Inland homes

BRINGING LAND TO LIFE

Report and Accounts

for the year ended 30 September 2020

Wilton Park, Beaconsfield

WELCOME

Our purpose

To maximise the value in land using our land acquisition, planning and build expertise.

Incorporated in the UK in 2005, Inland Homes plc is an AIM-listed brownfield developer and housebuilder focused on building residentially led developments for direct sale or on behalf of partner organisations across the South and South East of England.

Our record land bank comprises both brownfield and strategic sites where we expect future development. It consists of sites owned, managed or controlled by way of options, plus sites in the planning process and with planning consent.

Our success is built on our ability to identify and unlock the potential at each site. Creating value from land is where we began and where our core skills lie. We use our knowledge and expertise to secure planning permission on each site. Then we sell or build either for private sale or on behalf of partner organisations based on an assessment of each site's potential.

We maintain a 100% success rate in securing planning permission on brownfield sites and have earned a reputation as a housebuilder of affordably-priced homes of exceptional quality. This success drives demand from third parties for our land, planning and build expertise.

We use our agility and flexible business model to adapt quickly to changing market conditions and seize new market opportunities. In doing so, we seek to increase value for our shareholders.

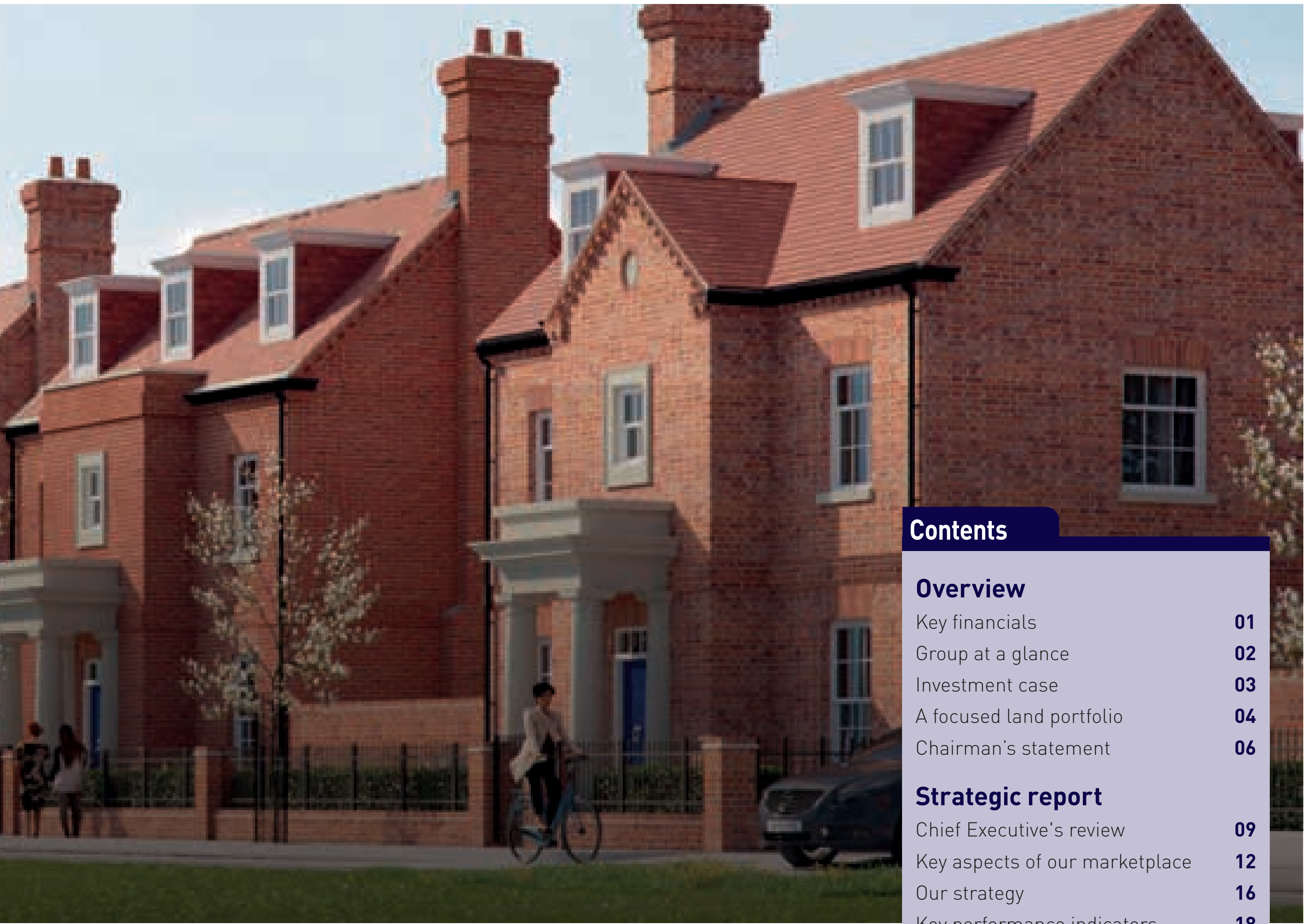
Uniquely Inland – our values

Safety first

Lasting legacy

Our people are our greatest asset

Stronger together



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Strategic report

Governance

Financial statements

Key financials

103.97p
EPRA NAV per share
-8.5%
(2019: 113.69p)

£235.7m
EPRA NAV
+0.8%
(2019: £233.9m)

£3.1bn
Gross development value
+29.2%
(2019: £2.4bn)

£124.0m
Revenue
(fifteen-month period ended 30 September 2019: £147.9m)

£15.7m
Cash balances*
+44.0%
(2019: £10.9m)

£148.2m
Net debt
-2.7%
(2019: £152.3m)

On 6 June 2019, the Group changed its accounting reference date from 30 June to 30 September. Consequently, the current period is the year to 30 September 2020 and comparative information provided throughout this Report and Accounts is for the fifteen-month period to 30 September 2019.

Winner FIRST TIME buyer READERS' AWARDS 2020

What House? AWARDS 2020 GOLD WINNER

Evening Standard NEW HOMES AWARDS 2020 HIGHLY COMMENDED

*Of cash balances, £4.7m (30 September 2019: £1.3m) was restricted – see Note 31 on page 122.

Group at a glance

What we do

We use our planning and housebuilding expertise to maximise the value of land and, in doing so, deliver strong shareholder returns.

How we do it

Our success is built on sourcing and securing the right plot of land

We focus on the South and South East of England where there is ongoing and sustained demand for additional housing that exceeds available supply. Our land bank is primarily brownfield but also comprises strategic land of longer-term opportunities. Our versatile structure, agility, local insight and opportunistic approach give us a competitive edge in sourcing and securing suitable land opportunities.

The experts in achieving planning consent

We work closely with planning authorities and manage comprehensive community engagement strategies to ensure our developments add lasting value to each locality. Our experience and skill in navigating the complex planning system mean we maintain a 100% success rate in achieving planning permission on brownfield sites.

We generate value through

Land sales

Strategic land asset sales on sites which benefit from planning permission

Asset management

Acting as an asset manager to third-party landowners, providing land management and planning services

Contract income

Building private and affordable housing projects for third-party landowners through partnership housing activity

Housebuilding

Building private and affordably-priced homes for sale to individuals, private investors and registered providers

Rental income

Generating rental income as cost mitigation in the short and medium term from large development sites

Investment properties

Generating long-term rental income from investment properties

Read more in Our Agile Business Model on page 22

Investment case

01
Strong and balanced land portfolio

Our land portfolio is in the South and South East of England where there is ongoing and sustained demand for additional housing that exceeds available supply. This land bank is principally brownfield and includes sites both with and without planning permission, plus strategic sites which are usually held as an option and therefore require only a limited amount of capital. The gross development value of our entire land bank is £3.1bn. It comprises a record 11,045 plots, of which 2,470 have planning consent and 1,819 where planning applications have been submitted.

02
Land-planning experts

We maintain our 100% success rate in achieving planning consent on brownfield sites. Our versatility, local insight and community-centred approach give us a competitive edge in identifying and securing suitable land opportunities. Our highly experienced management and specialist development teams maximise each project's potential. Our success is driving demand for our asset management services, whereby we provide our land and planning expertise to third-party investors.

03
A balanced and flexible business model

The number of options in our business model enables us to realise the maximum value in our land bank. This agility allows us to adapt our activity to suit market conditions and business needs. It includes the strategic disposal of consented land, as well as the construction and forward sales of private homes and partnership housing. Demand for our asset management services, a capital light activity, continues to grow quickly. Our portfolio of rental properties also provides a steady stream of rental income.

