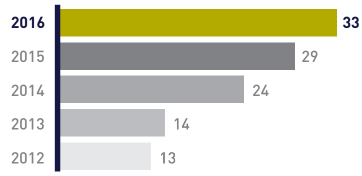
See our **Key Performance Indicators** on page 28

Read about our **Risks** on page 43

Our KPIs

Financial			
KPI	**Strategic focus**	**Performance**	**Chart**
Revenue	Revenue from housebuilding activities is expected to increase significantly and this will be supplemented by land sales.	During the year the number of completions of private homes decreased due to a bulk sale of 59 units in the prior year and the failure of a contractor caused the delay of 23 units.	
Profit before tax	The Board's expectation is to continue to build on the recurring profitability achieved over the last two years and will seek to secure this by the planned expansion of housebuilding and the sale of consented building plots.	Demand for consented land was once again strong during the year and this resulted in several highly profitable land sales, however the failure of a contractor has impacted on profitability, as disclosed elsewhere.	
Adjusted EPRA net asset value per share	The value added to the land bank by the planning process will continue to be the Group's key focus. Further value will be extracted from the land bank through housebuilding. Details can be found in the Chairman's Statement on page 06.	Robust recurring profits and a revaluation of investment properties have caused a significant increase in net asset value per share. The use of the adjusted EPRA net asset value measurement exposes how much 'hidden' value is held within inventories.	
Dividend per share	It is the Group's intention to progressively increase the dividend annually as profits rise.	The Group paid an interim dividend of 0.4p per share in May 2016 and has proposed a final dividend of 0.9p per share payable in January 2017.	
Basic earnings per share	The increase in profitability mentioned above will have a proportional impact on earnings per share which should continue to improve.	This has been strong during the year due to the revaluation of investment properties. 8.9p per share relates to the revaluation of the 86 existing houses at Wilton Park, Beaconsfield.	
Net gearing‡	The Group is keen to maintain gearing at a reasonable level, taking into account the net asset value.	Net gearing has increased from 39.2% to 47.0% in line with management's expectations as a result of the increase in inventories and investments in joint ventures.	

Non-financial

KPI	Strategic focus	Performance	Chart
Number of plots with or without planning consent	The Group's target is to have a land bank of approximately 10,000 residential plots in the medium term.	The land bank now stands at a record level of 6,681 plots, including 1,163 plots with planning permission or resolution to grant planning permission.	
Total residential plots sold	The Group's objective is to sell consented plots that are unlikely to be developed by Inland Homes to realise profits and to raise working capital.	There was a strong demand for consented plots from housebuilders during the year so a substantial number of plots were sold.	
Residential home sales	The Group expects to sell a larger number of residential units in the year to June 2017 and the plan is to increase this target over the medium term to approximately 500 units.	The Group sold 147 private residential units during the year, which was well below the previous year. This was due to a bulk sale of 59 units in the prior year and the impact of a failed contractor.	
Planning permissions gained during the year	The core activity of the Group is to acquire sites without planning consent and to secure consent on the majority of them within two years from purchase.	The Group gained planning permission or a resolution to grant planning permission on 544 plots since the publication of the last annual report.	
Average number of employees	The average number of employees to rise only modestly as the volume of housebuilding increases.	Due to the increase in housebuilding activities the average number of employees increased during the year.	

* Due to the introduction of IFRS 10 the Group has consolidated the results of DGVL for the years ending 30 June 2016, 2015 and 2014. Prior years were accounted for under IAS 27 and SIC 12 and these standards did not require the consolidation of DGVL.

† The Group adopted the performance measures of the European Public Real Estate Association (EPRA) from December 2015, therefore prior year comparatives consist of net asset value only, without the uplift of the underlying asset value. Further details on the EPRA net asset value can be found in the Chairman's Statement on page 6.

‡ Net gearing is defined as loans and accrued ZDP liability less cash as a proportion of net asset value.

Read our **Strategy** on pages 26 to 27

Inland homes

Brooklands College, Ashford

10 acre site

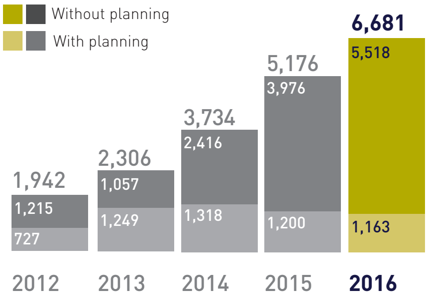
366 units plus commercial space

Artist's impression of proposed development at former Brooklands College campus, Ashford, Middlesex

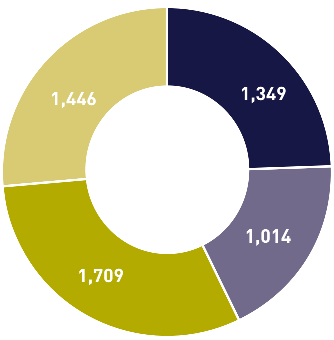
Chief Executive's Review

Stephen Wicks
Chief Executive Officer

Land bank status



Planning status of plots in land bank



I am pleased to report on a year of considerable progress for Inland with the business achieving 31% growth in net assets per share to 57.50p (2015: 43.92p) and a profit before tax of £32.9 million (2015: £34.0 million). The underlying value of our inventories is significantly higher than the book values and this is demonstrated by the EPRA net asset value per share of 86.63p per share and the adjusted net asset value per share of 91.54p at 30 June 2016, further details of which can be found in the Chairman's Statement on page 6.

As reported in the Chairman's statement, the Group sold 425 building plots to other housebuilders and completed the sale of 147 (2015: 248) private homes in the year at an average price of £337,000 compared with £264,000 last year. In addition, the Group sold 21 equivalent affordable housing units (2015: 39).

Although the unit completions were lower than last year, due largely to the contractor issues outlined by our Chairman, the ongoing strategy and underlying trend is to increase annually towards our interim target of 500 home completions per annum. We currently have 321 homes under construction with a significant number being "self-delivered" by our in-house team. This part of the business was bolstered during the year with the appointment of Gary Skinner as Managing Director of Inland Limited, with specific responsibility to substantially increase our housebuilding activities.

The core value enhancing skill at Inland is in its land acquisition and planning strategy, supported by a team of people that has worked together for many years and which has a long track record of success in securing planning consents. The land team is led by Paul Brett, the Group Land Director, with whom I have worked for over 20 years, who is ably supported by Des Wicks, our Senior Land Manager, Mark Gilpin, our Planning Director, and a small group of support staff within the team. As a land man by background, I am also involved with a number of key transactions. This part of the business has successfully procured planning consents for 544 plots since the publication of our previous year's results and puts us in a strong position to achieve our future house building target.

The land bank currently stands at a record 6,681 plots (2015: 5,176), demonstrating the momentum behind this part of the business following substantial plot and house sales. The status of the land portfolio is as follows:

	Plots without planning consent	Plots with planning consent or resolution to grant planning consent	Total plots
Owned under construction	–	321	321
Owned or contracted	1,124	727	1,851
Managed or held within joint ventures	2,389	26	2,415
Joint ventures terms agreed	200	40	240
Plots controlled or terms agreed	200	49	249
Strategic land controlled	1,563	–	1,563
Strategic land terms agreed	42	–	42
TOTAL PLOTS	**5,518**	**1,163**	**6,681**

Carter's Quay,
Poole, Dorset

> The ongoing strategy and underlying trend is to increase annually towards our interim target of 500 home completions per annum."

We are seeing increasing interest in our land bank from Registered Providers ("RPs") of affordable housing who are considerably increasing their production of homes, in light of the growing realisation that the private sector is unable to deliver the volume of new affordable homes required in the UK. We are also observing a high level of enquiries for land from Private Rented Sector Funds, another growth area that we hope to benefit from.

Operations – key projects

Wilton park, Beaconsfield, Buckinghamshire

I described this site last year as our "jewel in the crown" and this continues to be the case. The site sits in a parkland setting of over 100 acres close to Beaconsfield Old Town. Currently the site is allocated for 350 homes together with commercial space.

The first section of the access road from the Pyebush roundabout is nearly complete. Landscaping with mature tree planting is ongoing to create the gateway to this magnificent development opportunity.

We expect to make a formal planning application in this calendar year, with a view to starting work in mid-2017.

Chief Executive's Review continued

Lily's Walk, High Wycombe, Buckinghamshire

Meridian Waterside, Southampton

This scheme is the regeneration of the former ITV Meridian Studios, a complex brownfield site in a rundown part of Southampton.

We have recently launched the sale of the first phase of 54 homes and a 4,250 sq ft retail unit and achieved 7 reservations over the opening weekend. The completed development will comprise over 350 homes. This is the first project we are self-delivering without using a main contractor.

The construction is on programme and within budget and we are expecting to commence the build out of Phase 2 for 42 units in November 2016. There is a very strong initial interest from potential buyers with prices starting from £140,000.

Brooklands College, Ashford, Middlesex

This is a 10 acre site in the centre of town where we expect to receive a resolution to grant planning permission for 366 units plus commercial space in the near future. The land is held in our joint venture with CPC Group Limited.

Lily's Walk, High Wycombe, Buckinghamshire

This former gas holder site is in the town centre and where a planning permission for 239 units and 16,000 sq ft of commercial space is expected imminently. This site is also held in our joint venture with CPC Group Limited, which has now also purchased the adjoining land which provides the scope for a further 85 residential units.

Chapel Riverside, Southampton

This project is our first major joint venture with a Local Authority (Southampton City Council).

In what is a challenging waterside brownfield regeneration, our planning team has come up with a creative approach that aims to secure consent for over 450 homes in addition to 59,000 sq ft of commercial space. We expect a gross development value of over £100 million from this project.

We hope this partnership will be the first of many with Local Authorities, many of whom do not have the expertise that we can offer, and we are directing our management team to make this an area of focus.

Strategic land portfolio

About 18 months ago, reflecting the intense pressure that Local Authorities are under to allocate more land for development, we made a decision to supplement our brownfield land portfolio with a number of strategic options over greenfield land that adjoins existing built up areas where there are distinct possibilities of that land being released in the future for housing.

This strategic decision has proved to be exceptionally successful with 17 option agreements now in place. These options give Inland the right to acquire the site at a discount to market value (typically 20%) once the site achieves planning permission. Most of the options run for at least 10 years and provide control over 330 acres of land (mainly in Buckinghamshire) with the scope for the delivery of circa 1,600 homes.

A number of these sites have already been identified for potential housing in Local Authority Plans.

Read the case study on **Meridian Waterside, Southampton** on pages 24 and 25

Read the case study on **Chapel Riverside, Southampton** on pages 20 and 21

Recently opened Co-op neighbourhood supermarket at former RAF Stanbridge in Leighton Buzzard. Built and retained as an investment property by Inland Homes.

Investment income

As part of our brownfield land and property acquisitions, we often "inherit" existing tenants and have the scope to generate short term rental income through lettings to operators for things such as short term car parking income, film production and storage. We have also retained 86 existing houses at our Wilton Park development, the bulk of which are let on assured shorthold tenancies.

The Group is also seeking new development opportunities within the mixed use schemes. We have two neighbourhood supermarkets which we have retained and are let to Sainsbury's and the Co-Op, with another under construction at our Meridian site in Southampton.

The intensification of our commercial rental activities has resulted in current rental income of over £2.6 million per annum. We expect this rental income to continue to rise and provide a good contribution to overheads and funding costs.

Brexit

Despite the hysteria leading up to the referendum, the housing market has emerged relatively unscathed from the turmoil that surrounded the UK's decision to leave the EU, although it is still early days.

However, the fact remains that there is a long term underlying demand for new homes particularly at the fairly low average price point that Inland operates at and on sites which are well located in Southern England.

Chief Executive's Review continued

Carter's Quay,
Poole, Dorset

Summary & outlook

Demand for residential land in our well located portfolio from third party housebuilders is steady, with a number of new land sales agreed post year end.

Inland Homes is continuing to extract maximum short term value from its land bank via income producing opportunities as well as the development of new commercial opportunities by virtue of its mixed use developments.

Focused investment is being made in new personnel so that the Group is well resourced to deliver on its growth plans.

Our staff headcount is now 53 compared with 31 at the date of signing the last Annual Report.

We have a medium term target of achieving 500 home completions per annum and having repositioned the business to have less reliance on main contractors, are confident this will be achieved.

The underlying net asset value of the Group has increased substantially year on year. Our small skilled team of professionals are focused on creating maximum value from our excellent and well located portfolio.

Inland is on track to deliver further considerable growth for its shareholders. The fundamentals of the housing market particularly at our low cost end of the sector remain strong and are well supported by Government initiatives. We are very positive about our business model going forward.

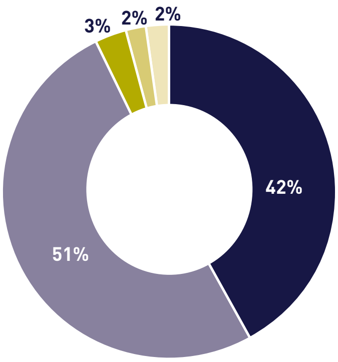
Stephen Wicks
Chief Executive Officer
13 October 2016

Finance Director's Review

Nishith Malde
Group Finance Director

> We have adopted the performance measures of the European Public Real Estate Association ("EPRA"), which enables us to fully reflect the unrealised value that has been created within our substantial land bank. The EPRA net asset value per share at 30 June 2016 was 86.63p and the adjusted EPRA net asset value was 91.54p per share."

Revenue by segment



£101.9m
Revenue

£32.9m
Profit before tax

Inland Homes has delivered another year of strong progress, both strategically and operationally. Against a record prior year, profit before tax was £32.9 million (2015: £34.0 million), and includes revaluation gains of £18.0 million (2015: £14.5 million). This has been achieved despite a delay in 23 unit completions following the failure of a third party contractor, which resulted in an increase in cost provisions to complete the affected projects.

We have adopted the performance measures of the European Public Real Estate Association ("EPRA"), which enables us to fully reflect the unrealised value that has been created within our substantial land bank. The EPRA net asset value per share at 30 June 2016 was 86.63p and the adjusted EPRA net asset value was 91.54p per share, further details of which can be found in the Chairman's Statement on page 6.

Group income statement

Inland Homes delivered 147 (2015: 248) private unit completions during the financial year, generating revenues of £51.5 million (2015: £66.1 million), and sold 425 (2015: 440) consented residential building plots, realising £43.3 million (2015: £39.6 million). Gross profit from private unit completions was £11.3 million (2015: £13.8 million) and from the sale of consented residential building plots was £17.1 million (2015: £17.0 million). Total revenues decreased by 10.8% over the previous period to £101.9 million (2015: £114.2 million). This was partly due to the normal course of housebuilding project cycles and the completion of our development, West Plaza in Ashford, Middlesex, in the previous year where there was a bulk sale of 59 units. Revenues were also affected by the delay of 23 units following the failure of a main contractor engaged on three of our sites, however, these 23 units will be realised in the current period, albeit with much lower margins due to increased costs. The average selling price of Inland Homes' private residential units was £337,000 (2015: £264,000), the increase being the result of both a change in the mix between houses and apartments sold, as well as regional house price growth during the period.

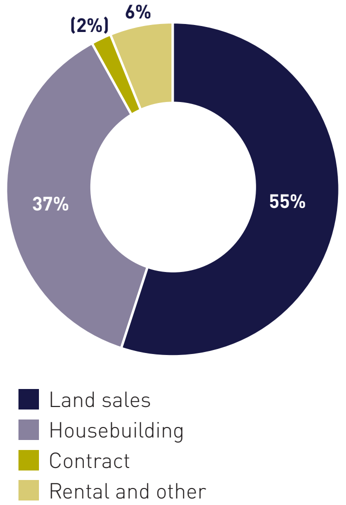
Gross profit has decreased by 14.0% to £29.6 million (2015: £34.4 million) and gross margin reduced to 29.0% from 30.1%. The margin on private unit sales improved slightly to 21.9% (2015: 20.9%). Provisions of £1.1 million were made in respect of costs to complete on two of the three sites under construction where the main contractor failed.

The strategic focus on developing our in-house construction capabilities and the self-delivery of our products has naturally meant an increase in staff numbers and, therefore, administrative overheads have risen from £6.0 million to £6.3 million. It is expected, however, that this will result in cost savings and reduce the risk around project delivery over the medium to long term as the Group's activities continue to expand.

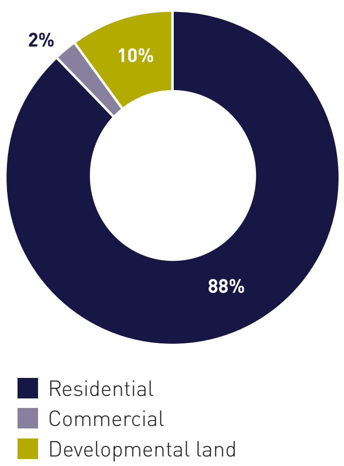
There was a further revaluation gain of £18.0 million (2015: £14.5 million) to investment properties, which relates principally to the 86 existing residential properties at Wilton Park, Beaconsfield where the current annual rent roll is £0.9 million as they are now unencumbered.

Finance Director's Review continued

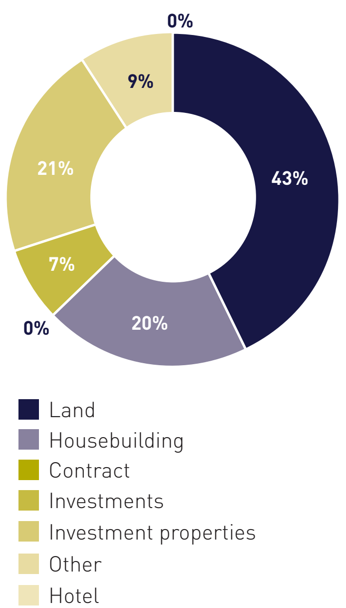
Gross profit by segment



Investment property



Asset by segment



In November 2015, one of the Group's subsidiaries entered into a £20.0 million revolving credit facility with Barclays Bank to fund the majority of its housebuilding activities, which were previously financed via individual development loans. The facility expires on 31 October 2019 and has contributed towards a reduction in our net finance costs to £6.9 million (2015: £8.2 million). The facility includes standard net asset based covenants as well as site specific covenants. It is also worth noting that last year the Group incurred a one-off cost of approximately £1.0 million in finance fees for the arrangement of the joint venture with CPC Group Limited, which has not repeated during the financial year ended 30 June 2016. Interest cover, expressed as the ratio of operating profit (excluding revaluation gains) to net interest (excluding notional interest on deferred consideration) was 4.1 times (2015: 4.0). The Group has not capitalised any interest charges.

As announced on 19 November 2015, Inland Homes committed a £1.0 million investment in return for a 25% stake in a newly formed, premium housebuilding company, Troy Homes Limited. The Group has since committed to invest a further £250,000 of equity. As was expected for a business in its infancy, Troy Homes incurred a loss of £553,000 during its first 10 months of trading to 30 June 2016. Inland Homes' share of this loss, representing £138,000, has been recognised within the share of losses of associate companies.

Taxation

The total tax charge of £3.5 million represents 10.8% of the profit before tax. The effective corporation tax rate for the financial year is 20% and the principal difference relates to the recognition of capital losses against revaluation surpluses on investment properties resulting in no deferred tax charge on the surplus.

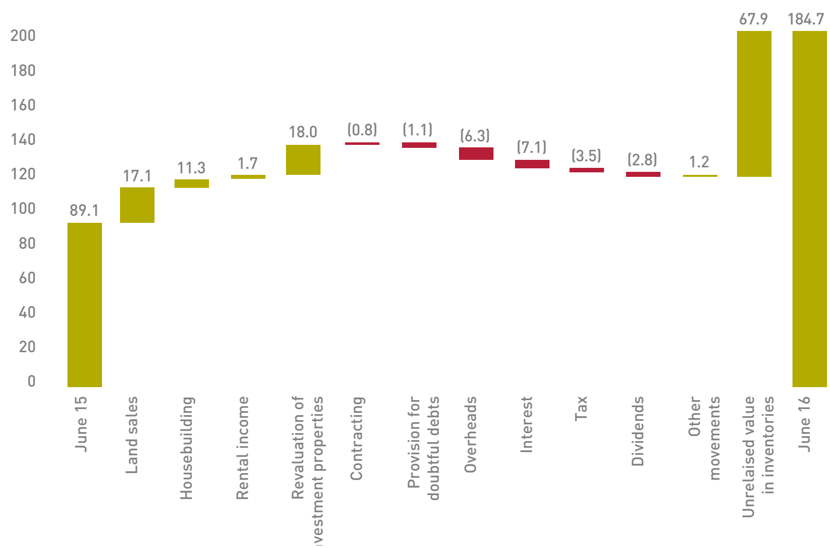
Earnings per share and dividends

Basic earnings per share decreased by 3% to 14.23p (2015: 14.67p) per share while basic earnings per share (excluding revaluation gains) were 5.31p (2015: 7.49p). The Company paid an interim dividend of 0.4p (2015: 0.3p) per share on 31 May 2016 and the Board has recommended a final dividend of 0.9p (2015: 0.7p) per share, increasing the total dividend for the year by 30% to 1.3p (2015: 1.0p) per share. The proposed final dividend will be payable on 27 January 2017, subject to shareholders' approval, to shareholders on the register at the close of business on 30 December 2016.