04
Proven self build and partnership capability

We have self built the majority of our homes since 2016 which gives us greater control over quality and costs. Our ambitious, high-quality and affordably-priced developments are in high demand from first-time buyers and private investors. There is strong demand from housing associations for our partnership housing offer where we provide both the land and construction of the homes. With our proven credentials for this work, we are well positioned to maximise further market opportunities.

Read more in the Operations Review on page 26

Our refined strategy

This year has been one of refocus and consolidation. We have reviewed and refined our strategy in light of COVID-19. The refined strategy ensures our focus is on maximising the value of our land bank and reducing net debt and gearing.

Read more in Our Strategy on page 16

Increase the size of our land bank

Seek to secure capital-light opportunities

Use the flexibility within our business model to maximise the value of land that has planning consent

Deliver homes which meet market need in the most cost-efficient way

A focused land portfolio

Land is the foundation of our business model
The size and quality of our land bank increases annually, with sites located across the South and South East of England.

While brownfield land activity remains our main focus, we have built a strategic land bank in parallel.

Map as at 30 September 2020

Key

- Development sites
- In planning process
- Plots with planning consent or resolution to grant
- Strategic sites

1. The Wessex, Bournemouth
2. Centre Square, High Wycombe
3. Venue, Maidenhead
4. Meridian Waterside, Southampton
5. Chapel Riverside, Southampton
6. Cheshunt Lakeside, Cheshunt
7. Church Road, Ashford
8. Gardiners Park Village, Basildon
9. Buckingham House, High Wycombe
10. Randalls, Uxbridge
11. Merrielands, Dagenham
12. Afrex House, Alperton
13. Abbey Wharf, Alperton
14. Jasmine Park, Ipswich
15. Farrier's Wood, Garston
16. Wilton Park SFA B, Beaconsfield
17. Latchmoor House, Beaconsfield
18. Gardiners Lane, Basildon
19. Cambridge Road, Hitchin
20. Gallions Close, Barking
21. Dagenham Dock, Barking
22. Cavalry Barracks, Hounslow
23. Thames Road, Barking
24. Homebase, Walthamstow
25. Aston Clinton (commercial), Aylesbury
26. Telephone Exchange, Staines
27. Master Brewer, Hillingdon
28. Carter's Quay (commercial), Poole
29. Glory Hill Lane, Beaconsfield

30 42 31

In numbers

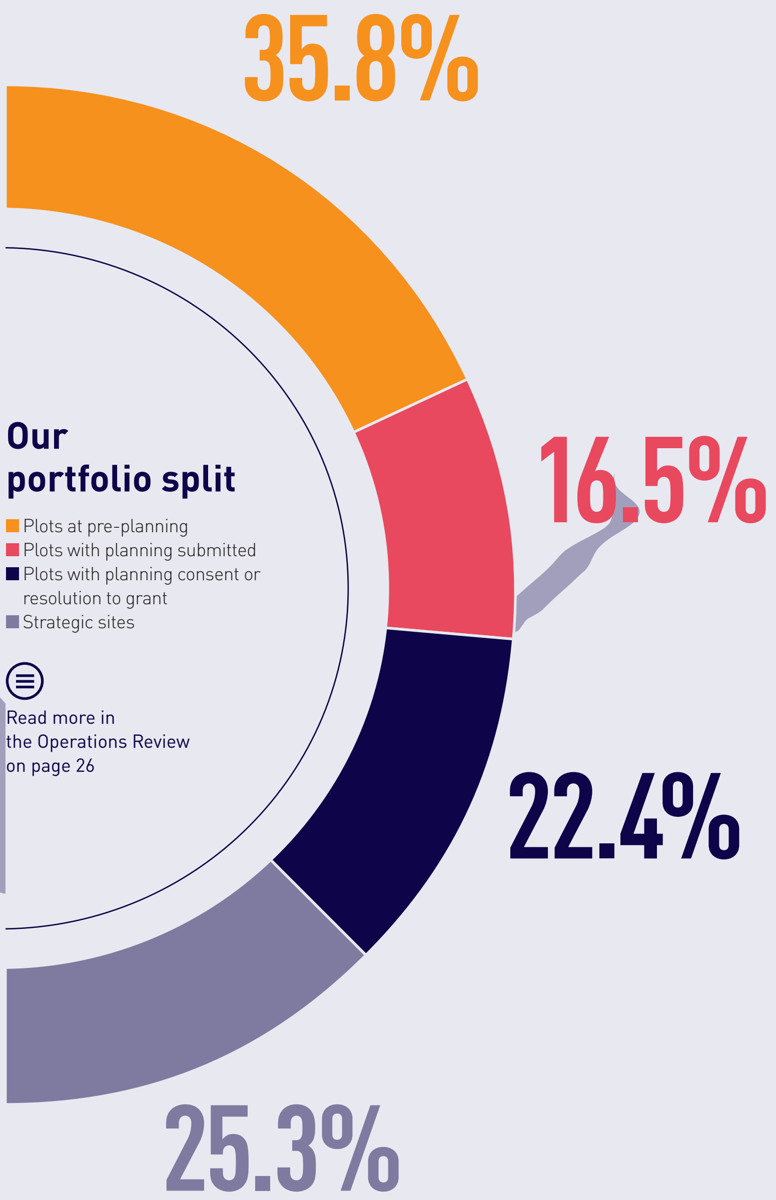
11,045
Record land bank plots
(2019: 7,796)

2,470
Plots with planning permission
(2019: 2,956)

1,819
Plots with planning submitted
(2019: 408)

3,961
Pre-planning application plots
(2019: 433)

2,795
Strategic land bank plots
(2019: 3,523)



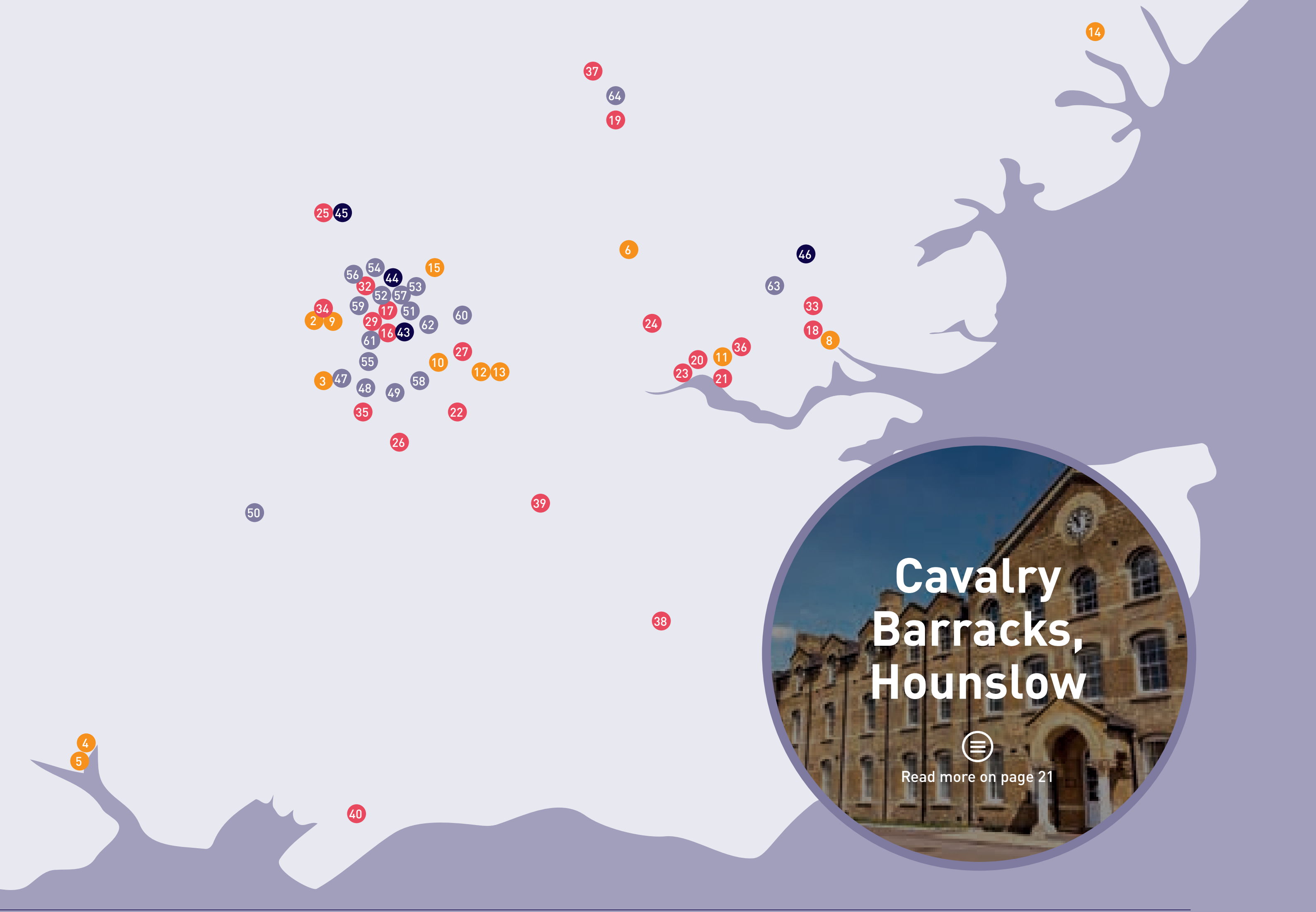
Our portfolio split

- Plots at pre-planning
- Plots with planning submitted
- Plots with planning consent or resolution to grant
- Strategic sites

Read more in the Operations Review on page 26

41 28 1

30 Church Lane, Birmingham
31 Monmouth Road, Birmingham
32 Holmer Green, near Hazlemere
33 Maitland Lodge, Billericay
34 Green Hill, High Wycombe
35 London Road, Datchet
36 Heron Way, Upminster
37 Shefford Road Phase 2, Meppershall
38 Framfield, Uckfield
39 Coles Lane, Ockley
40 Barnham Lane, Barnham
41 Carter's Quay, Poole
42 Sherborne Wharf, Birmingham
43 Wilton Park, Beaconsfield
44 Springfield Road, Chesham
45 Aston Clinton, Aylesbury
46 Cressing, near Braintree
47 Maidenhead
48 Slough
49 Colnbrook
50 Farnborough
51 East of Beaconsfield
52 Amersham
53 Little Chalfont
54 Hyde Heath
55 Fulmer Place
56 Hazlemere
57 Coppas Farm
58 Iver
59 Burleighfield
60 Elstree
61 Beaconsfield
62 West Hyde
63 Chelmsford
64 Ickleford



Jasmine Park, Ipswich

Terry Roydon
Chairman

Chairman's statement

This has been a challenging year but we are a resilient business and have adapted well to weather the headwinds in our market place and the continued uncertainty caused by the global COVID-19 pandemic.

As a result of the prudent action outlined below, we start the new financial year with cautious optimism. We have used the flexibility in our diversified business model to adapt to the changing conditions, swiftly and decisively implementing a strategy of land focused activity to reduce costs, conserve cash and create opportunities for future growth.

Unlike others in the industry, Inland generates income from multiple sources – primarily land sales, asset management, private and partnership housing, supported by revenue generated from investment and rental properties. This diversity enabled us to respond quickly to the challenges presented by COVID-19, enabling the Group to adapt to changing market conditions and maintain cash flow.

This change of emphasis to land-focused activity, supported by the Group's other income streams and the new equity raised during the year, has improved our balance sheet. I continue to be impressed by the sustained demand from customers, partners and investors for our quality land assets and build expertise.

The health and safety of our colleagues and suppliers has been, and remains, our priority. Inland is an agile and adaptable business and its people are too. I am extremely pleased with how the Inland team has responded to the COVID-19 crisis and continues to do so. I would like to acknowledge and thank them for their continued support.

Land-focused activity

The Group had been trading in line with expectations up to March 2020. COVID-19 changed the market backdrop significantly and its ramifications were immediate. The extent of the overall disruption inevitably impacted on the Group's final results for the year ended 30 September 2020, with five significant land sales, which were at an advanced stage of documentation with solicitors, aborted in its immediate wake.

Despite this backdrop, the Group maintained continued operational delivery across all but three sites and has been quick to adapt to the new trading environment. In parallel, the housing market has responded positively to the Stamp Duty Land Tax holiday until March 2021 and it is reassuring to see good demand for our high-quality homes and land assets.

Subsequently, the Group has completed the five aborted land sales with new buyers, with the proceeds providing additional cash flow. These include the sale of 94 plots at Inland's flagship site Wilton Park, Beaconsfield and 195 plots at Cheshunt Lakeside, Cheshunt. The sale at Cheshunt Lakeside to a local housing association via the Group's joint venture Cheshunt Lakeside Developments Limited, also secured a £34.5m contract for Inland Partnerships to construct the homes. The sale of a further 53 units at Wilton Park in January 2021 will deliver further cash flow and debt reduction benefit.

The scale of our operations now allows us to seek to maximise returns in the short and medium term through these phased sales whilst maintaining overall control of the scheme masterplan and the subsequent long-term returns.

The Group's asset management arm has grown rapidly this year and it is now managing six projects with the potential for more than 3,100 homes. The Group secures sites on behalf of investors and uses its extensive land and planning expertise to secure planning approval on their behalf. The fees generated from this 'capital light' activity, generate attractive returns for the Group, whilst preserving its working capital. During the financial year, the Group earned management fees of £24.4m (fifteen-month period to 30 September 2019: £18.6m). We are seeking to grow this part of the business in the year ahead. More detail about how revenue is generated via asset management activity is available on page 33.

Using our agility, we secured our first forward sales to two 'Build to Rent' (BTR) funds within our Centre Square joint venture and wholly owned Buckingham House developments in High Wycombe in September 2020. The total forward sale consideration is £52.8m, comprising £31.5m for 123 units and amenity space at Centre Square and £21.3m for 85 units at Buckingham House. These are the first of what we hope will be many BTR opportunities secured by the Group, with Inland's land bank and build capability making it well-placed to access this attractive market. We listed securing such opportunities as one of our priorities in last year's accounts, recognising that our high-quality assets and expertise would be in demand in this rapidly growing market.

Our partnership housing (contract income) activity has supported our land-focused activity this year. Growing the partnership housing arm of the Group has also been a focus for the past few years and its benefits in terms of market resilience compared to self-delivery has been beneficial in these uncertain times. At the year end, our partnership housing forward order book stood at £105.8m, with 1,302 homes under construction. Margins on some of our older legacy sites have not been as good as they should have been and with the experience gained from the significant volume of homes now under construction, we will look to increase these gross margins in the future.

I am extremely pleased with how the Inland team has responded to the COVID-19 crisis and continues to do so. I would like to acknowledge and thank them for their continued support."

Terry Roydon
Chairman

Similarly, we will seek to improve margins in private housebuilding. We have further tightened our internal controls to achieve this. While COVID-19 restrictions have resulted in overall lower completions than targeted (2020: 226 private house completions, including via joint ventures but excluding bulk sales to BTR operators, fifteen-month period ended 30 September 2019: 201), the sales rate in the final quarter of the year exceeded expectations. The Group has 415 private homes under construction and with an average selling price of £287,000 (fifteen-month period ended 30 September 2019: £250,000), homes continue to be attractive to, and within reach of, first-time buyers.

Our equity fundraise earlier in the year and increased bank facilities have provided additional liquidity. We welcomed several new shareholders to our share register through an oversubscribed placing in April 2020. In addition, we triggered the accordion part of the revolving credit facility (RCF) with HSBC of £20.0m, taking the facility available from £45.0m to a new maximum of £65.0m. As at the year end, we had drawn down £42.8m of this facility leaving headroom of £22.2m. The facility expires in March 2023.

Results and dividend

Revenue and profit before tax are lower than originally expected at £124.0m and £3.7m respectively (fifteen-month period ended 30 September 2019: £147.9 and £25.0m). The EPRA net asset value of the Group has been sustained at £235.7m (2019: £233.9m) and cash balances have increased to £15.7m (30 September 2019: £10.9m).

Reducing net debt and gearing remains a key priority for the Board; however, the impact of COVID-19 has limited our progress. Net borrowings have reduced by only £4.1m, from £152.3m to £148.2m at 30 September 2020, representing net gearing of 85.5% (2019: 93.9%). Net gearing based on EPRA net assets of £235.7m was lower than last year at 62.9% (2019: 65.1%). The Group is focused on and committed to making significant reductions to its net debt and gearing in the year ahead.

Given the uncertainties caused by the impact of COVID-19 and the need for prudent cash management, in March 2020 the Board resolved to cancel the second interim dividend of 2.25p per share due to be paid on 12 June 2020, which conserved £4.6m cash. The Board intends to resume the payment of dividends in the current financial year, provided there is no deterioration in the land and housing market caused by the COVID-19 pandemic or otherwise.

Market environment

The roll-out of the UK's COVID-19 vaccination programme is clearly positive and the new trade agreement between the UK and the EU significantly reduces previous concerns over a 'no deal' exit. However, we remain cautious around what the broader impact of the new trade agreement will be. Added to this, the third lockdown for England and subsequent tighter restrictions mean the uncertainties surrounding the potential impact of the pandemic remain.

We have revisited and updated our risk register to reflect this environment.