Group balance sheet and financial position

On 30 June 2016 the Group acquired all of the issued share capital of Bucks Developments Limited, the holding company of Wilton Park Developments Limited. As a result, the Group now has 86 existing residential properties at Wilton Park, Beaconsfield which are held as investment properties. These properties were professionally

Adjusted EPRA net asset value

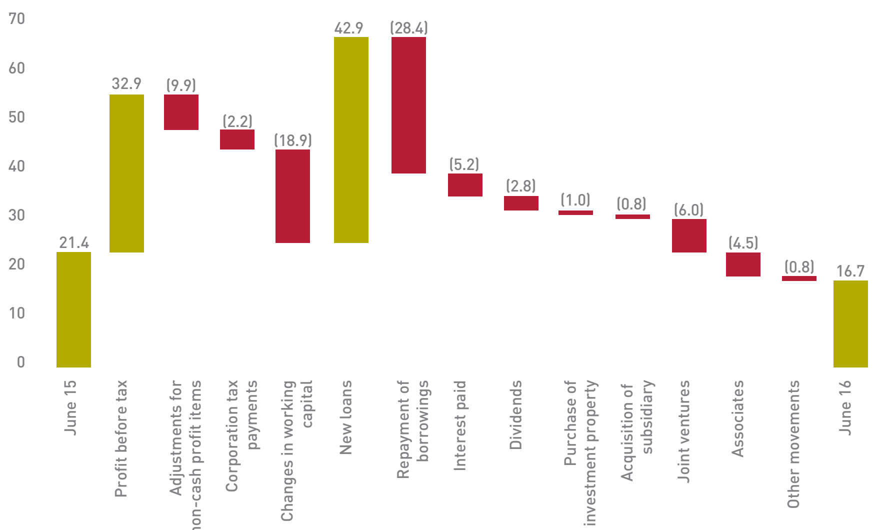


valued at the year end at £45.4 million, reflecting a gain of £17.9 million. The majority of these properties are let on assured shorthold tenancies and currently generate annual rental income of £0.9 million. The Group's investment properties, comprising predominantly the 86 existing residential properties and commercial units developed by us along with other real estate acquired through land purchases, such as the property at Hamworthy, Poole, generated £642,000 of rental income in the year.

Investment in and loans to joint ventures have increased by 140% to £11.3 million (2015: £4.7 million). During the year the Group entered into a 50:50 joint venture with a land owner of a site in Garston, Hertfordshire, investing £2.7 million. On 30 June 2016, the Group also entered into a 50:50 joint venture (Inland (Stonegate) Limited) with a third party. The joint venture exchanged contracts to purchase a site of approximately 13 acres, which includes the former headquarters of Tesco plc in Cheshunt, Hertfordshire. The purchase of this site was completed in August 2016. The Group's investment in and loans to this joint venture were £1.0 million at the balance sheet date. In addition to these investments, the Group contributed £2.6 million towards its share of the additional investments in a joint venture platform with CPC Group Limited and £0.3 million in the joint venture with Europa Capital.

As at 30 June 2016, the investment in and loans to associate company Troy Homes amounted to £1.0 million after deducting the Group's share of its losses. The Group's current commitment to invest in the share capital of Troy Homes is £1.25 million, of which £250,000 has been called and paid up. In addition, at the date of the signing of the financial statements, the Group has committed to provide loan notes of £3.0 million, of which £0.9 million has been drawn down. The loan notes attract a rate of interest of 8% per annum. Amounts owed by associates of £3.4 million is in respect of two sites sold to Troy Homes as disclosed in note 13 to the financial statements.

Cash flow movements



In support of the growth strategy we have for the business, the Group has continued to invest in both land and work in progress, with inventories increasing from £121.0 million to £146.8 million. This excludes any land or work in progress within joint ventures.

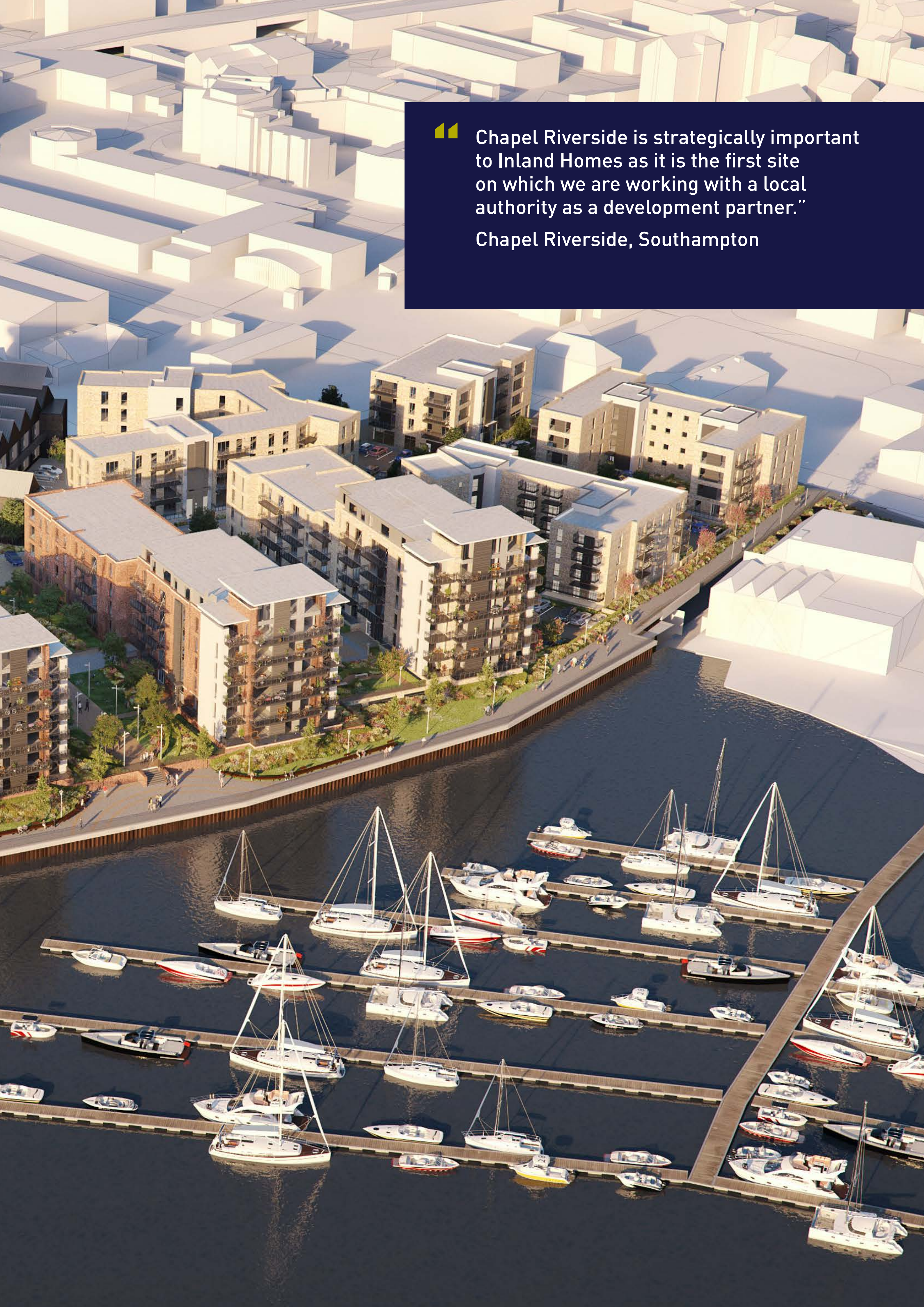
The cash balances at the year-end amounted to £16.7 million (2015: £21.4 million) and net borrowings (loans and ZDP liability less cash) were £54.6 million (2015: £34.9 million) representing net gearing of 47.0% (2015: 39.2%) on net assets of £116.0 million (2015: £89.0 million) or 29.5% on EPRA net assets of £184.7 million. Net gearing is defined as loans and accrued ZDP liability less cash as a proportion of net asset value or EPRA net asset value.

Since the year end, the Group has secured a four-year revolving credit facility with a fund for up to £25.0 million to acquire land without planning permission, as well as a committed facility of £27.0 million with Secure Trust Bank, which has a five-year term. This has been fully drawn down and will result in an annual saving in funding costs of approximately £1.0 million.

At 30 June 2016 other financial liabilities of £22.4 million, includes £15.0 million that relates to the deferred consideration on Wilton Park, Beaconsfield due in May 2017. This sum is secured by way of a charge over part of this site which was professionally valued at £18.8 million. The remaining balance of land creditors relates to three further sites, all of which were settled in full by the date these financial statements were signed.

During the year, the Group raised a further £1.3 million by issuing 1,028,400 Zero Dividend Preference Shares. The total accrued liability as at 30 June 2016 amounted to £14.6 million. These shares are governed by various covenants and are due for repayment on 10 April 2019.

Nishith Malde
Finance Director
13 October 2016

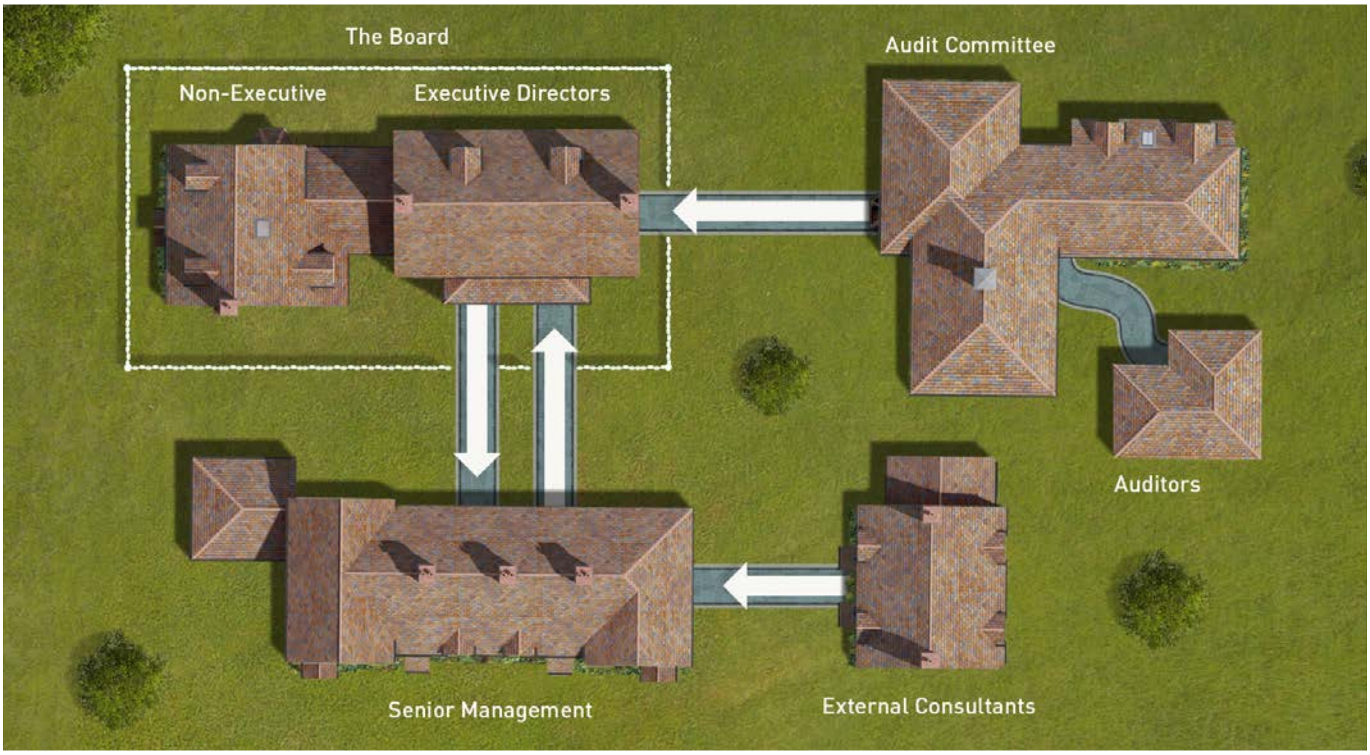


“Chapel Riverside is strategically important to Inland Homes as it is the first site on which we are working with a local authority as a development partner.”

Chapel Riverside, Southampton

Risk Management

Risk management framework



The Executive Directors are heavily involved in the day-to-day running of the business. Risks are discussed on a daily basis as part of decision making on projects. This regular consideration of risks allows management to respond quickly to changes in circumstances.

The Executive Directors set criteria in a range of areas for the Senior Management to report back on: legal, sales and marketing, planning, environmental, construction and financial. Senior Management carry out their due diligence on these aspects for each site. This frequently involves the engagement of external consultants, such as planning consultants, who use their specialist knowledge and outside perspective to challenge our assumptions and ensure that we have a full understanding of the site and its market. From assessing all the information in the reports from Senior Management, Executive Directors can determine the risks present for each site, which informs their decision-making.

While the Executive Directors have some autonomy, full Board approval is required for certain actions, such as the acquisition of land over a set value. The Non-Executive Directors challenge the Executive Directors to ensure that the level of risk being taken is appropriate.

The Audit Committee support the Board in ensuring that the financial performance of the Group is properly reported and monitored. The Audit Committee work closely with external auditors to do this. The auditors produce reports on the control environment and financial statements, which are reviewed by the Audit Committee.

Exit of the United Kingdom from the European Union

On 23 June 2016, the United Kingdom had a referendum in which the public voted to leave the European Union.

Potential impact

The housing market has emerged relatively unscathed after the hysteria that was created prior to the referendum if the UK decided to vote to leave the European Union. There is still uncertainty within the UK economy and it is too early to confirm the impact of the departure. However, the long term underlying demand for new homes is very strong and the government has stated that it will be supporting the housing market with relevant initiatives.

Risks

Risk and description	Potential impact	Strategy/mitigation
Land The inability to source, acquire, promote and dispose of land	The Group would not be able to generate profit and cash flow for the longer term May have a detrimental effect on the financial position of the Group	The Group has an experienced management team with a strong track record in the industry which mitigates this risk
Planning Increased complexity and delay in the planning process The adoption of the community infrastructure levy by local authorities	May impede sales and thus affect the rate of growth of the business May have a detrimental effect on the supply and pricing of land being marketed by landowners	The Group undertakes extensive pre-acquisition due diligence on planning, technical and environmental issues together with acquiring housing sites identified in councils' Local Plans
Market A severe fall in the housing market in the regions in which the group chooses to operate	Inability to realise maximum value in a timely fashion Adverse effect on land values Adverse effect on the timing of sales	The Group ensures that its sites are in good locations thus providing some protection against any downturn in the market
Personnel Loss of/inability to source high calibre, experienced staff	The Group would have difficulty growing the business in the highly competitive markets in which it operates	The Group maintains good morale in the workplace and sets remuneration packages at attractive levels
Interest rates Significant upward changes in interest rates	May affect residential land prices as a result of the demand or prices achieved for homes, which may in turn result in impairment of the Group's inventories Would lead to increased borrowing costs and thus have a detrimental effect on profit	The Group mitigates any adverse exposure to interest rate changes by controlling its gearing and, if necessary, by using hedging instruments The Group offers a high level of sales support to customers and this includes assistance with obtaining mortgages at a suitable interest rate
Environmental Unexpected contamination being found on a site	Unexpected liabilities in respect of decontamination works or fines for environmental pollution could affect the financial outcome of a project and reputation of the Group	The assessment of environmental risk is an important element of the due diligence undertaken when buying land. The Group uses reputable environmental consultancy firms to assist in this area
Regulation Changes in legislation, government regulations, planning policies and guidelines	May have a detrimental effect on the Group's business	The Group keeps abreast of potential changes in these areas and wherever possible allows for these in appraising its projects
Construction • Cost overruns • Material shortages • Delays	May adversely impact margins on housebuilding and working capital of the Group	The Group tries to build strong relationships with principal contractors and projects are reviewed frequently in order to mitigate these risks
Finance The availability of loan finance for land acquisition	May have an adverse effect on the Group's progress	The Group continues to seek finance from alternative lending sources to improve its liquidity

Read about our **Strategy** on pages 26 and 27

Sustainability

At Inland, ensuring sustainable operations and development is of paramount importance. Our caring attitude to our colleagues, partners and the communities and environments in which we work means we strive to function in a way that is best for everyone. Our key values of integrity, openness and trust dictate our interactions with each of our major stakeholder groups:

- communities
- homeowners
- developers
- colleagues
- local and national government
- the environment

The value we place on meeting the needs of each of our stakeholder groups intuitively informs all of our policies. With sustainability at the heart of everything we do, the following six areas describe our main focuses, and include many of our achievements.

Community

Care for the community permeates all our activities, and our core focus of transforming potentially contaminated land into desirable family homes and community spaces is always undertaken with the needs of future residents and neighbours firmly in mind. When we acquire a site and are going through the planning process, we carry out public consultations. This allows us to develop an understanding of what stakeholders in the community expect from the development prior to formal submission of the planning application. These consultations with communities anticipate the wider needs of the homeowners, with green spaces, care homes, shops and communal facilities included to make sure our developments improve the neighbourhood. We put a significant amount of effort into ensuring that a development looks attractive through hard and soft landscaping of the site.


Inland staff presenting money raised by undertaking 'Colour Obstacle Rush'

Inland as a company goes above and beyond to support local communities in our developments and this attitude is reflected in our team. A team of 19 colleagues and family members participated in the 5k 'Colour Obstacle Rush' race, raising more than £25,000 for three charities – ForCrohns, NeST (Nephrotic Syndrome Trust) and Sightsavers. Inland also donated £3,000 to the London Taxi Driver's Fund for Underprivileged Children. This enabled the charity to hold a "taxi safari", which involved a convoy of over 100 London taxis driving around 250 children through the safari at Wooburn Safari Park.

Customers

Ensuring customers have a positive experience throughout their interaction with us increases the likelihood of recurring project partnerships with developers, and repeat custom or recommendations from homeowners. Our strong reputation for quality, reliability and delivery leads to many opportunities, for example, land vendors trust Inland to honour promises and offer sales opportunities, while council and community groups seriously consider our bids knowing we have the capability to transform difficult sites. Our customer care system ensures that in the unlikely case that a customer is dissatisfied, we are able to quickly deal with the issue. Our process means that our contractors deal with customer enquiries and complaints reasonably promptly. Our Customer Care Manager monitors this communication to ensure that our contractors are fulfilling their obligation to fix any customer issues. In the event that our contractors fail to deliver the appropriate response, we would deal with the problem directly.

The relationship with homeowners also continues after the sale of a house, with close monitoring and support provided, and customer feedback used to improve future projects. Customer feedback has been used to improve the design of our homes, with the layout of certain rooms (for example the bathroom) changing to better suit the needs of our customers.

The principles of lifetime homes are incorporated into all of our developments, which means that our homes are designed to be easily adaptable for lifetime use at minimal cost. If a resident has reduced mobility due to a disability or old age, the home could be adapted for their needs without major renovation work. A large range of features have to be considered in the design, including the widths of corridors and doors and the size of rooms. The downstairs bathroom could be adapted to become a wet room if it were required and the living room could easily have a lift to the master bedroom added to it.

Health and Safety

We ensure that our projects carried out by principal contractors and our own self-delivered projects adhere to the required standards of Health and Safety. We do this through having Health and Safety consultants visit our sites and our contractors, who then report back to us on their findings. If there are any issues in the standard of Health and Safety on a site, a development director will intervene and ensure that the working practices on the site are returned to a satisfactory level. There have been no significant Health and Safety incidents during the year.

When we decided to begin self-delivering some of our projects, we established policies and procedures that were compliant with the Health and Safety regulations. These formed the basis of a training programme across the site teams to ensure that they were clear on the standards required to comply with the regulations.

Last year the Construction (Design and Management) Regulations 2015 were released, formalising the need to consider, anticipate and respond to Health and Safety issues from the earliest stage of planning a project. The lead designer on a project takes on the responsibility of ensuring that the design of the building complies with these regulations. In every design meeting, the CDM regulations are observed.

Supply Chain

With the move to self-delivery, there are now two different facets to our supply chain - principal contractors who will carry out all the construction work on a site and the wider supply chain of sub-contractors that we use on the self-delivery sites. We have developed good relationships with our principal contractors through offering them steady, consistent amounts of work. Some of these principal contractors have won awards this year at the LABC and NHBC awards, demonstrating the quality of work that they deliver for us. For the self-delivery sites, we are focused on developing relationships with the supply chain, in order to generate a solid base of sub-contractors that we can use going forward. We aim to use local labour wherever possible. We carry out due diligence on our contractors to ensure that they are able to carry out the work that we require from them.

A challenge for our principal contractors is the lack of labour within the industry. To counter this, we are using new methods of construction that allow for offsite manufacture, which will reduce the amount of labour required to manufacture on site. One example is the use of lightweight steel frame construction on some of our projects, which allows us to build a house a lot quicker than with traditional block work and means that we are not reliant on bricklayers.

Sustainability continued

Sustainable Homes

Planning the sustainability of developments begins at the earliest stages of a project, when potential sites are assessed — for example, considering what materials are present on the site and if these could be reused in construction. Throughout the planning of the infrastructure, buildings, and construction strategies, sustainability is a core focus, and decisions are taken which make both financial and ecological sense. On larger projects we have the scope to undertake ambitious sustainable projects, such as installing energy centres, and all of our projects use a range of environmentally friendly materials and construction methods.

As we are now self-delivering some of our projects, we will have a greater control over sustainability on those sites. At all of our self-delivery sites, we avoid using mixed use skips so that we can segregate waste. This means that it is easier for the waste to be recycled, reducing the amount that goes to landfill. We are trying to reduce our carbon dioxide emissions through a number of initiatives, such as having eco-friendly site accommodation and ensuring that we are always using electricity from the main grid supply, rather than using a generator.

Our efforts to achieve sustainable builds have been recognised in a number of recent awards. We won 'Regeneration Project of the Year' for Carter's Quay at the South Coast Property Awards 2016. This award "recognises the innovative use of brownfield sites as well as strong architectural design and the developer's approach to environmental issues". The judges of the award take into consideration how the particular area has been revitalised for those who live there. We were also shortlisted for 'Regeneration Project of the Year' for Lily's Walk High Wycombe, at the Thames Valley Property Awards 2016 and 'Best low or zero carbon initiative' at the Housebuilder Awards 2016.

Our People

We pride ourselves on our open, supportive and caring culture. We develop and encourage our colleagues by offering them responsibility, stimulating teamwork and the opportunity to learn both from others in the Company and through qualifications and courses. The warmth of atmosphere and pride individuals take in working for Inland is what encourages people to stay with us and ensure that our team remains strong into the future.

We are very passionate about bringing young people into the industry. It is vital that we do this as there is a general shortage of labour across all roles within the property industry and we need to ensure that there will be a new generation of workers. We offer work experience for students, which has the potential to lead to a job offer. In some construction contracts, we specify that our contractors must employ apprentices from the local area.

Rob Williams
Commercial Accountant

I have been promoted multiple times over my five year career with Inland. I started as an Accounts Assistant, which was a data entry role, and now I work as a Commercial Accountant. My career development has been made possible by the training and qualifications I have completed. I am currently studying for the ACCA qualification. As I have progressed in the course, the level of responsibility involved in my job and the complexity of my work has increased alongside it. Inland are financially supporting me with this qualification and they are happy to do so for any employee who wants to study something related to their job.

I am a very inquisitive person and want to understand all the aspects of the company, not just what I need to know to do my job. I like to question and challenge why things are done as they are in the company. This kind of attitude is actively encouraged at Inland Homes. Any of the Executive Directors are very happy to explain anything I am keen to understand. As a result, I am able to continually increase my knowledge at work. The more I know, the less other people have to do. I think this approach is a big part of why I have been able to progress as I have done within the company.

I strongly feel that Inland is a family. Inland has been very supportive of me throughout my career here.

Sebastian Adams
Graduate Land Buyer

I studied Real Estate at university. In the summer between the second and third years of my degree, I completed a one month internship at Inland Homes. During this internship, I was given responsibility and gained a good understanding of what the business does. This experience made me confident that a job at Inland Homes would fit in with my career ambitions.

As a result of the internship, I was offered a graduate role. My day to day work as a Land Buyer involves visiting and assessing the suitability of sites. I am getting exposure to all elements of the business, such as planning, design and the development process, so that I can understand how my role fits into the wider picture.

Inland took time to understand my needs and aims for my development and used this to shape the graduate role to suit me. I want to become a qualified Chartered Surveyor with the RICS (Royal Institution of Chartered Surveyors) and Inland were happy to facilitate that. In addition, they have set up numerous days for me to speak to lawyers about issues and constraints involved with buying land. The training I have received has been brilliant. I see great potential for progressing my career with Inland.

Awards

2015

Won:
Thames Valley Propery Awards
— Housebuilder of the Year

Commended:
Evening Standard
— Homes & Property
– Best Regeneration
– Drayton Garden Village

Sunday Times
— Development of the Year – Carter's Quay

Shortlisted:
WhatHouse?
— Best Brownfield, Best House, Best Apartment, Best Mixed Use, Best Medium Housebuilder

2016

Won:
South Coast Property Awards 2016
— Housebuilder of the Year
Best Regeneration Project

Shortlisted:
Housebuilder Awards 2016
— Best low or zero carbon initiative

South Coast Property Awards 2016
— Development of the Year

Thames Valley Property Awards
— Housebuilder of the Year
— Development of the Year
— Regeneration Project of the Year

St Johns, Chelmsford

GOVERNANCE

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Board of Directors

Board Composition

The Group is managed through its Board of Directors. The Board comprises the Non-Executive Chairman, one other Non-Executive Director, the Chief Executive, Group Finance Director and the Land Director. The Board's main roles are to approve and review the Group's strategic objectives and to ensure that the necessary financial and other resources are made available to enable it to meet these objectives.

Specific responsibilities reserved to the Board include: setting Group strategy; reviewing operational and financial performance; approving certain land acquisitions; approving appointments to the Board; and approving policies relating to Directors' remuneration. In addition, the Board reviews the risk profile of the Group and ensures that an adequate system of internal control is in place.

The roles of the Chairman and the Chief Executive are separate. The Chairman meets the Chief Executive and the other Non-Executive Director separately as and when required to discuss matters of the Board.

One-third of the Directors retire annually by rotation in accordance with the Company's Articles of Association and this enables the shareholders to decide on the election of their Company's Board.

Terry Roydon Non-executive Chairman

Appointment to the Board

March 2007

Skills he brings to the Board

He has extensive managerial, practical and political experience of the property sector obtained over a 40 year career

Previous experience

- Chief Executive of Prowting plc, a UK housebuilder he led to flotation in 1988 and which was purchased by Westbury plc for £140m in June 2002
- Non-executive Director of LSE quoted Country & Metropolitan plc
- Non-executive Director of Gladedale Holdings plc
- President of the Home Builders Federation
- Holds a BSc in Estate Management and an MBA

External appointments

- Consultant and member of the Board of Dom Development S.A., a major quoted Polish residential developer
- Non-executive Director of AIM quoted Kimberly Resources NV
- Non-executive Director of Larkfleet Holdings Limited
- President of the European Union of Housebuilders and Developers

Stephen Wicks Chief Executive

Appointment to the Board

June 2005

Skills he brings to the Board

He has worked in the construction and housebuilding sector all of his working life and has extensive experience in the acquisition of large-scale development opportunities

Previous experience

- Founding shareholder and Chief Executive of Country & Metropolitan plc, which floated on the main market of the London Stock Exchange in December 1999 with a market capitalisation of £6.9m
- He directed the growth of Country & Metropolitan plc until its disposal in April 2005 to Gladedale Holdings plc for approximately £72m

External appointments

Member of the board of AIM quoted Energiser Investments plc

Committee membership

A Audit Committee member

R Remuneration Committee member

Nishith Malde Group Finance Director

Appointment to the Board
June 2005

Skills he brings to the Board
He has over 25 years' experience in the property sector with wide professional knowledge and understanding of both listed and unlisted companies

Previous experience
- After graduating from the London School of Economics, qualified as a Chartered Accountant with KPMG in 1985 where he advised owner-managed businesses
- Finance Director and Company Secretary of Country & Metropolitan plc where he was actively involved in the preparation for the flotation of the company in December 1999 and its further development until it was acquired by Gladedale Holdings plc in April 2005

External appointments
- Member of the board of AIM quoted Energiser Investments plc

Paul Brett Land Director

Appointment to the Board
October 2011

Skills he brings to the Board
He has worked in the land and planning sector all of his working life and has considerable knowledge of local and national planning policies. He is particularly skilled in the delivery of complex land acquisitions

Previous experience
- Land Director of the Southern Region of Country & Metropolitan plc for ten years during which time it floated onto the main market of the London Stock Exchange
- Contributed to the growth of the Southern Region and its land bank, until its disposal to Gladedale Holdings plc in April 2005

Simon Bennett Non-executive Director

Appointment to the Board
March 2007

Skills he brings to the Board
He has over 30 years of investment banking experience and of providing corporate finance and broking advice to growing companies

Previous experience
- Qualified as a Chartered Accountant in 1981
- Head of Corporate Finance and Head of the Mid and Small Caps team at Credit Lyonnais Securities
- Head of Corporate Broking at Fairfax IS plc
- Head of Corporate Broking at Sanlam Securities

External appointments
- He established Incremental Capital LLP in 2004 to provide corporate finance advice to mid and small cap companies
- Chairman of the Grown Up Chocolate Company
- Partner at Glenmill Partners

Senior Management

Gary Skinner Managing Director, Inland Limited

Time with Group
6 months

Skills he brings to the Group
He has worked in the housebuilding sector for over 30 years and has a track record of successfully delivering all types of housing schemes

Previous experience
- 13 years with McLean Homes/George Wimpey
- Production Director George Wimpey
- 9 years as Willmott Dixon Director of Operations
- Experience in main contracting and private developments

Mark Gilpin Planning Director

Time with Group
6 years

Skills he brings to the Group
He has over 25 years' experience of master planning and public consultations for residential, commercial, retail and industrial projects

Previous experience
- BArch graduate from the University of Bath
- Member of RIBA
- Design and Technical Director at St James Homes (part of Berkeley Group Holdings plc)
- Design and Planning Director at Fairview New Homes
- Land, Design & Planning Director at Howarth Homes plc

Vicki Noon Sales & Marketing Director

Time with Group
5 years

Skills she brings to the Group
She brings a wealth of experience having worked in the housebuilding industry most of her working life with well-rounded expertise in all aspects of her discipline

Previous experience
- Worked with board of Country & Metropolitan plc through to the acquisition by Gladedale as Sales & Marketing Director
- Regional Sales & Marketing Director at Gladedale plc
- Head of Sales & Marketing at Prowting Homes Central

David Parsons Commercial Director

Time with Group
6 months

Skills he brings to the Group
He has worked in the Construction and Housebuilding sector for over 30 years and has extensive knowledge of all commercial and contractual controls

Previous experience
- Qualified as a Chartered Surveyor in 1988
- Director of Surveying at Balfour Beatty
- Commercial Manager at Willmott Dixon, Galliford Try and Bouygues

Melanie Hyland Financial Operations Director

Time with Group

7 years

Skills she brings to the Group

She has worked in the housebuilding sector for over 13 years and has extensive knowledge of statutory reporting, forecasting and securing funding

Previous experience

- Qualified as a Chartered Certified Accountant in 2007
- Joined the Group as Financial Controller
- Divisional Finance Manager at Barratt Developments plc
- Financial Accountant and Senior Management Accountant at St James Urban Living (part of Berkeley Group Holdings plc)

Pedro Longras Development Director

Time with Group

9 years

Skills he brings to the Group

Pedro has a wide-ranging knowledge of the construction, health & safety, technical, land and planning aspects of the business

Previous experience

- Land Management graduate from the University of Reading

Des Wicks Senior Land Manager

Time with Group

9 years

Skills he brings to the Group

He has worked at Inland Homes since leaving full-time education and has developed an expertise in identifying and acquiring brownfield sites, negotiating on both purchases and disposals of land. Specialises in complex land assemblies using considerable negotiation skills in order to obtain valuable and attractive terms

Previous experience

- Joined the Group as a Trainee Land Buyer

Our Governance

Chairman Key Responsibilities

- Running the Board effectively
- Presides over Board meetings in a manner that encourages openness and participation
- Guides and directs the corporate governance process
- Serves as the Board's principal point of contact with the CEO
- Works with the Chairperson of the various committees to align their objectives

Board Key Responsibilities

- Setting the overall Group strategy
- Dealing with all significant operational matters
- Regularly monitors the Group's risks
- Ensures that there is an adequate system of internal controls in place
- Makes certain that the management information systems are in place to allow the Board to make timely and informed decisions
- Monitors the Group's Health & Safety procedures
- Works with the Chairperson of the various committees to align their objectives

Chief Executive Officer Key Responsibilities

- Implementing the short and longer term strategy of the Group and other key issues determined by the Board
- Presiding over the day to day management of the Group's activities
- Making all key decisions regarding the Group's activities
- Delivering shareholder value
- Managing the financial implications and risks associated with any major decisions
- Is accountable for risk management operations for the Group
- In conjunction with the Group Finance Director is responsible for communication with the Group's stakeholders

Group Finance Director Key Responsibilities

- Plays a key role in developing, monitoring and evaluating overall corporate strategy
- Works closely with the CEO and has overall responsibility for all financial related activities of the Group
- Is accountable for the financial and administrative operations of the Group with particular emphasis on profitability, working capital management and enhancing shareholder value
- Provides key financial insight to allow the Board to make better decisions
- Communicates the financial implications of business decisions to the CEO
- To establish an internal control system required to effectively manage the business and control risk
- In conjunction with the CEO is responsible for communication with the Group's stakeholders

Audit Committee Key Responsibilities

- Monitors the effectiveness and integrity of the Group's financial reporting systems
- Reviews the financial statements provided to shareholders
- Plays a key role in planning and working with the Group's auditors to ensure that they provide a cost effective service which is objective and independent
- Meets separately with the auditors four times a year

Remuneration Committee Key Responsibilities

- Establishing and updating the remuneration policy for each of the Executive Directors
- Considering, discussing and approving the annual bonuses for the Executive Directors and agreeing any awards to be made under the 2013 LTIP, approved by shareholders in December, 2013
- Further details of the remuneration policy and package for each of the Executive Directors are set out in the 2016 Directors' Remuneration Report on pages 56 to 59

Employee involvement

The Group places considerable value on the involvement of its employees and keeps them informed of all relevant matters on a regular basis. The Group is an equal opportunities employer and all applications for employment are considered fully on the basis of suitability for the job.

Corporate governance

Whilst the Company does not comply with the 2014 Corporate Governance Code for periods beginning after 1 October 2014, the Directors recognise the importance of sound corporate governance and have reported on our Corporate Governance arrangements by drawing upon best practice available, including those aspects of the UK Corporate Governance Code 2012 we consider to be relevant to the Company and best practice.

Audit Committee

The Audit Committee comprises Terry Roydon (Chairman) and Simon Bennett. The Audit Committee meets at least four times a year and is responsible for ensuring that the financial performance of the Group is properly reported and monitored and for meeting the auditor and reviewing their reports in relation to the financial statements and internal control systems. The Group's auditor provides some non-audit services, but these are not considered to threaten their independence. The committee reviews the level of non-audit fees on an annual basis. The Audit Committee meetings are also attended by invitation by representatives of the Group's auditor, the Group Finance Director and the Chief Executive.

Since 30 June 2015 the Audit Committee has met four times to consider the planning of the statutory audit and to review the Group's draft half and full year results prior to Board approval and to consider the external auditor's detailed reports thereon.

Internal controls

The Board is responsible for maintaining a sound system of internal control to safeguard shareholders' investment and the Group's assets and for reviewing its effectiveness. Such a system is designed to manage, but not eliminate, the risk of failure to achieve business objectives. There are inherent limitations in any control system and accordingly even the most effective system can provide only reasonable, not absolute, assurance against material misstatement or loss.

The Board reviews the effectiveness of the Group's system of internal control on an ongoing basis. Annual budgets are prepared and detailed management reports are presented to the Board and used to monitor financial performance and compliance with the Group's policies and procedures. All controls are covered including financial and operational controls to manage risk. The Board meetings are also used to consider the Group's major risks.

Relations with shareholders

The Company has institutional shareholders and is, where practicable, willing to enter into a dialogue with them. The Chief Executive and Group Finance Director meet with institutional investors within the confines of relevant legislation and guidance.

The Board invites communication from its private investors and encourages participation by them at the AGM. All Board members are present at the AGM and are available to answer questions from shareholders.

Internal audit

The Board reviews from time to time the need for an internal audit function and remains of the opinion that the systems of internal financial control are appropriate to the Group's present activities and that such a function is unnecessary.

Remuneration Committee

The Remuneration Committee comprises Simon Bennett (Chairman) and Terry Roydon. The principal functions of the committee are to determine the Group's policy on the remuneration of Executive Directors and to determine the remuneration package of each Executive Director. The committee also determines long term incentive plans and the allocation of share options to the Executive Directors and other employees. The Remuneration Committee meetings are also attended by invitation by the Chief Executive and the Group Finance Director. During the year the committee met four times to review the Executive Directors' remuneration package.

The Directors comply with Rule 21 of the AIM Rules relating to Directors' dealings and take all reasonable steps to ensure compliance by the Company's applicable employees. The Company has adopted and operates a share dealing code for Directors and employees in accordance with the AIM Rules.

Directors' Remuneration Report (unaudited)

There is no requirement for companies quoted on AIM to produce a formal Remuneration Report. As a consequence, this Remuneration Report is produced for information purposes in order to give shareholders and other users of the financial statements greater transparency about the way in which the Directors of Inland Homes are remunerated.

This report sets out the remuneration paid to the Directors for the year ended 30 June 2016 and sets out the remuneration policy for the forthcoming financial year and beyond.

Composition and role of the Remuneration Committee

The Board have established a Remuneration Committee which currently consists of Simon Bennett, independent Non-Executive Director, who is Chairman of the committee and Terry Roydon, the Company's Non-Executive Chairman. The role of the Remuneration Committee is to determine the specific remuneration package for each of the Executive Directors and no Director is involved in any decisions that will affect his own remuneration. The Remuneration Committee has access to information provided by the three Executive Directors of Inland Homes, namely Stephen Wicks, Chief Executive, Nishith Malde, Finance Director and Paul Brett, Land Director and independent advice from external consultants, where it considers this to be appropriate.

The Remuneration Committee meets formally three times a year and on such other occasions as may be required.

Policy for Executive Directors' remuneration

The policy for Executive Directors' remuneration is designed to attract, motivate and retain high calibre individuals with a competitive remuneration package. The remuneration policy takes into account the overall performance of the Company and the individual Executive Directors and the prevailing pay structures in the markets in which Inland Homes operates.

The Executive Directors' remuneration is designed to provide a balance between fixed and variable rewards, although it is recognised that it is common industry practice for total remuneration to be significantly influenced by annual bonuses and long term incentive plans. Consequently, remuneration packages for individual Executive Directors comprise a basic salary, deferred bonus plan, a long term incentive plan and benefits in kind. In agreeing the basic salary and annual bonuses, in addition to the factors outlined above, the Remuneration Committee takes into account the aggregate remuneration to be received by the individual Executive.

In 2013, in line with best corporate governance and market practice, the Remuneration Committee introduced a new deferred bonus plan and a long term incentive plan for the Company's Executive Directors, which have been designed to incentivise the Executive Directors to grow the business and maximise returns to shareholders. The latter is known as The Inland Homes plc 2013 Growth Plan ("2013 LTIP"), which will operate for a period of six years and which was approved by shareholders in general meeting in December 2013. The key elements of the scheme are set out below.

Basic salary

The basic salaries of the Executive Directors are reviewed on an annual basis. The Remuneration Committee seeks to establish a basic salary for each position commensurate with the individual's responsibilities and performance, taking into account comparable salaries for similar companies of a similar size in the same market.

Deferred Bonus Plan

The Deferred Bonus Plan came into effect on 1 July 2013. Executive Directors can earn up to 100% of basic annual salary as an annual bonus. The plan provides for 50% of an Executive Director's bonus to be mandatorily deferred into ordinary shares in the Company. Under these arrangements, bonuses would be based on a percentage of the individual Executive Director's base salary as follows:

- 50% of salary for "on target" performance; and
- a further 50% of salary for "out-performance".

For example, for achieving 90% of on target performance there will be a discretionary bonus of up to 25% of salary (and pro-rata between 90% and 100% of on target performance) and there will be no bonus for less than 90% of on target performance.

The target is measured by reference to two equally weighted performance measures, namely:

i. profit before taxation as compared with brokers' market forecasts following the announcement of the preliminary results of the previous accounting period; and

ii. net debt levels.

Once the quantum of the Executive Directors' bonuses has been calculated, these will be settled as to 50% in cash and as to 50% by the issue of ordinary shares of the Company. The issue of any ordinary shares awarded under the Deferred Bonus Plan will be deferred for three years and will be subject to forfeiture in the event that an Executive leaves the Company as a "bad leaver", but would not be subject to further performance conditions.

Long Term Incentive Plans

The Company operates both an unapproved share option scheme, which is open to all employees of Inland Homes and the recently introduced 2013 LTIP for the Executive Directors.

Awards under the unapproved share option scheme are made on a periodic basis to the Company's Executive Directors and employees. The share options in this scheme vest three years after the date of grant and have an exercise period of seven years. The schemes are equity-settled.