However, even in these difficult times there are plenty of opportunities for Inland. The Government maintains its commitment to building 300,000 new homes per annum by the mid-2020s, the Prime Minister has implored the country to 'Build, Build, Build' and the Government's 'Planning for the Future' White Paper on planning reform seeks to support this; a welcome and much needed move. The cumbersome planning process continues to cause the Group frustration. A faster, less bureaucratic system would benefit all. It is fair to say that we have not witnessed much improvement in the planning system for brownfield sites to be built at a faster pace, which is disappointing. We are keen to contribute to the ongoing discussions around planning reform and work with the Government to improve the process.

Governance

After fourteen years as Chairman of the Company, I have decided not to seek re-election at the forthcoming Annual General Meeting. Inland today is a very different business to the one I joined in 2007 and I am proud to have played a part in its exciting growth journey. I wish the Company well for the future as it enters the next phase in its development.

Having served as a Board member for two years, Laure Duhot resigned from the Board in July 2020. We thank Laure for her service and valued contribution. We are pleased to welcome Carol Duncumb to the Board from early February 2021. Carol is an experienced Non-executive Director with considerable experience in Executive and Non-executive roles. Her wealth of experience, especially in brand building and consumer-related businesses, will bring an added dimension to the Board.

The Board is committed to upholding the principles of good governance as set out in its chosen governance code, the Quoted Companies Alliances (QCA) Corporate Governance Code. In line with changes to our reporting requirements, this year we detail how key stakeholders' interests have been considered in Board discussions and decision-making. We also report our carbon emissions across sites. These reports can be found on pages 44 and 48-50.

Outlook

The Board and the Executive team have demonstrated clear leadership this year, acting decisively in response to the unprecedented challenges of COVID-19. Predictions about COVID-19 cannot be made with any certainty but having taken measures to ensure the health and safety of our workforce, improve our financial security and deliver a more efficient business, we are much better placed to manage this challenging environment.

Whilst the short-term economic outlook remains unclear, the sustained levels of developer, investor, partner and private interest in Inland's land assets and homes reflect the fundamental shortage of high-quality, affordably-priced housing across the UK as well as the Group's positioning in its markets.

The Group remains focused on maximising the value in its land bank in the year ahead, via planning, private and partnership housebuilding activities and using the flexibility within the business model to adapt to changing market conditions. This flexibility is proving to be Inland's greatest strength in this rapidly changing market.

Terry Roydon
Chairman

5 February 2021

STRATEGIC REPORT

Meridian Waterside,
Southampton

Cheshunt Lakeside, Cheshunt

Stephen Wicks
Chief Executive Officer

Chief Executive's review

COVID-19 has brought unprecedented challenges but there has been sustained demand for our high-quality land and we have achieved some significant sales of sites during the year.

We are focused on and committed to delivering a clear strategy of land-focused activity geared to positive cash generation and net debt reduction. Whilst our final results have inevitably been impacted by the pandemic, the actions we have taken have put us in a better position to manage the ongoing market uncertainty.

We start the new financial year with a record land bank of 11,045 plots, a forward order book of £105.8m for partnership housing and £50.8m for private homes and commercial units. Whilst we have achieved a £4.1m reduction in net debt (30 September 2020: £148.2m, 30 September 2019: £152.3m) and increased cash balances to £15.7m (30 September 2019: £10.9m), reducing the Group's net debt further is the key focus for the year ahead.

These results would not have been possible without the support of our staff and supply chain. They have embodied our values of both making no compromises on safety and working to be 'stronger together'. I would like to express my sincere thanks to all for their immense efforts during these unprecedented times and their continued support.

Land portfolio

In line with our strategy, our land bank continues to reach new heights – a record 11,045 plots (2019: 7,796) with an estimated £3.1bn gross development value. We have achieved planning permission on 2,470 of these plots, submitted planning applications on 1,819 and have a further 3,961 plots at pre-application planning stage. The land bank includes 2,795 plots on strategic sites, the majority of which are held by way of discount to market value options. In aggregate, 107 plots were sold this year.

These sales include the 94 plots within the first phase at Wilton Park, Beaconsfield to a private developer and 195 plots within our joint venture Cheshunt Lakeside, Cheshunt to a local housing association. The sale of Phase 2 at Wilton Park, comprising 53 plots, in January 2021 and a £34.5m partnership housing contract at Cheshunt Lakeside will further enhance our position.

We submitted the reserved matters application for the first two phases at Wilton Park, comprising 147 plots, in June 2020 and this application was approved in December 2020. Detailed planning consent for the first phase at Cheshunt Lakeside was achieved in February 2020 and construction started in November 2020.

With our ability to move nimbly, as explained in the Chairman's Statement, we were able to secure our first Build to Rent (BTR) opportunities this year.

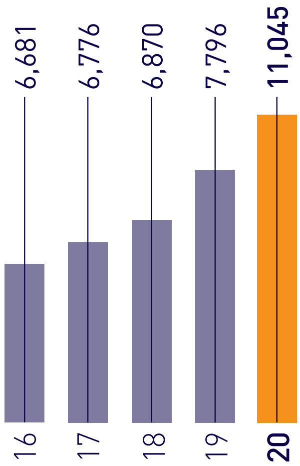
Asset management

Our 100% success rate in achieving planning consent on brownfield sites is driving this rapidly growing arm of the business which offers attractive returns with significantly reduced capital investment.

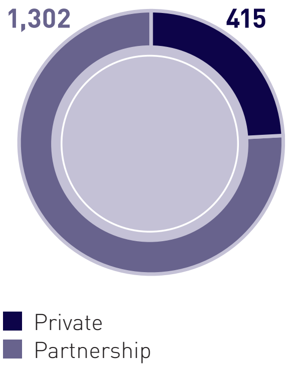
This year, we secured the 4.4-acre former Homebase site in Walthamstow, North East London and the 36.7-acre Cavalry Barracks site in Hounslow, West

Read more in the Operations Review on page 26

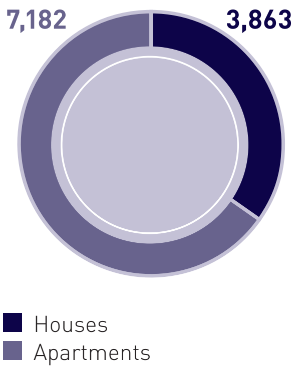
Growth of land bank year on year



Homes under construction



Total land bank split by type



London on behalf of third-party investors, bringing the total number of schemes in our asset management division to six, which combined have the potential for more than 3,100 homes. We submitted a planning application for 583 units at Walthamstow in August 2020 and will submit an application for 1,650 homes at the Cavalry Barracks site in the first quarter of 2021.

We were delighted in January 2021 to receive notification that our planning application for the delivery of 514 new homes on the former Master Brewer site in Hillingdon, West London can be determined at a local level by the Greater London Authority. The site had been the subject of third-party requests to call in for determination by the Secretary of State who recently decided that the application could be approved at a local level. Following approval by the Mayor of London in September 2020, we will shortly finalise the Section 106 agreement. We look forward to progressing delivery of the scheme, which is supportive of the Government's housebuilding agenda, delivering much needed affordable homes and regenerating a dilapidated site.

Private and partnership housing build performance

In line with our strategy, we are now constructing more homes on behalf of partners than ever before. As at 30 September 2020, there were 1,302 partnership homes and 415 private homes under construction (30 September 2019: 921 partnership homes, 892 private homes). The forward order book for partnership housing contract income stands at £105.8m (30 September 2019: £123.7m) and includes £40.3m of future contract income secured during the last two months of the financial year.

While we anticipate the highest demand in the year ahead for our partnership housing offer, the rate of reservation of private homes in the fourth quarter exceeded expectations, driven in part by the summer relaxation of COVID-19 restrictions and the temporary relaxation in Stamp Duty Land Tax. Our weekly net reservation rate per active sales outlet was 0.69 for the year (fifteen-month period to 30 September 2019: 0.73) and this increased to 1.12 homes per active sales outlet during the fourth quarter.

The number of private home completions also increased this year, from 201 in the fifteen-month period to 30 September 2019 to 226 in the year to 30 September 2020 (excluding bulk sales to BTR operators). Of these sales, 130 were across sites held in joint ventures (fifteen-month period to 30 September 2019: 71).

To protect ourselves from any softening of the private housing market, we are focused on building homes which meet market need. This means building houses rather than apartments and continuing to target the first-time buyer market. Our average selling price of £287,000 (fifteen-month period to 30 September 2019: £250,000) continues to make our homes attractive to this market. We have experienced significant cost increases on some of our projects due to COVID-19 and other inefficiencies which have impacted our margins. However, we now have several years of housebuilding experience under our belt and we will seek to grow the profit margins this activity delivers, increasing efficiencies through design and fit-out and improved internal controls.