The following is a summary of the principal features and terms of the 2013 LTIP:

1. Creation of Growth Shares

The plan operates by reference to rights attached to a special class of share in a newly established intermediate holding company (Inland Homes 2013 Limited) between the Company and the Group's trading subsidiaries. The special class of shares are called "Growth Shares". The Growth Shares are qualifying shares for the purposes of the Employee Shareholder Status scheme, a recently introduced proposal by the Government, the aim of which is to provide tax benefits to employees and Directors who achieve growth for their employing companies.

The awards in relation to the Growth Shares will be subject to performance targets ("Performance Targets") and when such Performance Targets are achieved, a relevant proportion of the Growth Shares will be awarded.

2. Vesting and Exchange of Growth Shares

Subject to the Performance Targets being met, the awards in relation to the Growth Shares will vest in accordance with the Articles of Association of Inland Homes 2013 Limited if and when each Performance Target is met. After vesting, the Growth Shares may be realised by being exchanged for a fixed number of the Company's ordinary shares.

The Growth Shares will not carry any entitlement to dividends, capital or voting unless and until they vest and are exchanged for shares in the Company.

3. Performance Targets

Vesting will only occur if specific Performance Targets (which are linked to the share price of Inland Homes plc over six consecutive performance periods) are met or exceeded for 15 working days in the relevant performance period. Each annual performance period ends 20 working days after the announcement of preliminary results for each year, usually therefore in October of each year.

The target share prices for the 2013 LTIP are based on compounded growth being achieved and accordingly, if the Performance Target is missed in one period, the participants' awards can still vest if the required compound percentage of growth is achieved in subsequent periods. For instance, if in the first period the Performance Target for that period is not met, then the related number of Growth Shares which could have vested may still vest in the following period or periods, provided that the Performance Target for those periods is achieved, as the target gets increasingly more stretching.

The first Performance Target has been set at a price of 60.5 pence per ordinary share (the "First Target Performance Price"), which has been set at a 30% premium to the share price of 46.5 pence per ordinary share (the "Initial Base Price"), being the mid price at the close of business on 20 December 2013, the date 2013 LTIP was adopted.

The table below shows the accounting periods and the total number of ordinary shares in the Company that would be issuable on exchange for vested Growth Shares assuming the Performance Target for each year of the respective years is achieved:

Start date of accounting period	Performance target (Inland Homes plc share price)	Total number of Inland Homes plc shares
1 July 2013	30% above Initial Base Price	2,000,000
1 July 2014	15% compounded	2,000,000
1 July 2015	10% compounded	2,000,000
1 July 2016	10% compounded	2,000,000
1 July 2017	10% compounded	2,000,000
1 July 2018	10% compounded	1,350,504
		11,350,504

Directors' Remuneration Report continued

4. Dilution
The total number of shares in the Company which may become issuable on the exchange of Growth Shares (assuming vesting in full) is 11,350,504, equivalent to 5.6% of the current issued share capital of the Company. In order for the maximum of 11,350,504 ordinary shares in the Company to become issuable under the 2013 LTIP, the price for each Inland Homes ordinary share, in the absence of a takeover, will have had to have more than doubled before the end of the final performance period (being 20 working days after the announcement of the preliminary results for the year ending 30 June 2019), when compared with the Initial Base Price of 46.5 pence per ordinary share. This increase is approximately equivalent to a 14% annual compound rise in the ordinary share price.

5. Change of Control
The 2013 LTIP will allow realisation from three years after the award, provided the Performance Targets have been met. As is customary, the 2013 LTIP does provide for early vesting of Growth Shares in the event of a takeover of Inland Homes before the expiry of the plan, such that all the Growth Shares will vest, provided that the offer price is greater than the share price required to achieve the Performance Target for the relevant performance period in which the takeover occurs.

6. Participants
The Executive Directors who will participate in the 2013 LTIP and their allocations of Growth Shares, is as follows: Stephen Wicks 47%, Nishith Malde 38% and Paul Brett 15%. In addition, any awards to the Executive Directors under the 2013 LTIP are subject to good and bad leaver provisions.

Other benefits
Depending on the exact terms of each individual Executive Director's service contract with the Company, they are entitled to a range of benefits including either a car allowance or a fully expensed company car, contributions to pension schemes, private fuel, private health care insurance, permanent health insurance and death in service insurance.

Service contracts and notice periods
Each of the Executive Directors are employed on rolling contracts subject to one year's notice from either Inland Homes or the Executive Director in relation to Stephen Wicks and Nishith Malde, and three months' notice in relation to Paul Brett, and contain confidentiality provisions and restrictive covenants for the Company's protection.

The Executive Directors' service contracts do not provide specifically for any termination payments, although the Company might make payments in lieu of notice. For this purpose, such payments would consist of basic salary and other benefits for the relevant period and depending on the circumstances, any awards due under the 2013 LTIP.

Non-executive Directors
Inland Homes has two independent Non-executive Directors, namely Terry Roydon, the Chairman and Head of the Audit Committee and Simon Bennett, Head of the Remuneration Committee. Both Non-executive Directors have letters of appointment, initially for a three year period and thereafter on six months' notice from either Inland Homes or the individual and contain confidentiality provisions for the Company's benefit.

The Non-executive Directors' letters of appointment do not provide specifically for any termination payments, although the Company might make payments in lieu of notice.

Non-executive fees are determined by the Executive Directors, having regard to the requirement to attract high calibre individuals with the right experience, the time requirements and the responsibilities incumbent on an individual acting as a Non-executive Director for a company, such as Inland Homes, listed on AIM. The Non-executive Directors are not eligible for annual discretionary bonuses and do not participate in the Company's long term incentive plans.

The current service contracts of the Executive Directors, the letters of appointment of the Non-executive Directors and the Rules of the 2013 LTIP are available for inspection at the Company's registered office during normal office hours and at the Company's Annual General Meeting ("AGM") until the conclusion of the AGM.

Directors' emoluments for the year ended 30 June 2016
A review of the financial results for the year ended 30 June 2016, as more fully set out in the Chairman's Statement, the Chief Executive's Review and the Finance Director's Review, demonstrates that Inland Homes has had another good year with turnover for the year at £101.9 million (2015: £114.2 million) and profit before tax at £32.9 million (2015: £34.0 million), including a revaluation surplus on the Group's investment properties of £18.0 million (2015: £14.5 million). This contributed to a 30% increase in net asset value to £116.0 million (2015: £88.8 million) and an EPRA net asset value for the Group at 30 June 2016 of 91.54p per ordinary share (31 December 2015: 84.38p).

In light of the results recorded by the Group, the following bonuses have been awarded by the Remuneration Committee to the Executive Directors, as follows:

Stephen Wicks	£234,000
Nishith Malde	£234,000
Paul Brett	£153,000

In accordance with the rules of the Deferred Bonus Plan, further details of which are set out above, these bonuses will be settled as to 50% in cash and as to 50% in ordinary shares of the Company. The ordinary shares awarded in respect of these bonuses will be deferred for three years and will be subject to forfeiture in the event that an Executive Director leaves the Company as a "bad leaver", but are not subject to any further performance conditions. The award of ordinary shares of the Company will be granted on terms that, when they vest, the number of ordinary shares subject to the award shall be increased by deeming the net dividends paid on the ordinary shares from the date of the award until the date of vesting to have been cumulatively reinvested in additional ordinary shares. As per the requirements of the Companies Act 2006, the ordinary shares are not shown in the below Directors' Remuneration table until they vest.

Directors' remuneration table (audited)

The remuneration of each of the Directors during the year ended 30 June 2016 is set out in detail below:

	2016							2015
	Salary/ fees £000	Bonus £000	Benefits £000	Pension £000	Total remuneration £000	Social security costs £000	Total remuneration & social security £000	Total £000
Executive Directors								
S D Wicks*	**348**	**117**	**29**	**—**	**494**	**66**	**560**	560
N Malde*	**348**	**117**	**25**	**—**	**490**	**66**	**556**	556
P Brett	**197**	**77**	**12**	**20**	**306**	**38**	**344**	342
Non-executive Directors								
T Roydon	**55**	**—**	**—**	**—**	**55**	**—**	**55**	50
S Bennett	**45**	**—**	**—**	**—**	**45**	**—**	**45**	40

* S Wicks and N Malde have taken their pension entitlement as part of their salaries. No share options were exercised during the year and no LTIPs vested.

Directors' interests in shares and the unapproved share option scheme and the 2013 LTIP (audited)

Directors' interests in the Company's ordinary shares are disclosed in the Directors' Report. The share options held by the Directors in the unapproved share option scheme are set out below:

	Stephen Wicks	Nishith Malde	Paul Brett
Options exercisable 28 March 2010 to 27 March 2017 at 50.0p	—	—	700,000
Options exercisable 17 December 2012 to 16 December 2019 at 16.5p	—	—	400,000
Options exercisable 22 November 2013 to 21 November 2020 at 18.25p	—	1,500,000	—
Total options outstanding at 30 June 2015	—	1,500,000	1,100,000
Exercised during the year	—	—	—
Total options outstanding at 30 June 2016	**—**	**1,500,000**	**1,100,000**

2013 LTIP

The initial price for determination of awards under the 2013 LTIP was 46.5 pence per ordinary share. The Inland Homes share price has in general terms performed well over the last two years, having increased by 24% over this period. The Company's share price has been above 76.5 pence per share for more than 15 working days since 26 November 2015, the start of the performance period for the 2016 LTIP awards. As a result, performance targets relating to a further 2,000,000 shares have now been met and will vest in October 2017. In aggregate therefore, the conditions for the issue of 6,000,000 of the 11,350,504 new ordinary shares that can be issued in exchange for vested Growth Shares have been met in accordance with the rules of the 2013 LTIP.

	Ordinary shares of 10p each
Stephen Wicks	2,820,000
Nishith Malde	2,280,000
Paul Brett	900,000

The next performance target under the 2013 LTIP, to earn the equivalent of a further 2,000,000 ordinary shares, will be achieved once the Inland Homes share price has reached 84.1 pence per ordinary share for the qualifying period and the target after that, also to earn the equivalent of a further 2,000,000 ordinary shares will be achieved once the Inland Homes share price has reached 92.5 pence per ordinary share for the qualifying period.

Directors' Report

The Directors present their report and the financial statements of the Group and the Company for the year ended 30 June 2016.

Results and dividends

The trading results for the year are set out in the Group Income Statement on page 65 and the Group's financial position at the end of the year is set out in the Group Statement of Financial Position on page 66. Further details of the performance during the financial year and expected future developments are contained in the Chairman's Statement, Chief Executive's Review and the Finance Director's Review which form part of the Strategic Report.

The Directors have proposed a final dividend of 0.9p per share (2015: 0.7p) payable on 27 January 2017, subject to Shareholders' approval, to Shareholders at the close of business on 30 December 2016.

Business review

A review of the development and performance of the business during the year and the future outlook of the Group is set out in the Chairman's Statement on page 06 and the Chief Executive's Review on page 32. The Group's key performance indicators are monitored closely by the Board and the details of performance against these are on page 28.

Financial risk management objectives and policies

All potential areas of financial risk are regularly monitored and reviewed by the Directors and management. Any preventative or corrective measures are taken as necessary.

The Group uses various financial instruments. These include loans, cash and trade receivables that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail in note 26 to the Group financial statements.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital in relation to overall financing. Further information can be found in note 25 to the Group financial statements.

Directors and their interests

Each of the Directors listed on pages 50 and 51 held office as at 30 June 2016. The Directors of the Company and their respective beneficial interests in the shares of the Company as at 30 June 2016 were as follows:

	As at 30 June 2016			As at 30 June 2015		
	Number of ordinary shares	**Number of Growth Shares**	**Number of share options**	Number of ordinary shares	Number of Growth Shares	Number of share options
S D Wicks	**13,737,332**	**470**	**—**	16,237,332	470	—
N Malde	**11,270,029**	**380**	**1,500,000**	11,270,029	380	1,500,000
P Brett	**3,504,214**	**150**	**1,100,000**	3,504,214	150	1,100,000
T Roydon	**325,000**	**—**	**—**	325,000	—	—
S Bennett	**110,000**	**—**	**—**	110,000	—	—

T Roydon and S Bennett are retiring by rotation in accordance with the Company's Articles of Association and have offered themselves for re-election.

Further information on the 2013 LTIP can be found in the Directors' Remuneration Report on page 56.

Qualifying third party indemnity provision

During the financial year, a qualifying third party indemnity provision for the benefit of all the Directors was in force.

Substantial shareholding

As at 13 October 2016, the Company was aware of the following holdings, in addition to those of the Directors discussed above, of 3% or more of the nominal value of the Company's shares:

Name	**Shareholding**	**%**
M H Dixon	20,000,000	9.86
Henderson Global Investors	10,403,000	5.13
Downing LLP	6,099,432	3.02

Employee Benefit Trust

On 20 December 2015 the Group's Employee Benefit Trust purchased 377,500 shares of 10p each in Inland Homes plc under the terms of the Long Term Incentive Plan. The total consideration paid was £331,000.

Going concern

The Board has reviewed the performance for the current year and forecasts for the future period. It has also considered the risks and uncertainties, including credit risk and liquidity risk. The Directors have considered the present economic climate, the state of the housing market and the current demand for land with planning consent. The Group has continued to see a demand for consented land in the areas in which it operates. The Group has significant forward sales of residential units and is in discussions for the sale of some of the land within its projects and expects to make sufficient disposals in the foreseeable future to ensure it has adequate working capital for its requirements. The Directors are satisfied that the Group will generate sufficient cash to meet its liabilities as and when they fall due for a period of 12 months from signing these financial statements. The Directors therefore consider it appropriate to prepare the financial statements on the going concern basis.

Directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union for the Group and UK Accounting standards for the Parent Company, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Post balance sheet events

On 23 September 2016 Inland ZDP plc, a wholly owned subsidiary of the Group, issued 1,131,000 new zero dividend preference shares of 10 pence each at a price of 139 pence each. They were admitted to trading on the London Stock Exchange plc's main market on 28 September 2016. Net proceeds of this issue were approximately £1.52m.

On 24 August 2016 the Group entered into a new five-year, £27 million facility with Secure Trust Bank plc secured on some of the Group's properties. This repaid a loan of £18.9m from another UK bank.

On 23 August 2016 the Group entered into a new five-year, revolving credit facility of up to £25 million with a fund to be secured on sites without planning permission. Part of this facility has been used to repay individual loans previously provided by this fund.

Annual General Meeting

The Notice covering the AGM together with the proposed resolutions is contained in the document accompanying this report. The AGM will be held on 1 December 2016.

Auditor

A resolution to reappoint BDO LLP as auditor for the ensuing year will be proposed at the AGM in accordance with Section 489 of the Companies Act 2006.

By order of the Board

Nishith Malde
Company Secretary
13 October 2016

Artist's impression of proposed mixed use development at the Wessex Hotel in Bournemouth, Dorset

FINANCIALS

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Independent Auditor's Report to the Members of Inland Homes plc

We have audited the financial statements of Inland Homes plc for the year ended 30 June 2016 which comprise the Group Income Statement, the Group and Company Statement of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 30 June 2016 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company's financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Thomas Edward Goodworth (senior statutory auditor)
For and on behalf of BDO LLP, statutory auditor
London
13 October 2016

Group Income Statement

for the year ended 30 June 2016

Continuing operations	Note	2016 £000	2015 £000
Revenue	4	**101,910**	114,219
Cost of sales	4	**(72,329)**	(79,841)
Gross profit		**29,581**	34,378
Administrative expenses	5	**(6,297)**	(6,021)
Profit on sale of PPE		**9**	—
Provision for doubtful debt	16	**(1,106)**	—
Fair value adjustments on DGVL option	13	**—**	(541)
Revaluation of investment properties	11	**18,015**	14,519
Operating profit		**40,202**	42,335
Finance cost — interest expense	7	**(7,425)**	(8,373)
Finance income — interest receivable and similar income	8	**477**	201
Profit before tax and share of profits from joint ventures and associates		**33,254**	34,163
Share of loss of associates	13	**(138)**	—
Share of loss of joint ventures	13	**(232)**	(135)
Profit before tax		**32,884**	34,028
Income tax	9	**(3,543)**	(5,078)
Total profit and comprehensive income for the year		**29,341**	28,950
Attributable to:			
— Shareholders of the Company		**28,742**	29,680
— Non-controlling interests	20	**599**	(730)
Earnings per share for profit attributable to the equity holders of the Company during the year			
— basic	10	**14.23p**	14.67p*
— diluted	10	**13.47p**	14.20p*

The accompanying accounting policies and notes form part of these financial statements.

* prior year comparatives have been restated. Further details can be found in note 10.

Group and Company Statement of Financial Position

at 30 June 2016

	Note	Group 2016 £000	Group 2015 £000	Company 2016 £000	Company 2015 £000
ASSETS					
Non-current assets					
Investment properties	11	**51,705**	34,000	**—**	—
Property, plant and equipment	12	**480**	332	**5**	7
Investment in subsidiaries	13	**—**	—	**12,472**	12,472
Investment in associates	13	**113**	—	**—**	—
Loans to associates due in more than one year	16	**894**	—	**—**	—
Investment in joint ventures	13	**1,216**	1,488	**—**	—
Loans to joint ventures due in more than one year	16	**—**	3,246	**—**	—
Receivables due in more than one year	16	**55**	55	**—**	—
Deferred tax due in more than one year	14	**338**	548	**539**	406
Total non-current assets		**54,801**	39,669	**13,016**	12,885
Current assets					
Inventories	15	**146,825**	121,031	**—**	—
Trade and other receivables	16	**6,816**	7,998	**40,307**	35,488
Amounts due from associates	16	**3,372**	—	**—**	—
Amounts due from joint ventures	16	**10,103**	—	**—**	—
Listed investments carried at fair value through profit and loss	17	**1**	1	**1**	1
Cash and cash equivalents	18	**16,723**	21,377	**10,826**	21,020
Total current assets		**183,840**	150,407	**51,134**	56,509
Total assets		**238,641**	190,076	**64,150**	69,394
EQUITY					
Capital and reserves attributable to the Company's equity holders					
Share capital	19	**20,281**	20,281	**20,281**	20,281
Share premium account		**34,033**	34,033	**34,033**	34,033
Employee benefit trust		**(713)**	(382)	**(713)**	(382)
Special reserve		**6,059**	6,059	**6,059**	6,059
Retained earnings		**56,372**	28,806	**3,930**	9,027
Total equity attributable to shareholders of the Company		**116,032**	88,797	**63,590**	69,018
Non-controlling interests	20	**—**	272	**—**	—
Total equity		**116,032**	89,069	**63,590**	69,018
LIABILITIES					
Current liabilities					
Bank loans and overdrafts	26	**19,010**	25,192	**—**	—
Other loans	26	**21,135**	18,724	**—**	—
Trade and other payables	21	**18,656**	14,862	**560**	376
Corporation tax	21	**7,618**	6,347	**—**	—
Other financial liabilities	22	**22,369**	10,881	**—**	—
Total current liabilities		**88,788**	76,006	**560**	376
Non-current liabilities					
Zero Dividend Preference shares	22	**14,607**	12,372	**—**	—
Other financial liabilities	22	**—**	12,629	**—**	—
Bank loans due in more than one year	26	**16,535**	—	**—**	—
Payables due in more than one year	21	**2,679**	—	**—**	—
Total non-current liabilities		**33,821**	25,001	**—**	—
Total equity and liabilities		**238,641**	190,076	**64,150**	69,394

The financial statements were approved and authorised for issue by the Board of Directors on 13 October 2016.

Stephen Wicks
Director

Nishith Malde
Director

Company number 5482990

The accompanying accounting policies and notes form part of these financial statements.

Group Statement of Changes In Equity

for the year ended 30 June 2016

	Share capital £000	Share premium £000	Employee Benefit Trust £000	Special reserve £000	Retained earnings £000	Total £000	Non-controlling interests £000	Total equity £000
At 30 June 2014	20,280	34,033	—	6,059	(281)	60,091	1,002	61,093
Share-based payments	—	—	—	—	625	625	—	625
Dividend payment	—	—	—	—	(1,217)	(1,217)	—	(1,217)
Reinstatement of deferred shares	1	—	—	—	(1)	—	—	—
Purchase of own shares for deferred bonus plan	—	—	(382)	—	—	(382)	—	(382)
Transactions with owners	1	—	(382)	—	(593)	(974)	—	(974)
Total comprehensive income for the year	—	—	—	—	29,680	29,680	(730)	28,950
Total changes in equity	1	—	(382)	—	29,087	28,706	(730)	27,976
At 30 June 2015	20,281	34,033	(382)	6,059	28,806	88,797	272	89,069
Share-based payments	—	—	—	—	665	665	—	665
Dividend payment	—	—	—	—	(2,832)	(2,832)	—	(2,832)
Purchase of own shares for deferred bonus plan	—	—	(331)	—	—	(331)	—	(331)
Transactions with owners	—	—	(331)	—	(2,167)	(2,498)	—	(2,498)
Non-controlling interest acquired during the year	—	—	—	—	871	871	(871)	—
Surplus arising on acquisition of non-controlling interests	—	—	—	—	120	120	—	120
Total comprehensive income for the year	—	—	—	—	28,742	28,742	599	29,341
Total changes in equity	—	—	(331)	—	27,566	27,235	(272)	26,963
At 30 June 2016	**20,281**	**34,033**	**(713)**	**6,059**	**56,372**	**116,032**	**—**	**116,032**

During the year the Company paid dividends of 1.4p per share (2015: 0.6p).