Strategic focus

This year has been one of refocus and consolidation. We have taken the opportunity to review and refine the areas of our strategic focus in light of the COVID-19 pandemic. The refined strategy ensures a focus on maximising the value of our land bank and reducing net debt and gearing.

01 Increase the size of our land bank

Land is at the heart of what we do. We will continue to focus on increasing our land bank of brownfield and strategic sites where we expect residentially led development in the South and South East.

02 Seek to secure capital light opportunities

We will grow the asset management division of the Group, managing the acquisition and securing planning permission on behalf of third parties. This activity is capital light and offers attractive returns.

03 Use the flexibility within our business model to maximise the value of land that has planning consent

We will continue to make the decision to sell, build or partner with others based

> We are focused on and committed to delivering a clear strategy of land-focused activity geared to positive cash generation and net debt reduction."

Stephen Wicks
Chief Executive

Chapel Riverside, Southampton

on an assessment of what will deliver the highest returns and the Group's cash requirements. In the short term, we will continue to increase our partnership housing activity as this achieves land sales for the Group and also secures a forward income stream, thus protecting the business against any potential decline in the private housing market.

04 Deliver homes which meet market need in the most cost-efficient way

We will continue to target the first-time buyer market, building homes of outstanding quality and value. Now that we have achieved critical mass of homes under construction, we are standardising our product offering, both in design and fit-out to drive efficiencies. Our focus will be on building houses rather than apartments for the private sale market as this is where there is greatest customer demand.

Chairman of the Board

Chairman of the Board Terry Roydon has announced he will not stand for re-election at the Annual General Meeting in March 2021. Terry has played an integral role over the past fourteen years in the Group's success, setting clear strategic direction and delivering strong leadership. I sincerely thank Terry for his longstanding dedication to the interests of Inland and the very considerable contribution that he has made to the Company during his time on the Board.

The position of the Chairman will be assumed by Simon Bennett who has also considerable experience with the Group, having been with the Company since it joined the AIM market in April 2007.

Outlook

The Group was trading in line with expectations until March 2020, with momentum returning to the market; the general election in late 2019 and progress in Brexit negotiations had returned confidence to both the house-buyer market and the wider economy. However, COVID-19 changed the marketplace significantly and the long-term economic ramifications are still to be felt.

Despite these headwinds, there are plenty of opportunities for Inland. The market has been buoyed by news of effective COVID-19 vaccines, long-awaited planning reform is on the horizon and there is growing demand in the affordable and build-to-rent space. Above all else, there is a shortage of new homes being built in the UK, reflected in the sustained demand for our private sale homes.

Growing our asset management division will be a primary focus. We are seeing increasing demand for our experience and skills in successfully navigating the planning system and will continue to seek new opportunities within this sector. As a 'capital light' activity – where our skills and expertise are the service – this activity has lower risk and delivers attractive returns.

We will continue to grow our land bank and build houses that meet market need. The shortfall in the number of new homes being delivered across the UK and particularly in the South and South East of England will continue to drive demand for our land assets and build capability.

We anticipate increased activity in the year ahead from affordable housing providers as demand for temporary accommodation increases due to COVID-19. We have proven capability in delivering these schemes and are actively seeking these opportunities which provide regular cash flow and land sales.

The BTR market is growing rapidly and we have a substantial number of sites suitable for rental housing within our portfolio. Being able to offer the build capability as well as the land makes us an attractive proposition to investors and we look forward to making more progress into this market.

We have a clear strategy for dealing with the short-term future: maximising the value within our land bank with reduced borrowings and risk. Our business model allows us to adapt our activity – land sales, private or partnership housebuilding activity – to the changing market conditions and this flexibility is standing us in good stead.

With multiple income streams, we have a balanced business model to progress through the current uncertain times.

Stephen Wicks

Chief Executive Officer
5 February 2021

Key aspects of our marketplace

Despite the headwinds in the housing market, the economic uncertainty caused by the COVID-19 pandemic and the uncertain economic consequences of Brexit, there continue to be opportunities which the Group is well positioned to seize.

COVID-19

Context
The COVID-19 pandemic resulted in the Government imposing controls, including the movement of people and the closing of different parts of the economy and business. The UK entered its first lockdown in late March 2020 with restrictions easing from May 2020. Subsequent tiered and national lockdowns have followed, most recently a third lockdown announced in January 2021.

To date the Government has permitted construction sites to remain operational so long as activities can be carried out safely.

During the first lockdown, 'non-essential' house moves and activities relating to the sale and purchase of homes were restricted.

Our response
We adapted quickly by implementing measures to ensure full compliance with the Government's COVID-19 Secure guidance. The Group also became a signatory to the Home Builders Federation (HBF) 'Charter for Safe Working Practice'.

All but three sites remained operational during the first lockdown, with COVID-19 Secure measures in place. Sales and Marketing suites reopened in May 2020 and the three sites that were temporarily closed reopened in August 2020.

To recognise the efforts of key workers in this pandemic, we introduced a 'key worker' discount on home purchases.

Looking ahead
Unlike others in the industry, our flexible business model generates income from multiple streams. This means we can adapt quickly to the changing environment. We will continue to maintain our activities in line with Government guidance.

Economic uncertainty

Context
UK gross domestic product (GDP) is estimated to have contracted by 19.8% in Quarter 2 (April to June) 2020 and increased by 16.0% in Quarter 3 (July to September). Though the increase in Quarter 3 reflects some recovery of activity, the level of GDP in the UK is still 8.6% below where it was at the end of 2019. Output levels in construction in Quarter 3 2020 were 7.0% below their Quarter 4 (October to December) 2019 levels.[1]

Our response
We acted quickly, implementing a strategy of land-focused activity to generate revenue, reduce costs and preserve cash.

Our COVID-19 statement on pages 24 and 25 provides more detail about the action taken.

Looking ahead
Our refined strategy, focused on maximising the value in our land bank and reducing net debt and gearing, will put us in a stronger position to manage the ongoing economic uncertainty.

We start the new financial year with increased cash reserves. We also have a record land bank of 11,045 plots and a strong forward order book (£50.8m for private homes and commercial units and £105.8m for partnership housing). Growing our asset management division will be a key focus as an activity that can deliver high returns with reduced capital investment requirements.

Sources

[1] ONS, GDP quarterly national accounts, UK: https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/quarterlynationalaccounts/apriltojune2020, https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/quarterlynationalaccounts/julytoseptember2020

Brexit

Context

The Brexit transition period ended on 31 December 2020. Following months of negotiations, the UK and EU agreed a Brexit deal on 24 December 2020. The deal came into effect on 1 January 2021.

Our response

We used our strong relationships with subcontractors to plan for a no-deal Brexit, focusing on ensuring continuity of critical supplies and workforce. We liaised with subcontractors to ensure we had visibility of how their supply chains could be impacted by an end to the free-trade agreement with Europe and ensured contingency plans were in place.

Looking ahead

The Brexit deal brought much needed certainty, enabling us to continue to reliably forecast the cost and availability of products.

We continue to work closely with our supply chain to ensure continuity of critical supplies and workforce.

The broader impact of the new trade arrangements are yet to be seen, but the Board will continue to monitor the potential risks.

Fundamental shortage of homes in the UK

Context

In the year to March 2020, net housing additions in England increased for the seventh year, increasing by 1% and amounting to 243,770 net additional dwellings. However, in the 12-months to June 2020, the number of new build completions in England is estimated at 147,180, a decrease of 15% compared to the year to June 2019. New build starts in the year to June 2020 also decreased significantly, by 26% to an estimated 121,630.[2]

Our response

It is pleasing to see year-on-year growth in housing supply coming forward but the impact of COVID-19 will be significant and the Government remains at risk of not meeting its 300,000 new homes per annum by the mid-2020s. We are focused on delivering homes to meet housing need across the South and South East of England. As at 30 September 2020 we have 415 private homes and 1,302 partnership homes under construction across 15 sites (30 September 2019: 892 private homes, 921 partnership homes).

Looking ahead

We anticipate the greatest demand in the coming year for our partnership housing activity. In line with our strategy, we are focused on increasing margins across both our private and partnership housebuilding activity, although delays and material cost increases will continue to impact margins in the year ahead.

We will also look to secure additional Build to Rent (BTR) opportunities in the coming year. Our land bank comprises many sites suitable for this rental market.

Strong housing demand

Context

House prices rose at their fastest pace since 2016 in September 2020 as the property market continued to bounce-back following the first COVID-19 lockdown.

Property values climbed by 7.3% in the year to September 2020. This was up from 5.2% in August 2020 and the fastest growth rate since June 2016. On a monthly basis, house prices in September 2020 were 1.6% higher than in August 2020.