Company Statement of Changes in Equity

for the year ended 30 June 2016

	Share capital £000	Share premium £000	Employee Benefit Trust £000	Special reserve £000	Retained earnings £000	Total £000	Non-controlling interests £000	Total equity £000
At 30 June 2014	20,280	34,033	—	6,059	92	60,464	—	60,464
Share-based payments	—	—	—	—	625	625	—	625
Dividend payment	—	—	—	—	(1,217)	(1,217)	—	(1,217)
Reinstatement of deferred shares	1	—	—	—	(1)	—	—	—
Purchase of own shares for deferred bonus plan	—	—	(382)	—	—	(382)	—	(382)
Transactions with owners	1	—	(382)	—	(593)	(974)	—	(974)
Total comprehensive income for the year	—	—	—	—	9,528	9,528	—	9,528
Total changes in equity	1	—	(382)	—	8,935	8,554	—	8,554
At 30 June 2015	20,281	34,033	(382)	6,059	9,027	69,018	—	69,018
Share-based payments	—	—	—	—	665	665	—	665
Dividend payment	—	—	—	—	(2,832)	(2,832)	—	(2,832)
Purchase of own shares for deferred bonus plan	—	—	(331)	—	—	(331)	—	(331)
Transactions with owners	—	—	(331)	—	(2,167)	(2,498)	—	(2,498)
Total comprehensive income for the year	—	—	—	—	(2,930)	(2,930)	—	(2,930)
Total changes in equity	—	—	(331)	—	(5,097)	(5,428)	—	(5,428)
At 30 June 2016	**20,281**	**34,033**	**(713)**	**6,059**	**3,930**	**63,590**	**—**	**63,590**

During the year the Company paid dividends of 1.4p per share (2015: 0.6p).

A resolution was passed at the AGM in November 2011 for the capitalisation of the Parent Company's reserves to allow for the possibility of distributions in the future and this was put in the Special Reserve, which is a distributable reserve. A copy of this resolution is available from Companies House.

The accompanying accounting policies and notes form part of these financial statements.

Group Statement of Cash Flows

for the year ended 30 June 2016

	Note	2016 £000	2015 £000
Cash flow from operating activities			
Profit for the year before tax		**32,884**	34,028
Adjustments for:			
— depreciation	12	**179**	120
— profit on disposal of property, plant and equipment		**(9)**	—
— share-based payments		**665**	625
— fair value adjustment for the value of the DGVL option	13	**—**	541
— revaluation of investment properties		**(18,015)**	(14,519)
— interest expense		**7,425**	8,373
— interest and similar income		**(477)**	(201)
— share of loss of joint ventures		**232**	135
— share of loss of associates		**138**	—
Corporation tax payments		**(2,158)**	(678)
Change in working capital:			
— (increase)/decrease in inventories		**(16,797)**	13,819
— decrease in trade and other receivables		**669**	2,434
— decrease in trade and other payables		**(2,781)**	(7,870)
Net cash inflow from operating activities		**1,955**	36,807
Cash flow from investing activities			
Interest received		**—**	199
Purchases of property, plant and equipment	12	**(329)**	(299)
Purchases of investment property	11	**(1,021)**	(11,481)
Sale of property, plant and equipment		**12**	—
Acquisition of subsidiaries		**(804)**	(250)
Loans provided to joint ventures		**(5,810)**	(3,246)
Investment in joint ventures		**(202)**	(1,622)
Loans provided to associates		**(4,266)**	—
Investment in associates		**(251)**	—
Net cash outflow from investing activities		**(12,671)**	(16,699)
Cash flow from financing activities			
Interest paid		**(5,203)**	(7,172)
Repayment of borrowings		**(28,417)**	(36,568)
New loans		**42,845**	35,544
Equity dividends paid to ordinary shareholders		**(2,832)**	(1,217)
Purchase of own shares for Long Term Incentive Plan		**(331)**	(382)
Net cash inflow/(outflow) from financing activities		**6,062**	(9,795)
Net (decrease)/increase in cash and cash equivalents		**(4,654)**	10,313
Net cash and cash equivalents at beginning of year		**21,377**	11,064
Net cash and cash equivalents at end of year		**16,723**	21,377

The accompanying accounting policies and notes form part of these financial statements.

Notes to the Group Financial Statements

for the year ended 30 June 2016

1. Accounting Policies

The principal accounting policies adopted in the preparation of the Group financial statements are set out below.

Basis of preparation

The Group financial statements have been prepared under the historical cost convention, except for certain financial instruments and investment properties which are measured at fair value, and in accordance with applicable International Financial Reporting Standards (IFRS) as adopted by the EU and as issued by the International Accounting Standards Board. These financial statements have also been prepared in accordance with those parts of the Companies Act 2006 that are relevant to companies that prepare their financial statements in accordance with IFRS.

The accounting policies that have been applied in the opening Statement of Financial Position have also been applied throughout all periods presented in these financial statements. The introduction of FRS 101 for the Parent Company financial statements has not required the restatement of any prior year results. Other than this, the accounting policies have been applied on a consistent basis. These accounting policies comply with each IFRS that is mandatory for accounting periods ended on 30 June 2016.

Disclosure exemptions adopted

In preparing the financial statements of the Parent Company, advantage has been taken of all disclosure exemptions conferred by FRS 101. Therefore, the Parent Company financial statements do not include:

- certain comparative information as otherwise required by EU endorsed IFRS;
- a statement of cash flows;
- the effect of future accounting standards not yet adopted;
- disclosure of related party transactions with other wholly owned members of the group headed by Inland Homes plc.

In addition, and in accordance with FRS 101 further disclosure exemptions have been adopted because equivalent disclosures are included in the consolidated financial statements of Inland Homes plc. The parent financial statements do not include certain disclosures in respect of:

- Financial Instruments (other than certain disclosures required as a result of recording financial instruments at fair value); and
- Fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value).

At the date of approval of these financial statements, certain new standards, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the relevant pronouncements will be adopted in the Group's accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below.

Standards in issue but not yet effective

New standards and interpretations currently in issue but not effective, based on EU mandatory effective dates, for accounting periods commencing on 1 July 2015 are:

- IFRS 15 Revenue from Contracts with Customers (EU effective date 1 January 2018)
- IFRS 9 Financial Instruments (EU effective date 1 January 2018)
- IFRS 16 Leases (EU effective date 1 January 2019)
- Amendments to IFRS 11 Accounting for Acquisition of Interests in Joint Operations (EU effective date 1 January 2016)
- Amendments to IAS 16 & IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation (EU effective date 1 January 2016)
- Amendments to IAS 27 Equity Method in Separate Financial Statements (EU effective date 1 January 2016)
- Annual Improvements to IFRSs (2012-2014 cycle) (EU effective date 1 January 2016)
- Amendments to IAS 1 Disclosure Initiative (EU effective date 1 January 2016)
- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture (postponed indefinitely)

The Group is in the process of assessing the impact of these new standards and interpretations on its financial reporting.

1. Accounting Policies continued

Going concern

The board has reviewed the performance for the current year and forecasts for the future period. It has also considered the risks and uncertainties, including credit risk and liquidity risk. The Directors have considered the present economic climate, the state of the housing market and the current demand for land with planning consent. The Group has continued to see an increase in demand for consented land in the areas in which it operates. The Group has significant forward sales of residential units and is in discussions for the sale of some of the land within its projects and expects to make sufficient disposals in the foreseeable future to ensure it has adequate working capital for its requirements. The Directors are satisfied that the Group will generate sufficient cash to meet its liabilities as and when they fall due for a period of at least 12 months from signing these financial statements. The Directors therefore consider it appropriate to prepare the financial statements on the going concern basis.

Basis of consolidation

The Group's financial statements consolidate the financial statements of the Company and all of its subsidiary undertakings drawn up to 30 June 2016. Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the subsidiary; exposure, or rights to, the variable returns from its involvement with the subsidiary; and the ability to affect those returns through its power over the subsidiary. The Group obtains and exercises control through voting rights, development agreements and option agreements. Further information can be found in note 3.

Unrealised gains on transactions between the Group and its subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Amounts reported in the financial statements of subsidiaries have been adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with by the acquisition method. The method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities and non-controlling interests of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the Group Statement of Financial Position at their fair values, which are also used as the basis for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of the fair value of the consideration transferred over the fair value of the Group's share of the identifiable net assets and non-controlling interests of the acquired subsidiary at the date of acquisition.

At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. Where such acquisitions are not judged to be the acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based upon their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred tax arises.

Joint ventures

Joint ventures are entities in which the Group has shared control with another entity, established by contractual agreement. Jointly controlled entities are accounted for using the equity method from the date that joint control is obtained to the date that the joint control of the entity ceases. All subsequent changes to the share of interest in the equity of the joint venture are recognised in the Group's carrying amount of the investment. Changes resulting from the profit or loss generated by the joint venture are recognised in the Group's carrying amount of the investment. Changes resulting from the profit or loss generated by the joint venture are reported in 'share of profits of joint venture' in the Group Income Statement and therefore affect the net results of the Group. These changes include subsequent depreciation, amortisation or impairment of the fair value adjustments of assets and liabilities. If the share of losses equals its investment, the Group does not recognise further losses, except to the extent that there are amounts receivable that may not be recovered or there are further commitments to provide funding. Both realised and unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's investment in joint ventures. Realised and unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of the joint ventures are consistent with those of the Group.

Notes to the Group Financial Statements

for the year ended 30 June 2016

1. Accounting Policies continued

Associates

Where the Group has significant influence but not control or joint control over the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recorded in the Group Balance Sheet at cost. Changes resulting from the Group's share of post-acquisition profits and losses are recognised in the Group's carrying amount of the investment. Changes resulting from the profit or loss generated by the associate are reported in 'share of profits of associate' in the Group Income Statement and therefore affect the net results of the Group. These changes include subsequent depreciation, amortisation or impairment of the fair value adjustments of assets and liabilities. If the share of losses equals its investment, the Group does not recognise further losses, except to the extent that there are amounts receivable that may not be recovered or there are further commitments to provide funding. The accounting policies of the associate are consistent with those of the Group.

Business combinations

At the time of acquisition, the Group considers whether each acquisition represents the acquisition of a business or the acquisition of an asset. The Group accounts for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. Where such acquisitions are not judged to be the acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based upon their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred tax arises.

Revenue

Revenue is measured by reference to the fair value of consideration received or receivable by the Group for goods supplied, excluding VAT and trade discounts.

Sale of land and residential units

Revenue from the sale of land is recognised on legal completion when all the following conditions have been satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods which is when contracts have been completed, which is when title passes;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the land sold which is when the contract has been completed;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Contract income

The Group acts as a main contractor on certain building projects, primarily on behalf of housing associations where the Group must provide social housing units as part of its S106 obligations under the planning consent. Once the Group considers that the outcome of the contract can be reliably estimated, revenue and profit is recognised on the basis of the proportion of the contract that is completed. The stage of completion is determined by reference to the valuation certificate provided by a third party surveyor engaged to certify the value of works completed at various intervals in respect of the contract sum.

Interest

Interest is recognised using the effective interest method which calculates the amortised cost of a financial asset and allocates the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Rental Income

Rental income derived from operating leases is recognised on a straight line basis over the lease term.

Property, plant and equipment

Property, plant and equipment is stated at cost, net of depreciation and any provision for impairment.

Disposal of assets

The gain or loss arising on the disposal of an asset is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognised in the Group Income Statement.

1. Accounting Policies continued

Depreciation

Depreciation is calculated to write down the cost less estimated residual value of all property, plant and equipment by the straight line method where it reflects the basis of consumption of the asset. The rates generally applicable are:

Fixtures and fittings	— 25%
Office equipment	— 25%
Motor Vehicles	— 25%
Leasehold property	— Over shorter of lease term and useful economic life

Material residual value estimates are reviewed as required, but at least annually.

Investment property

Investment properties are those properties which are not occupied by the Group and which are held for long-term rental yields, capital appreciation or both. Investment property also includes property that will be developed for future use as investment property.

Investment properties are initially measured at cost, including related transaction costs. At each subsequent reporting date they are remeasured to their fair value. Movements in fair value are included in the Group Income Statement.

Subsequent expenditure is capitalised to the asset's carrying value only where it is probable that the future economic benefits associated with the expenditure will flow to the Group.

Any gain or loss resulting from the sale of an investment property is immediately recognised in the Group Income Statement. An investment property shall be derecognised on disposal. When the Directors consider that the status of the property has changed to being a development property it is transferred to inventories. A property is transferred to inventories when it has been decided that the units being constructed will be sold and no future rental income is expected. When a partial disposal or transfer is made, the proportion relating to the disposal or transfer is derecognised.

Where the Group employs professional valuers the valuations provided are subject to a comprehensive review to ensure they are based on accurate and up-to-date tenancy and market information. Discussions are also held with the valuers to test the valuation assumptions applied and comparable evidence utilised to ensure they are appropriate in the circumstances.

Inventories

Inventories consist of land and work in progress and are valued at the lower of cost and net realisable value. Cost includes the purchase of sites, the cost of infrastructure and construction works, and legal and professional fees incurred during development prior to sale. Net realisable value is estimated based upon the future expected selling price, less estimated costs to sell.

Taxation

Current tax is the tax currently payable based on taxable profit for the period calculated using tax rates and laws substantively enacted at the reporting date.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Temporary differences include those associated with shares in subsidiaries and joint ventures unless reversal of these temporary differences can be controlled by the Group and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates and laws that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the year end date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the Group Income Statement except where they relate to items that are recognised in other comprehensive income or directly in equity in which case the related deferred tax is also recognised in other comprehensive income or equity respectively.

Notes to the Group Financial Statements

for the year ended 30 June 2016

1. Accounting Policies continued

Leased assets

Lease payments (excluding costs for services such as insurance and maintenance) applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are recognised as an expense on a straight line basis over the lease term.

Employee benefits

Defined contribution retirement benefit scheme

The pension costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period.

Equity-settled share-based payment

All shared-based payment arrangements are recognised in the Group financial statements. All goods and services received in exchange for the grant of any share-based payment are measured at their fair values using the Black–Scholes options pricing model for share options and the Monte Carlo simulation technique for LTIPs. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of any non-market vesting conditions. The Black–Scholes model is used to value the share options because it relies on fixed inputs and the options do not have non-standard features. The Monte Carlo simulation is more suitable to value LTIPs as they depend on the share price changing over time and therefore have more complex vesting conditions than the share options.

Share options are awarded to all eligible members of staff on a discretionary basis and there are no service or performance conditions attached to them, other than that the member of staff awarded the options are still employed by the Company at the time of the options being exercised. LTIPs are awarded to the three Executive Directors based on share price performance as explained in the Remuneration Report.

All equity-settled share-based payments are ultimately recognised as an expense in the Group Income Statement with a corresponding credit to retained earnings.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options/LTIPs expected to vest. Estimates are subsequently revised if there is any indication that the number of share options/LTIPs expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options/LTIPs ultimately exercised are different to that estimated on vesting.

Upon exercise of share options/LTIPs the proceeds received net of attributed transaction costs are credited to share capital and, where appropriate, share premium.

The Executive Directors receive 50% of bonuses in shares which are purchased by the Employee Benefit Trust and the remaining 50% in cash. The number of shares purchased correspond to the number of shares which would have been able to be purchased at the closing price on 30 June for the relevant year. The shares will be transferred to the Directors three years after the period to which they relate. The amount of the bonus awarded each year is explained in the Remuneration Report.

Employee benefit trust

The Directors consider that the Employee Benefit Trust (EBT) is under the de facto control of the Company as the trustees look to the Directors to determine how to dispense the assets. Therefore the assets and liabilities of the EBT have been consolidated into the Group accounts. The EBT's investment in the Company's shares is eliminated on consolidation and shown as a deduction against equity. Any assets in the EBT will cease to be recognised in the Group Statement of Financial Position when those assets vest unconditionally in identified beneficiaries.

Financial assets

Financial assets are divided into the following categories: loans and receivables and financial assets at fair value through profit or loss. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired.

All financial assets are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets other than those categorised as at fair value through profit or loss are initially recognised at fair value plus transaction costs. Financial assets categorised at fair value through profit or loss are recognised initially at fair value with transaction costs expensed through the Group Income Statement.

1. Accounting Policies continued

Financial assets at fair value through profit or loss include financial assets that are designated by the entity as at fair value through profit or loss upon initial recognition. Subsequent to initial recognition, the financial assets included in this category are measured at fair value with changes in fair value recognised in the Group Income Statement. Financial assets originally designated as financial assets at fair value through profit or loss may not be reclassified subsequently.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade receivables and loans to associates and joint ventures are classified as loans and receivables. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the Group Income Statement.

Provision against trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

Interest and other income resulting from holding financial assets are recognised in the Group Income Statement.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire, or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Group retains the contractual rights to receive the cash flow of the asset, but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Group transfers substantially all the risks and rewards of ownership of the asset, or if the Group neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

Borrowing costs

The Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset where developments are considered to fall under the requirements of IAS 23 Borrowing Costs (Revised). Qualifying assets are those which are being constructed over a significant period of time. The Directors consider a significant period of time to be over 12 months. Otherwise the Group expenses borrowing costs in the period to which they relate through the income statement using the effective interest method which calculates the amortised cost of a financial asset and allocates the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Financial liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instrument.

All financial liabilities are recorded at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the Group Income Statement. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are charged to the Group Income Statement on an accruals basis using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value .

Dividends

Dividend distributions payable to equity shareholders are included in other short term financial liabilities when the dividends are approved in a general meeting prior to the year end date. Interim dividends are recognised when paid.

Notes to the Group Financial Statements

for the year ended 30 June 2016

1. Accounting Policies continued

Equity

An equity instrument is a contract which evidences a residual interest in the assets after deducting all liabilities. Equity comprises the following:

- 'Share capital' represents the nominal value of equity shares;
- 'Share premium' represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue;
- 'Employee benefit trust' represents the purchase of the Company's own shares and are deducted from total equity until they are issued to employees under the Long Term Incentive Plan;
- 'Special reserve' represents the distributable surplus created by the transfer of an amount from the share premium to rectify the deficit which existed on the retained earnings reserve; and
- 'Retained earnings reserve' represents retained profits

2. Segment Information

In accordance with IFRS 8, information is disclosed to enable users of financial statements to evaluate the nature and financial effects of the business activities in which the Group engages.

In identifying its operating segments, management differentiates between land sales, housebuilding, contract income, rental income, hotel income and other income. These segments are based on the information reported to the chief operating decision maker and represent the activities which generate significant revenues, profits and use of resources within the Group. An analysis of the Group's results by segment is disclosed in note 4.

3. Critical Accounting Estimates and Judgements

Estimates and judgements are continually evaluated and are based on historic experience and other factors , including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, rarely equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(a) Valuation of inventories

In applying the Group's accounting policy for the valuation of inventories the Directors are required to assess the expected selling price and costs to sell each of the plots or units that constitute the Group's land bank and work in progress. Cost includes the cost of acquisition of sites, the cost of infrastructure and construction works, and legal and professional fees incurred during development prior to sale. Estimation of the selling price is subject to significant inherent uncertainties, in particular the prediction of future trends in the market value of land.

Whilst the Directors exercise due care and attention to make reasonable estimates, taking into account all available information in estimating the future selling price, the estimates will, in all likelihood, differ from the actual selling prices achieved in future periods and these differences may, in certain circumstances, be very significant. The critical judgement in respect of receipt of planning consent (see below) further increases the level of estimation uncertainty in this area.

(b) Income taxes

The Group recognises tax/deferred tax assets and liabilities for anticipated tax based on estimates of when the tax/deferred tax will be paid or recovered. When the final outcome of these matters is different from the amounts initially recorded, such differences impact the period in which the determination is made. Critical accounting estimates relate to the profit forecasts used to determine the extent to which deferred tax assets are recognised from available losses and the period over which they are estimated.

(c) Fair value of derivatives and other financial instruments

The fair value of instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing.

3. Critical Accounting Estimates and Judgements continued

(d) Fair value of investment properties

The fair value of materially completed investment property is determined by independent valuation experts using the open market value of existing use method, subject to current leases and restrictions, as this has been assessed currently as the best use of these assets. Investment properties awaiting construction are valued by the Directors using an appraisal system; critical accounting estimates relate to the forecasts prepared in order to assess the carrying value.

(e) Fair value of assets and liabilities acquired with business combinations

The fair value of assets and liabilities is determined by the Directors at the date of acquisition using the residual valuation model for property assets,the recoverable amount for debtors and the discounted cash flow method for deferred consideration of inventories in accordance with IAS 39. Critical accounting estimates relate to the experience of the Directors in reaching their valuations and the cost of debt capital used as an appropriate discount rate.

(f) Discounting on deferred consideration of inventories and acquisition of shares

The Group discounts deferred consideration using the discounted cash flow method; the Group considers that the cost of debt capital is the most appropriate discount rate and this is a significant estimate.

Critical judgements in applying the entity's accounting policies

Inventories

The Group values inventories at the lower of cost and net realisable value. The net realisable value is based on the judgement of the probability that planning consent will be granted for each site. The Group believes that, based on the Directors' experience, planning consent will be given. If planning consent was not achieved then a provision may be required against inventories.

Consolidation of Drayton Garden Village Limited (DGVL)

In December 2008 the Group entered into an Option and Development Services Agreement (the Agreement) with DGVL. This company was consolidated in prior years as the Directors had considered the requirements of IFRS 10 and believed the Group had control over DGVL from the date it entered into this agreement even though it did not own the share capital. During the year ended 30 June 2016, the Group acquired the share capital of DGVL. Further information can be found in note 13.

Consolidation of Bucks Developments Ltd (BDL) and Wilton Park Developments Ltd (WPDL)

In December 2014, the Group entered into an Option with WPDL. These companies were consolidated in the prior year as the Directors had considered the requirements of IFRS 10 and believed the Group had control over BDL & WPDL from the date it entered into this agreement even though it did not own the share capital. During the year ended 30 June 2016, the Group acquired the share capital of BDL. BDL wholly owns the share capital of WPDL. Further information can be found in note 13.

Investment in joint ventures

The Group's joint venture investments in Aston Clinton S.A.R.L and Project Helix Holdco Limited (Project Helix) are not in equal share (the Group owns 10% of the share capital of Aston Clinton S.A.R.L. and 20% of the share capital of Project Helix) however the Group has joint control over the activities of the companies with the other parties due to its entitlement to veto any decisions. In addition the Group and the other parties to the agreements only have rights to the net assets of these companies through the terms of the contractual arrangements. Within Aston Clinton S.A.R.L the Group is entitled to 50% of the net assets and within Project Helix there is a ratchet mechanism which depends on the amount of profit each development contributes to the joint venture. Therefore these entities are classified as joint ventures and are accounted for using the equity method.

The Group's joint venture investments in Bucknalls Developments Limited (Bucknalls) and Inland (Stonegate) Limited are 50/50 joint ventures and the Group has joint control over the activities of the companies with the other parties and has an entitlement to veto any decisions. The Group and the other parties to the agreements only have rights to the net assets of these companies through the terms of the contractual arrangements. Within both joint ventures the Group is entitled to 50% of the net assets. Therefore these entities are classified as joint ventures and are accounted for using the equity method.

Investment in associates

The Group has a 25% investment in Troy Homes Limited. It has significant influence over that entity but does not have joint control. Therefore the investment is classified as an associate and is accounted for using the equity method.

Notes to the Group Financial Statements

for the year ended 30 June 2016

4. Group Income and Segmental Analysis

The Group generates income by way of land sales. It also generates income from housebuilding, contracting, rental income, hotel income, investments and investment properties. These operating segments are monitored and strategic decisions are made on the basis of segment operating results. The segmental analysis of operations is as follows:

Segmental analysis by activity

2015	Land sales £000	House building £000	Contract income £000	Rental income £000	Hotel income £000	Investments £000	Investment properties £000	Other £000	Total £000
Revenue	39,560	66,119	7,592	787	—	—	—	161	114,219
Cost of sales	(22,553)	(52,317)	(4,943)	(28)	—	—	—	—	(79,841)
Gross profit	17,007	13,802	2,649	759	—	—	—	161	34,378
Administrative expenses	—	—	—	—	—	—	—	(6,021)	(6,021)
Loss on investments	—	—	—	—	—	(541)	—	—	(541)
Revaluation of investment properties	—	—	—	—	—	—	14,519	—	14,519
Operating profit/(loss)	17,007	13,802	2,649	759	—	(541)	14,519	(5,860)	42,335
Finance (cost)/income	(4,816)	(2,567)	—	—	—	(990)	—	201	(8,172)
Profit/(loss) before tax and share of profits from joint ventures and associates	12,191	11,235	2,649	759	—	(1,531)	14,519	(5,659)	34,163
Share of loss of joint ventures	—	—	—	—	—	(135)	—	—	(135)
Profit/(loss) before tax	12,191	11,235	2,649	759	—	(1,666)	14,519	(5,659)	34,028
Income tax	(2,530)	(2,331)	(550)	(157)	—	233	—	257	(5,078)
Total profit/(loss) for the year	9,661	8,904	2,099	602	—	(1,433)	14,519	(5,402)	28,950

2016	**Land sales £000**	**House building £000**	**Contract income £000**	**Rental income £000**	**Hotel income £000**	**Investments £000**	**Investment properties £000**	**Other £000**	**Total £000**
Revenue	43,311	51,458	2,936	2,089	1,704	—	—	412	**101,910**
Cost of sales	(26,229)	(40,203)	(3,665)	(408)	(1,696)	—	—	(128)	**(72,329)**
Gross profit/(loss)	17,082	11,255	(729)	1,681	8	—	—	284	**29,581**
Administrative expenses	—	—	—	—	—	—	—	(6,297)	**(6,297)**
Profit on sale of fixed assets	—	—	—	—	—	—	—	9	**9**
Provision for doubtful debt	—	—	—	—	—	—	—	(1,106)	**(1,106)**
Revaluation of investment properties	—	—	—	—	—	—	18,015	—	**18,015**
Operating profit/(loss)	17,082	11,255	(729)	1,681	8	—	18,015	(7,110)	**40,202**
Finance (cost)/income	(4,256)	(1,246)	—	—	—	392	(997)	(841)	**(6,948)**
Profit/(loss) before tax and share of profits from joint ventures and associates	12,826	10,009	(729)	1,681	8	392	17,018	(7,951)	**33,254**
Share of loss of associates	—	—	—	—	—	(138)	—	—	**(138)**
Share of loss of joint ventures	—	—	—	—	—	(232)	—	—	**(232)**
Profit/(loss) before tax	12,826	10,009	(729)	1,681	8	22	17,018	(7,951)	**32,884**
Income tax	(2,565)	(2,002)	146	(336)	(2)	(4)	(787)	2,007	**(3,543)**
Total profit/(loss) for the year	10,261	8,007	(583)	1,345	6	18	16,231	(5,944)	**29,341**

Included within the 'Land sales' segment is land sales to housing associations which include construction works to 'Golden Brick'. The construction works to completion are included in the 'Contracting income' segment.

Included with the 'House building' segment are the sales of freehold reversions and customer's extras that arise as a by-product of house building activity.

Items included within 'Other' above do not produce significant income streams and are therefore not monitored separately by the Board, but as a group.

4. Income and Segmental Analysis continued

Transactions with customers making up 10% or more of revenue	2016 £000	2015 £000
Land sales customer 1	**15,077**	19,000
Land sales customer 2	**—**	12,000
Housebuilding bulk sale customer 3	**—**	11,420
Contracting customer 4	**14,000**	—
	29,077	42,420

All assets and revenue arose solely in the United Kingdom.

2015	Land £000	House building £000	Contracting £000	Hotel £000	Investments £000	Investment property £000	Other £000	Total £000
ASSETS								
Non-current assets								
Investment properties	—	—	—	—	—	34,000	—	34,000
Property, plant and equipment	—	—	—	—	—	—	332	332
Investment in joint ventures	—	—	—	—	1,488	—	—	1,488
Loans to joint ventures due in more than one year	—	—	—	—	3,246	—	—	3,246
Receivables due in more than one year	—	55	—	—	—	—	—	55
Deferred tax due in more than one year	58	57	—	—	28	—	405	548
Total non-current assets	58	112	—	—	4,762	34,000	737	39,669
Current assets								
Inventories	90,530	29,709	792	—	—	—	—	121,031
Trade and other receivables	2,845	430	—	—	2,110	158	2,455	7,998
Listed investments carried at fair value through profit and loss	—	—	—	—	1	—	—	1
Cash and cash equivalents	—	—	—	—	—	—	21,377	21,377
Total current assets	93,375	30,139	792	—	2,111	158	23,832	150,407
Total assets	93,433	30,251	792	—	6,873	34,158	24,569	190,076
EQUITY								
Capital and reserves attributable to the Company's equity holders								
Share capital	—	—	—	—	—	—	20,281	20,281
Share premium account	—	—	—	—	—	—	34,033	34,033
Employee benefit trust	—	—	—	—	—	—	(382)	(382)
Special reserve	—	—	—	—	—	—	6,059	6,059
Retained earnings	—	—	—	—	—	—	28,806	28,806
Total equity attributable to shareholders of the Company	—	—	—	—	—	—	88,797	88,797
Non-controlling interests	—	—	—	—	—	—	272	272
Total equity	—	—	—	—	—	—	89,069	89,069
LIABILITIES								
Current liabilities								
Bank loans and overdrafts	5,000	4,692	—	—	—	15,500	—	25,192
Other loans	14,010	4,714	—	—	—	—	—	18,724
Trade and other payables	6,998	3,299	1,506	—	330	—	2,729	14,862
Corporation tax	—	—	—	—	—	—	6,347	6,347
Other financial liabilities	10,881	—	—	—	—	—	—	10,881
Total current liabilities	36,889	12,705	1,506	—	330	15,500	9,076	76,006
Non-current liabilities								
Zero Dividend Preference shares	—	—	—	—	—	—	12,372	12,372
Other financial liabilities	12,629	—	—	—	—	—	—	12,629
Total non-current liabilities	12,629	—	—	—	—	—	12,372	25,001
Total equity and liabilities	49,518	12,705	1,506	—	330	15,500	110,517	190,076

Notes to the Group Financial Statements

for the year ended 30 June 2016

4. Income and Segmental Analysis continued

2016	Land £000	House building £000	Contracting £000	Hotel £000	Investments £000	Investment property £000	Other £000	Total £000
ASSETS								
Non-current assets								
Investment properties	—	—	—	—	—	51,705	—	**51,705**
Property, plant and equipment	—	—	—	—	—	—	480	**480**
Investment in associates	—	—	—	—	113	—	—	**113**
Loans to associates due in more than one year	—	—	—	—	894	—	—	**894**
Investment in joint ventures	—	—	—	—	1,216	—	—	**1,216**
Loans to joint ventures due in more than one year	—	—	—	—	—	—	—	**—**
Receivables due in more than one year	—	55	—	—	—	—	—	**55**
Deferred tax due in more than one year	463	21	—	—	102	(787)	539	**338**
Total non-current assets	463	76	—	—	2,325	50,918	1,019	**54,801**
Current assets								
Inventories	99,073	47,661	75	16	—	—	—	**146,825**
Trade and other receivables	3,420	162	440	172	402	3	2,217	**6,816**
Amounts due from associates	—	—	—	—	3,372	—	—	**3,372**
Amounts due from joint ventures	—	—	—	—	10,103	—	—	**10,103**
Listed investments carried at fair value through profit and loss	—	—	—	—	1	—	—	**1**
Cash and cash equivalents	—	—	—	—	—	—	16,723	**16,723**
Total current assets	102,493	47,823	515	188	13,878	3	18,940	**183,840**
Total assets	102,956	47,899	515	188	16,203	50,921	19,959	**238,641**
EQUITY								
Capital and reserves attributable to the Company's equity holders								
Share capital	—	—	—	—	—	—	20,281	**20,281**
Share premium account	—	—	—	—	—	—	34,033	**34,033**
Employee benefit trust	—	—	—	—	—	—	(713)	**(713)**
Special reserve	—	—	—	—	—	—	6,059	**6,059**
Retained earnings	—	—	—	—	—	—	56,372	**56,372**
Total equity attributable to shareholders of the Company	—	—	—	—	—	—	116,032	**116,032**
LIABILITIES								
Current liabilities								
Bank loans and overdrafts	105	—	—	—	—	18,905	—	**19,010**
Other loans	21,135	—	—	—	—	—	—	**21,135**
Trade and other payables	11,824	3,412	—	508	215	446	2,251	**18,656**
Corporation tax	—	—	—	—	—	—	7,618	**7,618**
Other financial liabilities	22,369	—	—	—	—	—	—	**22,369**
Total current liabilities	55,433	3,412	—	508	215	19,351	9,869	**88,788**
Non-current liabilities								
Zero Dividend Preference shares	—	—	—	—	—	—	14,607	**14,607**
Bank loans due in more than one year	859	15,676	—	—	—	—	—	**16,535**
Payables due in more than one year	2,679	—	—	—	—	—	—	**2,679**
Total non-current liabilities	3,538	15,676	—	—	—	—	14,607	**33,821**
Total equity and liabilities	58,971	19,088	—	508	215	19,351	140,508	**238,641**

Included within land inventories above is £5.5 million relating to the hotel.

5. Expenses by Nature

	2016 £000	2015 £000
Depreciation	179	120
Operating lease rentals	134	134
Employee costs	4,027	4,146
Share based payment expense	665	625
Fees paid to BDO LLP in respect of:		
— audit of the company	6	6
Other services:		
— audit of subsidiaries and associates	71	84
— audit related assurance services	15	26
— taxation compliance services	25	25

The prior year audit fees were payable to the previous auditors, Grant Thornton.

6. Employee Benefit Expenses

The employee benefit expense (including Directors) during the year was as follows:

	2016 £000	2015 £000
Wages and salaries	3,760	3,680
Social security costs	531	416
Pension costs — defined contribution plans	57	50
	4,348	4,146
Amount capitalised to inventories	(321)	—
	4,027	4,146

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

	2016 No.	2015 No.
Management	7	4
Administration	26	25
	33	29

Please see the Directors' Remuneration Report on pages 56-59 for details of the employees benefits expense of the Directors.

Short and long term employee benefits and share-based payments in respect of key personnel (excluding Directors) were as follows:

	2016 £000	2015 £000
Wages and salaries	441	166
Bonuses	318	40
Social security costs	101	27
Pension	17	8
Share-based payment	13	6
	890	247

Other long term benefits in respect of key personnel and the Directors were as follows:

	As at 30 June 2016		As at 30 June 2015	
	Number of Growth Shares	Number of share options	Number of Growth Shares	Number of share options
Key personnel and Directors	1,000	3,195,000	1,000	2,900,000

A long term incentive plan is in place for the benefit of the Executive Directors. Further details can be found in the Directors' Remuneration Report on pages 56-59.

Notes to the Group Financial Statements

for the year ended 30 June 2016

7. Finance Cost

	2016 £000	2015 £000
Interest expense:		
— bank borrowings	**1,038**	2,023
— other loan interest	**4,129**	2,813
— notional interest on deferred consideration	**1,488**	1,215
— amortisation of loan arrangement fees and other finance related costs	**770**	2,322
	7,425	8,373

8. Finance Income

	2016 £000	2015 £000
Other interest receivable	**280**	198
Interest from loans to joint ventures and associates	**197**	—
Bank interest receivable	**—**	3
	477	201

9. Income Tax

	2016 £000	2015 £000
Current tax charge	**3,333**	4,150
Deferred tax charge	**210**	928
	3,543	5,078

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the tax rate applicable to profit on the Group companies as follows:

	2016 £000	2015 £000
Profit before tax	**32,884**	34,028
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.00% (2015: 20.75%)	**6,577**	7,061
Expenses not deductible for tax purposes	**14**	70
ZDP interest not deductible for tax purposes	**177**	129
Adjustments to tax charge in respect of previous periods	**167**	—
Timing differences	**(576)**	166
Joint venture and associate tax losses not recognised	**—**	(28)
Prior year capital losses now recognised	**(2,816)**	(2,320)
Tax charge	**3,543**	5,078

10. Earnings and Net Asset Value Per Share

Basic and diluted EPS

Basic and diluted earnings per share is calculated by dividing the earnings attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

	2016	2015
Profit attributable to equity holders of the Company (£000)	**28,742**	29,680
Net assets attributable to equity holders of the Company (£000)	**116,032**	88,797
Weighted average number of ordinary shares in issue (000)	**201,957**	202,368
Dilutive effect of share options (000)	**2,413**	1,985
Dilutive effect of shares held in EBT (000)	**1,027**	643
Dilutive effect of growth shares (000)	**8,000**	4,000
Weighted average number of ordinary shares used in determining diluted EPS (000)	**213,397**	208,996
Basic earnings per share in pence	**14.23p**	14.67p
Diluted earnings per share in pence	**13.47p**	14.20p
Shares in issue (000)	**201,779**	202,156
Net asset value per share in pence	**57.50p**	43.92p
Diluted net asset value per share in pence	**54.42p**	42.53p

The Group's Employee Benefit Trust purchased 643,216 shares on 29 October 2014 and a further 383,850 shares on 20 December 2015 in Inland Homes plc under the terms of the Long Term Incentive Plan. These have been deducted from the weighted average number of ordinary shares in issue and also from the shares in issue at the year end.

The diluted EPS and net asset value per share for the prior year has been restated due to a change in the assumptions with regards to the contingently issuable shares. This has resulted in an increase of 0.44p per share for the diluted EPS and 1.35p per share for the diluted net asset value.

11. Investment Properties

	Commercial properties Level 3 £000	Residential properties Level 3 £000	Development land Level 3 £000	Total £000
Fair value	£000			
At 30 June 2014	—	—	11,800	11,800
Additions	—	11,481	—	11,481
Fair value adjustment	—	14,519	—	14,519
Transfer to inventories	—	—	(3,800)	(3,800)
At 30 June 2015	—	26,000	8,000	34,000
Additions	854	167	—	1,021
Fair value adjustment	111	17,904	—	18,015
Transfer from/(to) inventories	—	1,319	(2,650)	(1,331)
At 30 June 2016	**965**	**45,390**	**5,350**	**51,705**
At 30 June 2015	—	26,000	8,000	34,000
At 30 June 2014	—	—	11,800	11,800

The different valuation method levels are defined below.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

These levels are specified in accordance with IFRS 13 Fair Value Measurement. Our property valuation approach and process is set out within the 'Valuation and sensitivity' section of this note below. Property valuations are inherently subjective as they are made on the basis of assumptions made by the valuer which may not prove to be accurate. For these reasons we have classified the investment property valuations as Level 3 as defined by IFRS 13.

Notes to the Group Financial Statements

for the year ended 30 June 2016

11. Investment Properties continued

The Group's policy is to recognise transfers between fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There have been no transfers during the period.

At 30 June 2016, the Group's investment properties were valued at £51.7m (2015: £34.0m) and the historical costs were £13.0m (2015: £12.3m).

During the year a decision was made to build 68 homes at Poole for sale to the public. Therefore, a transfer at a fair value of £2.65m was made to inventories to reflect this decision.

Both the Poole and Wilton Park investment properties are pledged as security on borrowings.

Income and expense

During the year ended 30 June 2016 £642,000 (2015: £nil) rental and ancillary income from investment properties was recognised in the Group Income Statement. Direct operating expenses, including repairs and maintenance, arising from investment property that generated rental income amounted to £203,000 (2015: nil). The Group did not incur any direct operating expenses arising from investment properties that did not generate rental income (2015: £nil).

Restrictions and obligations

At 30 June 2016 there were no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal (2015: £nil).

There are no obligations to construct or develop the Group's residential or development land investment property. The Group has an obligation to complete the construction of its commercial investment property that had commenced at the balance sheet date. At 30 June 2016 contractual obligations to develop investment property amounted to £234,000 (2015: £nil).

Valuation and sensitivity

The Group's residential investment properties were valued by an independent external valuer, Savills, on the basis of 'open market value'. The valuer used the comparable method of valuation involving analysing data obtained from local selling prices for the entire portfolio, by property type. The valuation report included the following statement from the valuer highlighting the potential future impact on property values of the result of the EU referendum: "The outcome of the Referendum on 23 June 2016 is now known - the United Kingdom will leave the European Union on terms and at a date which, as yet, are unknown. The uncertainty around the outcome and the resulting decision to leave the Economic Union had led to general political and financial uncertainty, the effect of which on the UK property market is as yet unclear. In view of this, we have less confidence than usual in the probability of our valuation coinciding exactly with the price achieved were there a sale and recommend that our valuation is kept under constant review. We also recommend that specific marketing advice is obtained should you wish to effect a disposal."

If house prices fell by 5% this would result in a reduction in fair value of £2.3m.

The Group's development property is carried at fair value which has been established by the Directors using an internal appraisal model based on the 'residual method'. The inputs for this model are the market value of units to be constructed in accordance with the planning permission, the costs of any housebuilding, infrastructure, local authority fees and professional fees. The market value of the units has been assumed to be at a similar level to the prices obtained by the Group on earlier phases of the same development for similar property types. Housebuilding and infrastructure costs have been forecast using costs incurred by the Group on this or other similar developments with an allowance for cost increases. Local authority fees were agreed at the time of the signing of the planning permission and are therefore known costs. Professional fees are input using costs incurred on similar projects and finance holding costs are the Group's cost of debt capital. Using a profit margin of 20% this generated a land value for the remaining site of £5.35m. The Directors are of the opinion that developing the site reflects the highest and best use of this asset.