Total growth for 2020, according to Savills, was 7.3%, the highest in six years. A 20.4% increase is forecast between 2020 and 2024.[3]

Our response

During the year we completed the sale of 226 private homes including joint ventures but excluding bulk BTR sales (fifteen-month period to 30 September 2019: 201), with an average selling price of £287,000 (fifteen-month period to 30 September 2019: £250,000). This selling price makes these homes attractive for both the first-time buyer market and those with long-term rental investment intentions.

Our net weekly reservation rate per active sales outlet was 0.69 for the year (fifteen-month period to 30 September 2019: 0.73), increasing to 1.12 during the fourth quarter.

Looking ahead

Pent-up buyer demand and Government incentives to buy may be contributing to the bounce-back in the housing market but our strategy of building high-quality, affordably-priced homes in areas of high demand should stand us in good stead to deal with any downturn.

We are standardising our product offering, both in design and fit-out, to drive efficiencies and increase margins now that we have a critical mass of homes under construction.

Sources

[2] MHCLG, Planning Applications in England April to June: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/922145/Planning_Application_Statistics_–_January_to_June_2020.pdf

[3] Halifax House Price Index 2020: https://www.halifax.co.uk/assets/pdf/september-2020-house-price-index.pdf, Savills UK Housing Market Update – January 2021: https://www.savills.co.uk/research_articles/229130/309821-0, Savills forecast: https://www.savills.co.uk/insight-and-opinion/savills-news/305686/savills-revises-up-its-uk-mainstream-house-price-forecasts-for-2020-and-beyond

Key aspects of our marketplace CONTINUED

Government supportive of planning reform

Context
The Government has announced it will reform England's seven-decade old planning system to "introduce a new approach that works better for our modern economy and society".

Reform is much needed. In the period April – June 2020, 88,000 applications for planning permission were received, down 23% on the corresponding quarter of 2019. The number of applications granted also decreased in comparison to the same quarter in 2019: 71,700 decisions granted, down 22% from the same quarter in 2019.[4]

Our response
We welcome the proposed reforms to the planning system. Our expertise and perseverance mean that we have an excellent success rate in getting sites allocated for development in local plans but the current system remains cumbersome and bureaucratic, with local government planning teams under-resourced and a 'one size fits all' approach taken to the process.

Looking ahead
We are keen to continue contributing to the planning reform debate and engaging with the Government.

At 30 September 2020, the Group has submitted planning applications on 1,819 of its land bank plots and has 3,961 plots at a pre-application planning stage. We look forward to progressing these in the coming year.

Growth of Build to Rent market accelerating

Context
While still only accounting for a small part of the marketplace – around 2-3% – BTR is growing rapidly, as it is perceived to be a lower risk option for institutional investors. As at the end of Q3 2020, there are 171,814 BTR homes in the UK, of which 50,821 are complete, 36,701 under construction and 84,292 in planning. 95,010 of these homes are located outside London and 76,804 within.[5]

Our response
In September 2020, we announced two sales valued at £52.8m to BTR funds at our joint venture Centre Square and 100%-owned Buckingham House developments in High Wycombe, demonstrating the attractiveness of our assets within this growing market.

Looking ahead
We have a substantial number of sites suitable for this rental market and can offer both the land and build expertise, making us an attractive proposition to prospective investors in this space. We will seek new opportunities in the year ahead.

Promised support for those looking to buy in the face of tighter lending restrictions

Context
The number of 90% loan-to-value (LTV) mortgage deals fell by 91% in the wake of the COVID-19 pandemic, from 779 in March 2020 to 70 in July 2020.

The Government has promised state-backed 95% loan-to-value, long-term fixed loans for first-time buyers. The temporary stamp duty holiday for residential properties worth up to £500,000, effective from 8 July 2020 until 31 March 2021, means the average stamp duty bill will fall by £4,500 and nine out of ten people buying a main home in 2020 will pay no stamp duty at all.[6]

Our response
While our average selling price of £287,000 is lower than the South East average of £336,074, mortgage availability is a pressing issue for many of our buyers. We welcome the measure by the Government to support people onto the property ladder.[7]

Looking ahead
In this regard, an extension or alternative to the Help to Buy scheme, due to end in 2023, will be essential to keep the market moving.

Sources

[4] MHCLG, Live tables on housing supply: net additional dwellings: https://www.gov.uk/government/statistical-data-sets/live-tables-on-net-supply-of-housing
MHCLG, Housing supply: Indicators of new supply, England Statistical Release January to June 2020: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/922911/Housing_Supply_Indicators_Release_June_2020.pdf

[5] https://www.propertyinvestortoday.co.uk/breaking-news/2020/6/insight--who-is-driving-the-build-to-rent-boom
https://bpf.org.uk/about-real-estate/build-to-rent/

[6] https://moneyfacts.co.uk/news/mortgages/first-time-buyers-see-product-choice-fall-by-more-than-half-in-a-month/
https://www.gov.uk/government/news/stamp-duty-holiday-continues-to-help-hundreds-of-thousands-of-jobs-after-further-213-boost-in-september

[7] Property Data https://propertydata.co.uk/charts/house-prices

Farrier's Wood, Garston

Our strategy

Identifying the right land opportunities, and securing planning permission on these sites, remains the essence of what makes us uniquely Inland. In parallel, we continue to grow our asset management and housebuilding activities, areas where we are demonstrating a successful track record and positioning ourselves for growth.

We have reviewed and refined our strategy this year in light of the COVID-19 pandemic into four key pillars. The refined strategy ensures our focus is on maximising the value of our land bank and reducing net debt and gearing.

Our strategic pillars

Increase the size of our land bank

Description

Our land bank is the foundation of our business. We will continue to focus on increasing the number of brownfield and strategic sites where we expect residentially led development in the South and South East of England. The sites we buy range from brownfield land in locations with good transport links and community facilities to strategic acquisitions that open up the potential of neighbouring land and areas that will become key housebuilding terrain in the future. This balanced approach offers the potential for short, medium and long-term returns.

Financial driver

- Short-term returns from the sale of consented land plots
- Medium-term returns via partial sale, residential development and partnership housing contracts
- Strategic land bank delivers medium to long-term returns with low initial capital investment

Performance

- Land bank gross development value £3.1bn (fifteen-month period ended 30 September 2019: £2.4bn)
- Total land bank plots:11,045 (fifteen-month period ended 30 September 2019: 7,796)
- Land plots sold: 107 (fifteen-month period ended 30 September 2019: 532)
- Number of plots with planning permission: 2,470 (fifteen-month period ended 30 September 2019: 2,956)
- Strategic land plots: 2,795 (fifteen-month period ended 30 September 2019: 3,523)

2021 priorities

We have achieved our target of building a land bank in excess of 10,000 residential plots and will continue to grow our land bank of both brownfield and strategic sites in the year ahead. Anticipating strong demand from local authorities for our partnership housing offer, we will actively seek sites which lend themselves to this activity.

KPIs (see pages 18 and 19)

1 2 5 6

Seek to secure capital light opportunities

Description

We will grow the asset management division of the Group, managing the acquisition and securing planning permission on behalf of third-party investors. This activity enables the Group to earn substantial fees with a significantly reduced investment and working capital requirement. The transactions are generally structured so that they are non-recourse to the Group.

Financial driver

- Capital light activity
- High return on capital

Performance

- Number of projects underway: six
- Number of homes in pipeline: >3,100
- Planning application submitted for 583 units at Walthamstow in August 2020

2021 priorities

We will continue to secure new opportunities in this area.

In early 2021, we will submit an application for 1,650 homes at the Cavalry Barracks site in Hounslow, West London.

Having received notification in January 2021 that our planning application for the delivery of 514 new homes on the former Master Brewer site in Hillingdon, West London, can be determined at a local level by the Greater London Authority, we are now in a position to finalise the Section 106 agreement and look forward to progressing delivery of the scheme.

KPIs (see pages 18 and 19)

2 3 6

Use the flexibility within our business model to maximise the value of land that has planning consent

Description

We will continue to make the decision to sell, build or partner with others based on an assessment of which activity will deliver the highest returns and the Group's cash requirements. Demand from housing associations for projects where we can provide the land and construction continues to grow.

Financial driver

- Short-term returns from the sale of consented land plots, with cash inflow used to fund other activities
- Partnership housing offers immediate cash inflow from the land sale, with recognition of revenue and cash flow through monthly valuation of work done. This reduces equity capital requirement and additional borrowings and de-risks the development from any sales risks.
- Strategic land bank delivers medium to long-term returns, with reduced risk and low initial capital investment

Performance

- Land bank plots: 11,045 (fifteen-month period ended 30 September 2019: 7,796)
- Land plots sold: 107 (fifteen-month period ended 30 September 2019: 532)
- Number of plots with planning permission: 2,470 (fifteen-month period ended 30 September 2019: 2,956)
- Partnership homes under construction: 1,302 (fifteen-month period ended 30 September 2019: 921)
- Number of plots in pre-application discussions with local authorities 3,961 (fifteen-month period ended 30 September 2019: 433)

2021 priorities

In the short to medium term, we will continue to increase our partnership housing activity. This activity achieves land sales and secures a forward income stream, thus balancing the business against any potential decline in the private sale market in the year ahead. With several schemes in development and a healthy land bank, we are focused on increasing our share of this growing market.