As a residual valuation model is used, if house prices were to fall by 5% this would result in a reduction in fair value of £1.3m in order to maintain a profit margin of 20% on the development. If costs should increase by 5% this would result in a reduction in fair value of £1.1m in order to maintain the required 20% profit margin.

The Group's commercial property at Leighton Buzzard is carried at fair value which has been established by the Directors using a rental yield of 6%. The annual rent used in this calculation is the subject of a lease with the Co-op. Costs to complete have been deducted from the fair value along with a suitable developer's margin.

If rental values dropped by 5% the value of this property would decrease by £58,000.

12. Property, Plant and Equipment

Group

	Leasehold property £000	Motor vehicles £000	Office equipment £000	Fixtures and fittings £000	Total £000
Cost					
At 30 June 2014	5	115	183	94	397
Additions	8	—	126	165	299
At 30 June 2015	13	115	309	259	696
Additions	—	217	89	23	329
Disposals	—	(25)	—	—	(25)
At 30 June 2016	**13**	**307**	**398**	**282**	**1,000**
Depreciation					
At 30 June 2014	5	45	109	85	244
Depreciation charge	2	29	54	35	120
At 30 June 2015	7	74	163	120	364
Depreciation charge	2	65	64	48	179
Disposals	—	(23)	—	—	(23)
At 30 June 2016	**9**	**116**	**227**	**168**	**520**
Net book value					
At 30 June 2016	**4**	**191**	**171**	**114**	**480**
At 30 June 2015	6	41	146	139	332
At 30 June 2014	—	70	74	9	153

No property, plant or equipment are pledged as security.

Company

	Leasehold property £000
Cost	
At 30 June 2014	—
Additions	8
At 30 June 2015	8
Additions	—
Disposals	—
At 30 June 2016	**8**
Depreciation	
At 30 June 2014	—
Depreciation charge	1
At 30 June 2015	1
Depreciation charge	2
Disposals	—
At 30 June 2016	**3**
Net book value	
At 30 June 2016	**5**
At 30 June 2015	7
At 30 June 2014	—

No property, plant or equipment are pledged as security.

Notes to the Group Financial Statements

for the year ended 30 June 2016

13. Investments

Group

	Option £000	Investment in associates £000	Investment in joint ventures £000	Total £000
Cost or fair value				
At 30 June 2014	541	—	—	541
Additions	—	—	1,623	1,623
Share of loss after tax	—	—	(135)	(135)
Fair value adjustment	(541)	—	—	(541)
Movement during the year to 30 June 2015	(541)	—	1,488	947
At 30 June 2015	—	—	1,488	1,488
Additions	—	251	202	453
Transfer to loans to joint ventures	—	—	(242)	(242)
Share of loss after tax	—	(138)	(232)	(370)
Movement during the year to 30 June 2016	—	113	(272)	(159)
Net book value				
At 30 June 2016	**—**	**113**	**1,216**	**1,329**
At 30 June 2015	—	—	1,488	1,488

Company

	Investment in Group undertakings £000	Total £000
Cost or fair value		
At 30 June 2014	12,472	12,472
At 30 June 2015	12,472	12,472
Net book value		
At 30 June 2016	**12,472**	**12,472**
At 30 June 2015	12,472	12,472

On 18 December 2008, Inland entered into an Option and Development Services Agreement with DGVL which granted Inland Limited an option for a consideration of £250,000 to purchase the share capital of DGVL at an exercise price of £1. The initial period of the option was for one year from the date of the agreement and this could be extended on up to four occasions to a maximum period of ten years by making further payments. During the years ended 30 June 2010, 2011, 2012, 2013 and 2014, the option period was extended to expire on 15 January 2019 for a total consideration of £1,200,000. In accordance with the Group's accounting policy for financial assets, the option was measured at fair value at 30 June 2015, which resulted in a fair value loss of £541,000. During the year ended 30 June 2016 the Group exercised the option. After the accumulated NCI (non-controlling interests) was eliminated the Group recognised a surplus in the Statement of Changes in Equity of £120,000 on exercising the option.

13. Investments continued

At 30 June 2016, the Company, directly or indirectly, held equity of the following:

Company name	Country of registration	Principal activity	Holding and voting rights	Class of shares
Subsidiary undertakings				
Inland Homes 2013 Limited	England & Wales	Holding company	100%	Ordinary
Inland Limited	England & Wales	Real estate development	100%	Ordinary
Poole Investments Limited	England & Wales	Real estate investment	100%	Ordinary
Inland Housing Limited	England & Wales	Real estate development	100%	Ordinary
Inland Finance Limited	England & Wales	Real estate development	100%	Ordinary
Inland (Southern) Limited	England & Wales	Real estate development	100%	Ordinary
Inland Homes (Essex) Limited	England & Wales	Real estate development	100%	Ordinary
Inland Homes Developments Limited	England & Wales	Real estate development	100%	Ordinary
Inland New Homes Limited	England & Wales	Real estate development	100%	Ordinary
Exeter Road (Bournemouth) Limited	England & Wales	Real estate development	100%	Ordinary
Inland ZDP plc	England & Wales	Provision of finance	100%	Ordinary
Inland Helix Limited	England & Wales	Real estate development	100%	Ordinary
Inland Property Limited	England & Wales	Real estate investment	100%	Ordinary
Inland Commercial Limited	England & Wales	Real estate investment	100%	Ordinary
Drayton Developments Limited	England & Wales	Real estate development	100%	Ordinary
Leighton Developments Limited	England & Wales	Real estate development	100%	Ordinary
Chapel Riverside Developments Limited	England & Wales	Real estate development	100%	Ordinary
Bucks Developments Limited	England & Wales	Real estate development	100%	Ordinary
Wilton Park Developments Limited	England & Wales	Real estate development	100%	Ordinary
Drayton Garden Village Limited	England & Wales	Real estate development	100%	Ordinary
Basildon United Football, Sports & Leisure Limited	England & Wales	Sports club	100%	Ordinary
Interests in joint ventures				
10 Ant South Limited	England & Wales	Real estate investment	50%	Ordinary
Aston Clinton S.A.R.L.	Luxembourg	Real estate development	10%	Ordinary
Bucknalls Developments Limited	England & Wales	Real estate development	50%	Ordinary
Inland (Stonegate) Limited	England & Wales	Real estate development	50%	Ordinary
Project Helix Holdco Limited	England & Wales	Holding company	20%	Ordinary
Interests in associates				
Troy Homes Limited	England & Wales	Real estate development	25%	Ordinary

The joint ventures and associates listed above are accounted for using the equity method. Further details can be found in Critical Judgements in note 3 and below.

There are no restrictions on the ability of the Parent Company or its subsidiaries to transfer cash or other assets to or from other entities in the Group.

Notes to the Group Financial Statements

for the year ended 30 June 2016

13. Investments continued

Interests in subsidiary undertakings with significant non-controlling interests (NCI)

Drayton Garden Village Ltd

The Group has consolidated DGVL, a property development company based in the UK. In prior years the Group neither directly nor indirectly owned any of the equity of that entity or had any voting rights. Further details of the relationship with DGVL can be found in note 3. All the risks associated with DGVL were non-recourse to the Group. During the year ended 30 June 2016, the Group acquired the share capital of DGVL for a consideration of £804,000 and, after the elimination of NCI, this resulted in a gain of £120,000 recognised in the Statement of Changes in Equity. Set out below is the summarised financial information for DGVL, as this subsidiary had non-controlling interests that were material to the Group in the prior year. Amounts disclosed are before intercompany eliminations and therefore contain adjustments to recognise the Group's profit share, lowering the profits within the individual company to that of the non-controlling interest's share only:

DGVL — Summarised statement of financial position

	2016 £000	2015 £000
Current assets	4,458	21,463
Current liabilities	(1,239)	(11,884)
Current net assets	3,219	9,579
Non-current assets	—	—
Non-current liabilities	—	(1,973)
Non-current net liabilities	—	(1,973)
Net assets	3,219	7,606
Accumulated NCI	—	1,196

DGVL — Summarised statement of total comprehensive income

	2016 £000	2015 £000
Revenue	13,665	27,148
Profit for the period	4,389	2,303
Total comprehensive income	4,389	2,303
Profit allocated to NCI	175	194
Dividends paid to NCI	—	—

DVGL — Summarised cash flow statement

	2016 £000	2015 £000
Cash flows from operating activities	5,073	8,786
Cash flows from financing activities	(5,054)	(8,685)
Net increase in cash and cash equivalents	19	101

13. Investments continued

Bucks Developments Group

The Group has consolidated Bucks Developments Ltd (BDL) and its wholly owned subsidiary Wilton Park Developments Limited (WPDL), a real estate investment group based in the UK. In prior years the Group neither directly nor indirectly owned any of the equity of that group or had any voting rights. The Group had an option to purchase the site owned by WPDL and the rights to all profits and cash flows generated by sales to the Group resided with the shareholder of that company. All the risks associated with BDL and WPDL were non-recourse to the Group. During the year ended 30 June 2016 the Group acquired the share capital of BDL. Set out below is the summarised financial information for BDL and WPDL, as these subsidiaries had non-controlling interests that were material to the Group. Amounts disclosed are before intercompany eliminations:

Bucks Developments Group — Summarised statement of financial position

	2016 £000	2015 £000
Current assets	**19,711**	21,958
Current liabilities	**(18,150)**	(4,853)
Current net assets	**1,561**	17,105
Non-current assets	**5,254**	—
Non-current liabilities	**(787)**	(15,000)
Non-current net assets	**4,467**	(15,000)
Net assets	**6,028**	2,105
Accumulated NCI	**—**	(924)

Bucks Developments Group — Summarised statement of total comprehensive income

	2016 £000	2015 £000
Revenue	**619**	18,010
Profit for the period	**3,572**	2,105
Total comprehensive income	**3,572**	2,105
Profit/(loss) allocated to NCI	**424**	(924)
Dividends paid to NCI	**—**	—

Bucks Developments Group — Summarised cash flow statement

	2016 £000	2015 £000
Cash flows from operating activities	**588**	514
Cash flows from financing activities	**(588)**	(514)
Net increase in cash and cash equivalents	**—**	—

Notes to the Group Financial Statements

for the year ended 30 June 2016

13. Investments continued

Interests in joint ventures

Aston Clinton S.A.R.L.

In November 2014, the Group acquired a 10% interest in Aston Clinton S.A.R.L (Lux) whose purpose is to acquire a site near Aylesbury, Buckinghamshire, and obtain planning permission. The site has the potential for 400 residential plots. Under the terms of the joint venture agreement, the Group has an obligation to fund 50% of the costs of the site and is entitled to receive 50% of the net returns. The Group has made a capital investment of £1,196,000, which is accounted for as an Investment in Joint Ventures. The Group has also provided loans of £2,504,000 as at the balance sheet date, and this is accounted for as Amounts due from Joint Ventures within Current Assets in the Group Statement of Financial Position. This investment is accounted for using the equity method and further details of this can be found in Critical Judgements in note 3. Aston Clinton S.A.R.L. is based in Luxembourg and their accounts are prepared under Luxembourg GAAP (Lux GAAP). £432,000 (to date: £578,000) recognised as an operating expense under Lux GAAP in the Statement of Comprehensive Income has been reclassifed as inventories in current assets in order to bring the accounts into line with IFRSs. Similarly £6.8m held as fixed assets under Lux GAAP has been reclassified as inventories in current assets.

Aston Clinton S.A.R.L. — Summarised statement of financial position

	As at 30 June 2016 £000	As at 30 June 2015 £000
Current assets		
Cash and cash equivalents	36	8
Other current assets	7,348	7,084
Total current assets	7,384	7,092
Current liabilities		
Financial liabilities (excluding trade payables and provisions)	4,938	4,428
Other current liabilities	77	52
Total current liabilities	5,015	4,480
Net assets	2,369	2,612
Reporting entity's share in %	50%	50%
Reporting entity's share in £000	1,185	1,306
Goodwill £000	12	(65)
Carrying amount at year end £000	1,197	1,241

Aston Clinton S.A.R.L. — Summarised statement of total comprehensive income

	12 months to 30 June 2016 £000	8 months to 30 June 2015 £000
Revenue	—	54
Interest income	—	1
Interest charge	(272)	(191)
Income tax expense	(1)	(5)
Total comprehensive income	(273)	(141)

13. Investments continued

Project Helix Group

In December 2014, the Group entered into a joint venture with CPC Group Ltd (CPC) to purchase land, obtain planning permission and ultimately sell the land. Under the terms of the joint venture, the Group owns 20% of the share capital and is obliged to fund 20% of the costs of the sites acquired by the joint venture. A 'waterfall' calculation determines the amount of profit to be received by the Group, using performance hurdles. Along with the Group's capital investment of £600, £3,902,000 of loans have been provided, which is accounted for as Amounts due from Joint Ventures within Current Assets in the Group Statement of Financial Position. This investment is accounted for using the equity method and further details of this can be found in Critical Judgements in note 3. Project Helix is based at the Company's registered office. Project Helix purchased land in Ashford, Middlesex for £12.9m, £3.3m of which was deferred and outstanding at 30 June 2016. Under the terms of the joint venture agreement the Group must fund £660,000 of this amount. The results below are for both Project Helix Holdco Ltd and its subsidiary undertakings: High Wycombe Developments Ltd; High Wycombe Developments No. 2 Ltd; and Brooklands Helix Developments Ltd.

Project Helix Group — Summarised statement of financial position

	As at 30 June 2016 £000	As at 30 June 2015 £000
Current assets		
Cash and cash equivalents	**148**	105
Other current assets	**22,659**	5,605
Total current assets	**22,807**	5,710
Current liabilities		
Financial liabilities (excluding trade payables and provisions)	**3,325**	5,648
Other current liabilities	**19,819**	62
Total current liabilities	**23,144**	5,710
Net liabilities	**(337)**	—
Reporting entity's share in %	**20%**	20%
Reporting entity's share in £000	**(67)**	—
Goodwill in £000	**68**	247
Carrying amount at year end in £000	**1**	247

Project Helix Group — Summarised statement of total comprehensive income

	12 months to 30 June 2016 £000	8 months to 30 June 2015 £000
Revenue	**84**	—
Operating expenses	**(33)**	(4)
Shareholder interest	**—**	(173)
Total comprehensive income	**51**	(177)

Notes to the Group Financial Statements

for the year ended 30 June 2016

13. Investments continued

Bucknalls Developments Ltd

In December 2015, the Group entered into a joint venture with two individuals to purchase land, obtain planning permission and develop approximately 100 homes in Garston, Hertfordshire. Under the terms of the joint venture, the Group owns 50% of the share capital, is obliged to fund 50% of the costs of the site and is entitled to receive a management fee and 50% of the returns. Along with the Group's capital investment of £19,000, loans of £2,680,000 have been provided which are accounted for as Amounts due from Joint Ventures within Current Assets in the Group Statement of Financial Position. This investment is accounted for using the equity method and further details of this can be found in Critical Judgements in note 3. Bucknalls Developments Ltd is based at the Company's registered office.

Bucknalls Developments Ltd — Summarised statement of financial position

	As at 30 June 2016 £000
Current assets	
Cash and cash equivalents	—
Other current assets	8,318
Total current assets	8,318
Current liabilities	
Financial liabilities (excluding trade payables and provisions)	8,258
Other current liabilities	72
Total current liabilities	8,330
Net liabilities	(12)
Reporting entity's share in %	50%
Reporting entity's share in £000	(6)
Goodwill in £000	25
Carrying amount at year end in £000	19

Bucknalls Developments Ltd — Summarised statement of total comprehensive income

	7 months to 30 June 2016 £000
Revenue	—
Operating expenses	(1)
Interest	(11)
Income tax expense	—
Total comprehensive income	(12)

13. Investments continued

Inland (Stonegate) Ltd

In June 2016, the Group entered into a joint venture whose purpose is to acquire a site in Cheshunt, Hertfordshire, obtain planning permission and ultimately sell the land. The site has the potential for 750 residential plots. Under the terms of the joint venture agreement, the Group has an obligation to fund 50% of the costs of the site and is entitled to receive 50% of the net returns. The Group has made a capital investment of £1 as at 30 June 2016, which is accounted for as an Investment in Joint Ventures. Funds of £1,017,000 have also been forwarded and are accounted for as Amounts due from Joint Ventures on the Group Statement of Financial Position. At 30 June 2016 Inland (Stonegate) Ltd had exchanged contracts to purchase the site in Cheshunt. After procuring a loan secured on the site to partially fund the completion, under the terms of the joint venture agreement the Group was liable to provide a further loan of £5m. As at the date of the signing of these financial statements this amount had been paid. This investment is accounted for using the equity method and further details of this can be found in Critical Judgements in note 3.

Inland (Stonegate) Ltd — Summarised statement of financial position

	As at 30 June 2016 £000
Current assets	
Cash and cash equivalents	—
Other current assets	31,642
Total current assets	**31,642**
Current liabilities	
Financial liabilities (excluding trade payables and provisions)	30,017
Other current liabilities	1,625
Total current liabilities	**31,642**
Net liabilities	**—**
Reporting entity's share in %	50%
Reporting entity's share in £000	—
Goodwill in £000	—
Carrying amount at year end in £000	**—**

Inland (Stonegate) Ltd — Summarised statement of total comprehensive income

	1 month to 30 June 2016 £000
Revenue	—
Operating expenses	—
Interest	—
Income tax expense	—
Total comprehensive income	**—**

Notes to the Group Financial Statements
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13. Investments continued

Interests in Associates

Troy Homes Ltd

In October 2015 the Group acquired 25% of Troy Homes Ltd (Troy), a new premium housebuilder, and is entitled to 25% of the net returns. At 30 June 2016 the Group had made a capital investment of £74,000 and had provided loans of £894,000 which are accounted for as Loans to Associates within Non-Current Assets in the Group Statement of Financial Position. The Group has subscribed to a further £2.1m of loan notes and £1.25m of share capital which are payable when called for by the board of Troy. The Group has also sold 2 sites amounting to £2.8m on deferred terms to Troy during the year. There is a debtor of £3.4m (including VAT) in relation to these transactions in Amounts due from Associates within Current Assets. This investment is accounted for using the equity method, further details of which can be found in the accounting policies.

Troy Homes Ltd — Summarised statement of financial position

	As at 31 March 2016 £000
Non-current assets	
Tangible assets	37
Total non- current assets	37
Current assets	
Cash and cash equivalents	111
Other current assets	10,367
Total current assets	10,478
Total assets	10,515
Current liabilities	
Financial liabilities (excluding trade payables and provisions)	9,475
Other current liabilities	637
Total current liabilities	10,112
Net assets	403
Reporting entity's share in %	25%
Reporting entity's share in £000	101
Negative goodwill in £000	(27)
Carrying amount at year end in £000	74

Troy Homes — Summarised statement of total comprehensive income

	5 months to 30 June 2016 £000
Revenue	—
Operating expenses	(539)
Interest	(152)
Income tax	138
Total comprehensive income	(553)

14. Deferred Tax

Group

The net movement on the deferred tax account is as follows:

	£000
At 1 July 2015	548
Income statement charge	(210)
At 30 June 2016	**338**

The movement in deferred tax assets is as follows:

	Capital losses recognised on revaluation gain £000	Revaluation gain £000	Other £000	Share-based compensation £000	Notional interest on deferred consideration £000	Total £000
At 1 July 2015	2,797	(2,797)	(148)	406	290	548
(Charged)/credited to income statement	2,320	(3,107)	250	133	194	(210)
At 30 June 2016	**5,117**	**(5,904)**	**102**	**539**	**484**	**338**

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group has capital losses amounting to £10,702,000 (2015: £24,783,000) that have not been recognised as the Directors consider the realisation of the losses is not expected to crystallise in the future.

Company

The net movement on the deferred tax account is as follows:

	£000
At 1 July 2015	406
Income statement credit on share based charge	133
At 30 June 2016	**539**

15. Inventories

	2016 £000	2015 £000
Stock and work in progress	**146,825**	121,031

During the year, a total of £72,329,000 (2015: £79,841,000) of inventories was included in the Group Income Statement as an expense. The Group conducted a review of the net realisable value of its land bank in view of current market conditions. Where the estimated future net realisable value of the site is less than the carrying value within the Group Statement of Financial Position, the Group has impaired the land value. This has resulted in an impairment of £95,000 (2015: £300,000). The amount of loans and ZDP borrowings secured against inventory is £85.4 million (2015: £64.3 million).

Notes to the Group Financial Statements

for the year ended 30 June 2016

16. Trade and Other Receivables

	Group		Company	
	2016 £000	2015 £000	**2016 £000**	2015 £000
Trade receivables	**3,506**	167	**—**	—
Prepayments and accrued income	**895**	656	**37**	57
Amounts due from associates	**3,372**	—	**—**	—
Amounts due from joint ventures	**10,103**	—	**—**	—
Other receivables	**2,415**	7,175	**1,149**	302
Amounts owed by Group undertakings	**—**	—	**38,783**	34,947
VAT debtor	**—**	—	**—**	30
Corporation tax debtor	**—**	—	**338**	152
Loans to associates due in more than one year	**894**	—	**—**	—
Loans to joint ventures due in more than one year	**—**	3,246	**—**	—
Other receivables due in more than one year	**55**	55	**—**	—
	21,240	11,299	**40,307**	35,488

The carrying value of trade and other receivables is considered a reasonable approximation of fair value. The Directors have made a provision of £1.1m against a debtor relating to a contractor who has been placed into Administration as shown in the Group Income Statement. Further details can be found in note 23. No other trade receivables are considered to be impaired. There were no unimpaired trade receivables past due at the reporting date.