KPIs (see pages 18 and 19)

1 2 3 5 6

Deliver homes which meet market need in the most cost-efficient way

Description

We will continue to target the first-time buyer market, building homes of outstanding quality and value. We have proven our credentials as a high-quality housebuilder through our award-winning developments and we continue to build momentum and develop our portfolio, building homes which meet market need.

Financial driver

- Greater project and quality control
- Site revenue maximised over the long term

Performance

- Average weekly sales rate per active site over the year: 0.69 (fifteen-month period ended 30 September 2019: 0.73)
- Private home completions (including joint venture but excluding bulk Build to Rent sales): 226 (fifteen-month period ended 30 September 2019: 201)
- Private home and commercial unit forward sales: £50.8m (fifteen-month period ended 30 September 2019: £39.3m)
- Average selling price: £287,000 (fifteen-month period ended 30 September 2019: £250,000)

2021 priorities

Our focus will be on building houses rather than apartments for private sale as this is where there is greater customer demand. We are standardising our product offering both in design and fit-out to drive efficiencies.

KPIs (see pages 18 and 19)

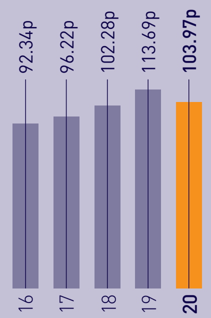
2 3

Key performance indicators

Financial KPIs

01

EPRA net asset value per share



103.97p

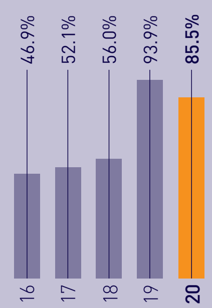
Definition
EPRA net asset value (NAV) per share is EPRA NAV divided by the number of shares at the period end. The use of EPRA methodology reveals how much 'hidden value' is held within inventories. A reconciliation of EPRA NAV per share is outlined on page 34.

Performance
EPRA NAV per share was reduced to 103.97p primarily due to the placing of new ordinary shares.

Priorities for 2021
We will continue the key activity of identifying the right sites and securing planning.

02

Net gearing



85.5%

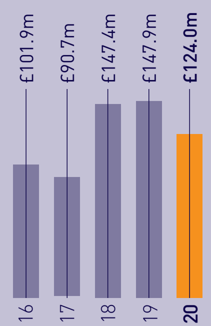
Definition
Net debt is calculated as a proportion of borrowings less cash to total equity attributable to shareholders. Gearing measures our exposure to debt risk and indicates the efficiency of the Group's capital structure.

Performance
The key objective is to reduce the Group's net debt and gearing position. A reduction has been achieved this year, with net borrowings reduced by £4.1m from £152.3m to £148.2m, representing net gearing of 85.5%.

Priorities for 2021
We are focused on making significant reductions in net debt over the next financial year through asset disposals and recovery of management fees.

03

Revenue



£124.0m

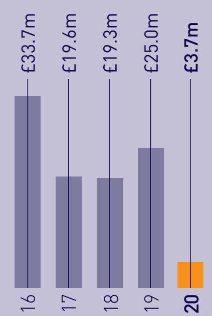
Definition
Revenue combines the major income streams of the Group, land sales, asset management fees, sales of residential homes, contract income, rental income and investment property income.

Performance
Revenue decreased to £124.0m from £147.9m due to the impact of COVID-19. However, revenue from our asset management activity increased to £24.4m (fifteen-month period ended 30 September 2019: £18.6m) and partnership housing revenue, on a pro rata basis, was maintained at £51.8m (fifteen-month period ended 30 September 2019: £62.6m). The prior reporting period was fifteen months, compared to twelve months this year.

Priorities for 2021
We will continue to maximise the value within our land bank using the income streams available on receipt of planning consent.

04

Profit before tax



£3.7m

Definition
Profit before tax gives an indication of the underlying performance of the Group across all our activities.

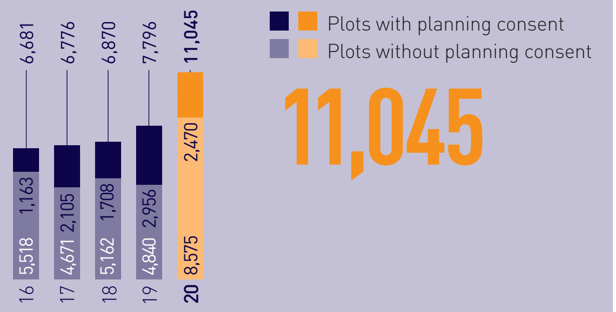
Performance
Profit before tax is significantly lower than originally anticipated at £3.7m due to the impact of COVID-19 and commercial cost increases.

Priorities for 2021
We will focus on maximising the value in our land bank and increase profitability via the various business segments.

Non-financial KPIs

05

Number of plots with or without planning consent



11,045

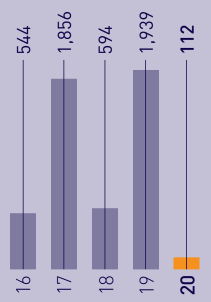
Definition
The number of plots owned or controlled by the Group with the potential for homes to be built.

Performance
Our land bank stands at a record 11,045 plots, of which 2,470 have planning permission.

Priorities for 2021
Identifying the right land opportunities is still the key to our success. We have achieved our target of building a land bank in excess of 10,000 residential plots and will continue to grow our land bank of both brownfield and strategic sites in the year ahead. Anticipating strong demand from local authorities for our partnership housing offer, we will actively seek larger sites which lend themselves to this activity.

06

Planning permissions gained during the period



112

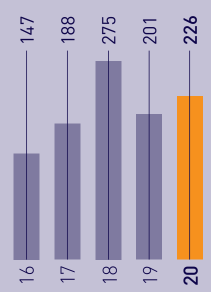
Definition
Plots gained with planning permission or resolution to grant planning permission during the reporting period.

Performance
The Group gained planning permission or a resolution to grant planning permission on 112 plots during the reporting period.

Priorities for 2021
We will continue to make a decision to sell, build or partner on sites with planning permission based on an assessment of which activity will deliver the highest returns and cash flow.

07

Private home sales



226

Definition
The sale of the number of homes where contracts have been legally completed in the financial year, including those within our joint ventures.

Performance
During the year we completed the sale of 226 private homes, including via joint ventures but excluding bulk sales to BTR operators. These were across 11 active sales sites with an average selling price of £287,000 which makes these homes attractive to our target first-time buyer market.

Priorities for 2021
We will focus on building homes which meet market need and constructing them in the most cost-efficient manner. This means focusing on building houses rather than apartments and standardising our housing design and fit-out.

Abbey Wharf, Alperton

Note
In 2019, all KPIs were over a 15 month period.

In depth

ASSET MANAGEMENT DIVISION

What is asset management?

Our asset management division enables investors in the property sector to benefit from our land and planning expertise. We enter into a planning and management services agreement with the investors for the acquisition of brownfield land and use our expertise to navigate the complex planning system to obtain planning consent. Typically, we also propose a plan for the disposal of the site when consent has been achieved.

This is a high-growth part of the Group and an activity that generates substantial service revenues with significantly reduced investment and capital consumption.

Why asset management?

- Maximises our land and planning expertise
- Limited capital investment
- High returns on receipt of planning consent

Asset management services

Identify land opportunity	Assess viability of land opportunity in planning process	Introduce investors to the opportunity	Manage land acquisition on behalf of investors	Secure planning permission on behalf of investors	Propose a disposal plan for the site
Our core market is the South and South East of England where there are premium land opportunities	Our highly-experienced land and planning teams are skilled in assessing the planning outcome	We give investors a clear and unobstructed window into land opportunities	We have a demonstrable track-record of success and six schemes currently being managed through the division	We have a 100% success rate in securing planning consent on brownfield sites	Our land team has access to all disposal methods giving investors maximum value post planning approval

How we create value for investors

Asset management projects

As at 30 September 2020, there are six live asset management projects, with the potential for more than 3,100 homes.