Within other receivables is £309,000 (2015: £383,000) relating to retentions receivable from construction contracting clients. Within prepayments and accrued income is £10,000 (2015: £nil) relating to income accrued on a construction contract.

At the balance sheet date, the Group has provided loans of £2,504,000 to Aston Clinton S.A.R.L. as shown in note 13.

At the balance sheet date, the Group has provided loans of £3,902,000 to Project Helix as shown in note 13.

At the balance sheet date, the Group has provided loans of £2,680,000 to Bucknalls Developments Ltd as shown in note 13.

At the balance sheet date, the Group has provided loans of £1,017,000 to Inland (Stonegate) Ltd as shown in note 13.

At the balance sheet date, the Group has provided loans of £894,000 to Troy Homes Ltd and was due £3,372,000 for the sale of 2 sites as shown in note 13.

17. Listed Investments Held at Fair Value Through Profit and Loss

Group & Company	**£000**
At 1 July 2015	1
Movements during the year	—
At 30 June 2016	**1**

18. Cash and Cash Equivalents

	Group		Company	
	2016 £000	2015 £000	**2016 £000**	2015 £000
Cash at bank and in hand	**16,723**	21,377	**10,826**	21,020

19. Share Capital Group & Company

	2016 £000	2015 £000
Authorised		
239,990,000 (2015: 239,990,000) ordinary shares of 10p each	**23,999**	23,999
9,800 (2015: 9,800) redeemable shares of 10p each	**1**	1
180 (2015: 180) deferred shares of 10p each	**—**	—
12,000,000 (2015: 12,000,000) ZDP shares of 10p each	**1,200**	1,200
	25,200	25,200

	2016 £000	2015 £000
Allotted, issued and fully paid — ordinary, redeemable and deferred shares		
202,799,432 (2015: 202,799,432) ordinary shares of 10p each	**20,280**	20,280
9,800 (2015: 9,800) redeemable shares of 10p each	**1**	1
180 (2015: 180) deferred shares of 10p each	**—**	—
	20,281	20,281

	2016 Number	2016 £000	2015 Number	2015 £000
Allotted, issued and fully paid — ZDP shares				
At 1 July	**10,285**	**1,029**	10,285	1,029
Issued for cash during the year	**1,028**	**103**	—	—
At 30 June	**11,313**	**1,132**	10,285	1,029

Ordinary shares

Each share has the right to one vote and is entitled to participate in any distribution made by the Company, including the right to receive a dividend.

Deferred shares

Deferred shares shall not confer the right to be paid a dividend or to receive notice of or attend or vote at a general meeting. On a winding-up, after the distribution of the first £10,000,000 of the assets of the Company, the holders of the deferred shares (if any) shall be entitled to receive an amount equal to the nominal value of such deferred shares pro rata to their respective holdings.

ZDP shares

The ZDP shares carry no entitlement to any dividends or other distributions or to participate in the revenue or any other profits of the company. The ZDP shareholders have no right to receive notice of, or to attend or vote at, any general meeting of the company except in those circumstances set out in the Inland ZDP plc's Articles of Association, which would be likely to affect their rights or general interests.

The Group's Employee Benefit Trust purchased 643,216 shares on 29 October 2014 and a further 383,850 shares on 20 December 2015 in Inland Homes plc under the terms of the Long Term Incentive Plan. This is a separate entity which is consolidated in the Group's financial statements.

The Company operates an unapproved share option scheme. Awards under each scheme are made periodically to employees. Share options vest three years after the date of grant and have an exercise period of seven years from the date of vesting. The schemes are all equity-settled. The Company has used the Black-Scholes formula to calculate the fair value of outstanding share options and deferred shares. The assumptions applied to the Black-Scholes formula for share options issued and the fair value per option are detailed in the table below for options issued in the current and prior year.

Notes to the Group Financial Statements

for the year ended 30 June 2016

19. Share Capital continued

The Company also operates a long term incentive plan (2013 LTIP) for the Executive Directors. Further details of this can be found in the Directors' Remuneration Report. The Company has used the Monte Carlo simulation technique to determine the fair value of the grant of the awards as the outcome of the performance targets depends on the Parent Company's share price. The assumptions applied to the Monte Carlo simulation and the fair value per Growth Share are detailed in the table below for any Growth Shares issued in the current or prior year.

	Unapproved share options 2014/15 grant
Expected life of options based on options exercised to date	3 years
Volatility of share price	30%
Dividend yield	2%
Risk free interest rate	2.25%
Share price at date of grant	70.25p
Exercise price	70.25p
Fair value per option	£0.07

Volatility was calculated using historical share price information. No share options or Growth Shares were issued in the current year. No Growth Shares were issued in the prior year.

The charge calculated for the year ended 30 June 2016 is £665,000 (2015: £625,000) with a corresponding deferred tax asset at that date of £133,000 (2015: £126,000).

Volatility was assessed using the closing prices on the first business day of each month over the period since the shares have been listed.

A reconciliation of option movements over the year ended 30 June 2016 is shown below:

	Number 000s	Weighted average exercise price pence
Outstanding at 30 June 2014	3,670	26.18p
Granted during the year	410	70.25p
Outstanding at 30 June 2015	4,080	30.61p
Granted during the year	—	—
Outstanding at 30 June 2016	**4,080**	**30.61p**
Exercisable at 30 June 2016	**3,670**	**20.57p**
Exercisable at 30 June 2015	3,120	16.74p

In addition to the share options in the above table, there were 11,350,504 ordinary shares exchangeable for the Growth Shares outstanding, issued in December 2013, that do not have an exercise price but are subject to vesting conditions. Further details can be found in the remuneration report on pages 56-59.

At 30 June 2016, outstanding share options granted over 10p ordinary shares were as follows:

Share option scheme	Option price pence	Number	Dates exercisable
Company unapproved	50.0p	710,000	28 March 2010 to 27 March 2017
Company unapproved	16.5p	605,000	17 December 2012 to 16 December 2019
Company unapproved	18.25p	1,500,000	22 November 2013 to 21 November 2020
Company unapproved	17.5p	305,000	25 June 2015 to 24 June 2022
Company unapproved	32.5p	550,000	18 June 2016 to 17 June 2023
Company unapproved	70.25p	410,000	22 June 2018 to 21 June 2025

The weighted average remaining life of share options outstanding at 30 June 2016 is four and a half years.

Further details of the share options can be found in the remuneration report on pages 56-59.

20. Non-Controlling Interests (minority interests)

The movement in the non-controlling interests is presented below.

	WPDL £000	DGVL £000	Total £000
Balance at 1 July 2015	924	(1,196)	(272)
Non-controlling interests in the net result for the year	(424)	(175)	(599)
Purchase of non-controlling interests' share of subsidiaries	(500)	1,371	871
Balance as at 30 June 2016	**—**	**—**	**—**

Further information on the arrangements with these companies can be found in notes 3 and 13.

21. Trade and Other Payables

	Group		Company	
	2016 £000	2015 £000	**2016 £000**	2015 £000
Trade payables	**3,871**	4,425	**—**	70
Other creditors	**4,687**	3,675	**58**	60
Social security, other taxes and VAT	**3,770**	3,802	**312**	—
Corporation tax	**7,618**	6,347	**—**	—
Provisions	**943**	—	**—**	—
Accruals and deferred income	**5,385**	2,960	**190**	246
Other creditors falling due in more than one year	**2,679**	—	**—**	—
	28,953	21,209	**560**	376

The carrying value of trade and other payables is considered to be a reasonable approximation of fair value.

22. Other Financial Liabilities

	2016 £000	2015 £000
Purchase consideration on inventories falling due within one year	**22,369**	10,881
Purchase consideration on inventories falling due in more than one year	**—**	12,629
Zero Dividend Preference shares	**14,607**	12,372
	36,976	35,882

The ZDP shares will be repaid on or before 10 April 2019. An explanation of the fair value of the ZDP shares is included in note 26.

23. Contingencies

During the year ended 30 June 2016, one of the Group's principal contractors ("the contractor") experienced significant financial difficulties and was put into Administration. The Group has made a claim to the contractor's Administrators for £7.2m in relation to amounts it believes it is owed by the contractor. A counter proposal for £11.6m has been received from the Administrators for various unexplained reasons, based on discussions with the contractor. The Administrators have not provided any evidence to support the contractor's claims and the Group will be vigorously defending any claims from the contractor as it believes that contractually they have no merit.

Inland Homes plc has guaranteed the obligations of certain borrowings of its subsidiaries.

Inland Homes plc has guaranteed the build performance obligations of Inland Limited on a contract with a housing association. In the Directors' opinion there is unlikely to be any cash outflow in relation to this.

Inland Homes plc has guaranteed the obligations of one of its joint venture companies on a payment of deferred land consideration. A counter indemnity was obtained from the Group's joint venture partner.

Inland Homes plc has guaranteed the obligations of Poole Investments Limited on its commitments to its associate company, Troy Homes Limited.

No provisions have been made in these financial statements in respect of these contingent liabilities.

Notes to the Group Financial Statements

for the year ended 30 June 2016

24. Commitments & Leases

Operating lease commitments where the Group is the lessor

The Group lets houses, commercial properties and land under non-cancellable operating lease agreements to third parties. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease receipts under non-cancellable operating leases for the Company's properties are as follows:

	2016 £000	2015 £000
Due in less than one year	1,158	398
Due later than one year and not later than five years	1,843	1,319
Due later than five years	1,543	1,167
	4,544	2,884

Operating lease commitments where the Group is the lessee

The Group leases an office and some plant and machinery under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease payments under non-cancellable operating leases for the Company's premises and plant and machinery are as follows:

	2016 £000	2015 £000
Due in less than one year	134	134
Due later than one year and not later than five years	260	395
	394	529

The Company has a rental contract for the registered office at Decimal Place, Chiltern Avenue, Amersham, Buckinghamshire, HP6 5FG dated 10 July 2014. This contract has a non-cancellable term of five years, with an annual rent of £127,000.

Joint ventures & associates

Aston Clinton S.A.R.L. — the Group is committed to contributing 50% of all costs. From the date of signing of the financial statement, the Group expects further contributions to be minimal.

Project Helix — the Group is committed to contributing 20% of all costs. The initial agreement has a limit of £41.25m and Inland would be liable for £8.25m, including what has already been paid.

Bucknalls Developments Ltd — the Group is committed to contributing 50% of all costs. The agreement allowed for the land purchase to be funded equally by each side and a contribution of £75,000 from the Group's join venture partners towards planning costs. The Group is committed to fund anything over this amount, until the site becomes income generating. From the date of the signing of the financial statements, the Group expects to contribute a further £200,000 towards planning costs before construction begins. It is anticipated that construction will be funded by a bank loan.

Inland (Stonegate) Ltd — the Group is committed to contributing 50% of all costs. Since 30 June 2016 the Group has contributed a further £5.6m and expects to fund a further £1.6m before receipt of a planning permission.

Troy Homes Ltd — the Group has subscribed to a further £2.1m of loan notes and £1.0m of share capital which are payable when called for by the board of Troy.

25. Capital Management Policies and Procedures

The Group's objectives when managing capital are:

- to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to ensure sufficient liquid resources are available to meet the funding requirement of its projects and to fund new projects where identified.

This is achieved through ensuring sufficient bank and other facilities are in place; further details are given in note 26 to the Group accounts. The Group monitors capital on the basis of the carrying amount of the equity less cash and cash equivalents as presented on the face of the Group Statement of Financial Position.

The movement in the capital to overall financing ratio is shown below. The target capital to overall financing ratio has been set by the Directors at 40% and results over this amount are considered to be a good performance against the target.

	2016 £000	2015 £000
Equity	**116,032**	88,797
Less: cash and cash equivalents	**(16,723)**	(21,377)
	99,309	67,420

	2016 £000	2015 £000
Equity	**116,032**	88,797
Borrowings	**71,287**	56,288
Overall financing	**187,319**	145,085
Capital to overall financing	**53.0%**	46.5%

The Group manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the level of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Every quarter the Group must report to the ZDP shareholders that the covenants attached to the ZDP shares have not been breached. The most significant covenant is the gearing ratio which is calculated as adjusted gross assets:financial indebtedness. This covenant is monitored on a bi-monthly basis by the Board and has not been breached at any time. Further details can be found in the Inland ZDP Prospectus on the Company's website at www.inlandhomes.co.uk/inland-zdp-plc.

26. Financial Instruments

Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk; liquidity risk; and interest rate risk. The Group's overall risk management programmes focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out centrally under policies approved by the Board of Directors.

(a) Credit risk

The Group has no significant concentrations of credit risk other than its loans to joint ventures which are adequately covered by the underlying values of the assets within the joint ventures. Further information can be found in notes 13 and 16. It has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

Notes to the Group Financial Statements

for the year ended 30 June 2016

26. Financial Instruments continued

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the year end date, as summarised below:

	2016 £000	2015 £000
Classes of financial assets — carrying amounts		
Cash and cash equivalents	**16,723**	21,377
Loans to joint ventures due in more than one year	**—**	3,246
Loans to associates due in more than one year	**894**	—
Amounts due from joint ventures in less than one year	**10,103**	—
Amounts due from associates in less than one year	**3,372**	—
Receivables due in more than one year	**55**	55
Trade and other receivables	**5,921**	7,342
	37,068	32,020

The Group's policy is to deal with creditworthy counterparties.

The Group's management considers that all the above financial assets for each of the reporting dates under review are of good credit quality. The Directors consider that none of the receivables are past due or impaired. Further information on the concentration of credit risk can be found in note 16 on page 96.

The credit risk for liquid funds and other short term financial assets is considered negligible, since the counterparties are reputable banks with high quality credit ratings.

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash balances and ensuring availability of funding through an adequate amount of credit facilities. The Group aims to maintain flexibility in funding by keeping credit lines available. The Group also purchases property under deferred consideration arrangements.

(c) Interest rate risk

The Group's interest rate risk arises from long term borrowings. Borrowings issued at variable rates expose the Group to risk. Most of the Group's borrowings are at variable rates.

Market rate sensitivity analysis

The analysis below shows the sensitivity of the Group Income Statement and net assets to a 0.5 per cent change in interest rate on the Group's financial instruments that are affected by market risk. These financial instruments consist solely of borrowings.

	2016 £000	2015 £000
Total impact on pre-tax profit and equity of 0.5 per cent increase in interest rates — loss	**(35)**	(16)
Total impact on pre-tax profit and equity of 0.5 per cent decrease in interest rates — gain	**35**	16

Financial assets & liabilities

The carrying amounts presented in the Statement of Financial Position relate to the following categories of assets and liabilities:

	Note	2016 £000	2015 £000
Financial assets			
Listed investments held for trading	17	**1**	1
Loans and receivables			
Trade and other receivables	16	**20,345**	10,643
Cash and cash equivalents	18	**16,723**	21,377
		37,068	32,020
Financial liabilities			
Financial liabilities measured at amortised cost:			
— current borrowings		**56,680**	43,916
— trade and other payables	21	**15,007**	11,902
— Zero Dividend Preference shares	22	**14,607**	12,372
— other financial liabilities	22	**22,369**	23,510
		108,663	91,700

26. Financial Instruments continued

The fair values are presented in the related notes.

Current borrowings consist of housebuilding loan facilities of £25.5m, of which £15.7m (2015: £9.4m) is drawn down, and further loans of £22.1m (2015: £19.0m) secured against land and £18.9m (2015: £15.5m) against investment properties. The loans attract interest at varying rates and there is a variety of fixed and variable rates. The table below analyses current borrowings into maturity groupings based on the remaining period at the Statement of Financial Position date to the loan redemption date, also split between variable and fixed rates of interest:

	2016		2015	
	Variable rate borrowings £000	**Fixed rate borrowings £000**	Variable rate borrowings £000	Fixed rate borrowings £000
Less than one year	**105**	**40,040**	1,850	42,066
More than one year and less than two	**105**	**2,401**	—	—
More than two years and less than five	**14,029**	**—**	—	—
	14,239	**42,441**	1,850	42,066

The table below analyses the Group's financial contractual liabilities into relevant maturity groupings based on the remaining period at the Statement of Financial Position date to the contractual maturity date. The amounts disclosed are the contractual undiscounted cash flows.

	2016			2015		
	Trade, other payables & borrowings £000	**Zero Dividend Preference shares £000**	**Purchase consideration £000**	Trade, other payables & borrowings £000	Zero Dividend Preference shares £000	Purchase consideration £000
Less than one year	**52,679**	**—**	**23,799**	71,687	—	11,428
More than one year and less than five	**19,535**	**17,637**	**—**	—	16,034	15,000
	72,214	**17,637**	**23,799**	71,687	16,034	26,428

The ZDP shares are carried at their accrued value of 129.12p per share (2015: 120.20p) however their closing price on the main market of the London Stock Exchange on 30 June 2016 was 139.00p (2014: 132.75p). The ZDP shares attract an interest rate of 7.3%.

Financial assets and liabilities are measured at fair value in the Group Statement of Financial Position in accordance with the fair value hierarchy. This hierarchy groups financial assets and liabilities into three levels, based on the significance of inputs used in measuring the fair value of the financial assets and liabilities. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included in 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the financial asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

The financial assets and liabilities measured at fair value in the Group Statement of Financial Position are grouped into the fair value hierarchy as follows:

Assets	**Level 1 £000**	**Level 2 £000**	**Level 3 £000**	**Total £000**
Net fair value at 30 June 2015	1	—	—	1
Fair value adjustments during the year	—	—	—	—
Net fair value at 30 June 2016	**1**	**—**	**—**	**1**

The financial assets carried at fair value consist of listed investments.

Notes to the Group Financial Statements

for the year ended 30 June 2016

27. Related Party Transactions

During the year the Group entered into three new joint ventures, all of which are considered to be material. The Group's share of the net assets and net results of these joint ventures can be found in note 13. Further information on loans to joint ventures can be found in note 16.

During the year the beneficial interests of the Directors in the ordinary share capital of the Company received dividends as follows:

	2016 £000	2015 £000
Stephen Wicks	**200**	97
Nishith Malde	**158**	68
Paul Brett	**49**	21
Terry Roydon	**5**	2
Simon Bennett	**2**	1

For details of compensation paid to the Directors and key management please see the Remuneration Report and note 6.

- Mr A K Brett, the former shareholder of DGVL, had previously provided a loan to DGVL of £250,000 (2015: £250,000) which attracts interest at a rate of 4.5%. This has been repaid during the year.
- DGVL had previously provided a loan of £461,000 to Mr S D Wicks (2015: £461,000). This has been repaid during the year.
- DGVL had previously provided a loan of £848,000 (2015: £848,000) to First Place Nurseries Limited, a company in which Mr N Malde and Mr S D Wicks are shareholders. This has been repaid during the year.
- DGVL had previously provided a loan of £1,442,000 (2015: £1,442,000) to a subsidiary of Energiser Investments plc, a company in which Mr N Malde and Mr S D Wicks are shareholders and directors. This loan attracted interest of 10% per annum and as at 30 June 2016 £357,000 (2015: £229,000) remains outstanding which relates to accrued interest. This loan was for a specific project and the Directors consider the interest rate to be market rate for this type of project.
- DGVL has provided a loan of £647,000 (2015: £723,000) to a subsidiary of Energiser Investments plc, a company in which Mr N Malde and Mr S D Wicks are shareholders and directors. This loan attracts interest of 4.5% per annum and as at 30 June 2016 £174,000 (2015: £114,000) has been accrued and remains unpaid. The Directors consider the interest rate to be market rate.

28. Events after the Balance Sheet Date

On 23 September 2016 Inland ZDP plc, a wholly owned subsidiary of the Group, issued 1,131,000 new zero dividend preference shares of 10 pence each at a price of 139 pence each. They were admitted to trading on the London Stock Exchange plc's main market on 28 September 2016. Net proceeds of this issue were approximately £1.52m.

On 24 August 2016 the Group entered into a new five year, £27m facility with Secure Trust Bank plc secured against some the Group's properties. This repaid a loan of £18.9m from another UK bank.

On 23 August 2016 the Group entered into a new five-year, revolving credit facility of up to £25 million with a fund to be secured on sites without planning permission. Part of this facility has been used to repay individual loans previously provided by this fund.

29. Company Information

The Company is a public limited company registered in England and Wales. The registered office and principal place of business is Decimal Place, Chiltern Avenue, Amersham, Buckinghamshire HP6 5FG.

The principal activity of the Group is to acquire residential and mixed use sites and seek planning consent for development. The Group develops a number of the plots for private sale and sells consented plots to housebuilders.

Advisers and Company Information

Company registration number
5482990

Company Secretary
Nishith Malde FCA

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