Former Homebase site, Walthamstow

583 units

Planning application submitted

Hillingdon Gardens, Hillingdon

514 units

Recommended for approval

Aston Clinton, Aylesbury

44 units

14 units approved, 30 submitted for planning

Two sites in Barking, Essex

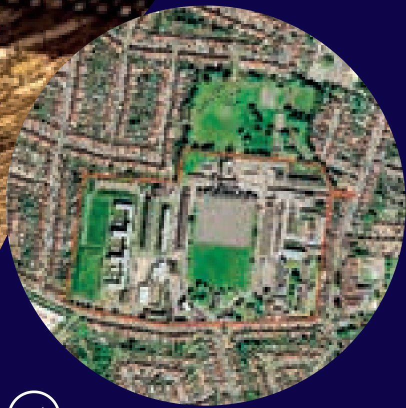
390 units

Planning applications to be submitted early 2021

Cavalry Barracks, Hounslow

1,650 units

Planning application to be submitted early 2021



IN FOCUS
Cavalry Barracks, Hounslow

Acting on behalf of investors, our asset management division sourced and secured the acquisition and development of one of the largest brownfield sites in London in August 2020: the 36.7-acre Ministry of Defence (MOD) Cavalry Barracks in Hounslow, West London.

Completion of the acquisition is subject to vacant possession which is anticipated in August 2021.

Inland will manage the planning and development process on behalf of the investors in this project and will receive significant service revenues when consent is achieved.

The entire site is allocated for a major mixed-use development via a development brief adopted by the London Borough of Hounslow. We expect to make a planning application for a residentially led, mixed use scheme of 1,650 homes in the first quarter of 2021.

The historical significance, location and scale of Cavalry Barracks make this one of the best brownfield sites we have secured in our history. The sympathetic redevelopment will support the London Borough of Hounslow in delivering much-needed, additional, low-cost housing and the ongoing regeneration of the area.

- 36.7-acre site
- £600m estimated GDV
- Fifth MOD transaction and the largest to date.
- 14 Grade II listed buildings and 19 locally listed buildings, plus 439 existing residential accommodation units
- Planning application for residentially led mixed-use scheme to be submitted early 2021

Our agile business model

Key resources

Industry knowledge
Our ability to identify opportunities for brownfield regeneration stems from the industry knowledge we have gained through years of experience.

Strong relationships
We have strong industry relationships with public sector bodies, vendors and local communities which place us in a strong position to take advantage of future opportunities.

Our people
We attract and retain high-calibre employees at all levels.

Efficient capital structure
We generate income from multiple income streams and have a flexible business model that allows us to adapt to changing market conditions and business needs to maintain an efficient balance sheet.

Key activities

1 Identify land
Our local insight and established relationships with vendors and public sector bodies mean we are aware of opportunities to increase our land bank. We focus on brownfield land but are building a strategic land bank of longer-term opportunities.

2 Acquire land
Our financing resources and strong reputation as being trustworthy and reliable mean we can act quickly to secure promising sites.

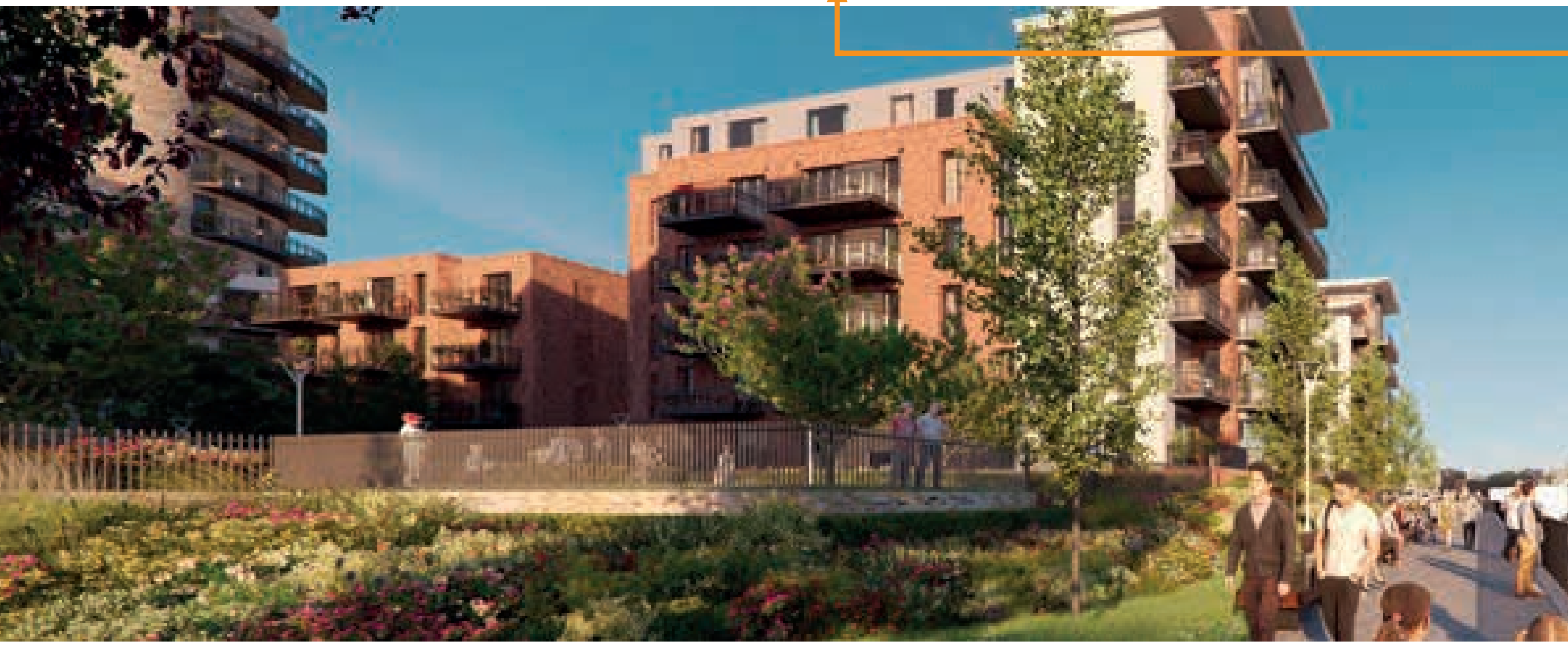
Income stream
Long-term rental income from assets held as investment property.

3 Asset management services
Our land and planning expertise drives high demand from investors who engage us as an asset manager to provide land management and planning services.

Income stream
A 'capital light' activity that offers attractive returns on receipt of planning permission with reduced risk to the Group.

4 Procure planning consent
The land value increases on receipt of planning consent. Our skill in identifying the right site and navigating the complex planning system means we maintain a 100% success rate in achieving planning permission on brownfield sites.

On receipt of planning consent, we sell, build or partner with others to unlock the potential at each site and realise its full value, creating short, medium and long-term returns for shareholders.



Generating value

5
Full or partial land sale

Once planning consent is received, we have the opportunity to benefit from the increase in land value and sell the whole or part of a site to other housebuilders or housing associations.

Income stream
Short-term return with revenue generated from the increase in land-value.

6
Partnership housing

We have proven capability in building on behalf of housing associations and institutional landlords. With a shortage of affordable housing across the UK, demand for our turnkey package continues to grow.

Income stream
Land sale secures a short-term return and forward income stream delivers medium-term returns.

7
Self-build

Our predominantly self-delivered housebuilding programme provides design and build efficiencies, together with greater control over schedule and overall scheme quality.

Income stream
An activity that takes more time but that maximises the long-term revenue potential. Rental income during site development generates short and medium-term returns.

Value generated

Customers
Affordably-priced homes of exceptional quality

Communities
Thriving, sustainable communities

Investors
Strong shareholder returns in the short, medium and long term

Colleagues
High levels of employee engagement and satisfaction

Suppliers and subcontractors
Shared rewards

Government and regulators
New homes delivered to support housing need

In depth

OUR RESPONSE TO COVID-19

COVID-19 has heightened the need for businesses to be agile and we have risen to the challenge, adapting how we work and our operational focus.

Until the middle of March 2020, we were on track to deliver results which were in-line with expectations. With market confidence impacted by COVID-19, following the imposition of lockdown restrictions, we saw almost overnight the temporary loss of five significant property transactions.

We acted swiftly and decisively, implementing activities with the objectives of conserving cash, raising new equity and further reducing borrowings.

Throughout the pandemic, in line with the Group's commitment to health and safety, the health and wellbeing of our people and the public has been of utmost importance.

Immediate actions taken

The Government's furlough scheme enabled the Group to alleviate some of the immediate economic impact of COVID-19, whilst ensuring we had the workforce needed once the situation improved. In total, 73 members of 166 staff (as at the end of March 2020) were furloughed under the Coronavirus Job Retention Scheme.

In addition:

- The Executive Directors and the Operational Board accepted a temporary salary cut of 50% per annum. The Executive Directors also deferred taking their annual bonus for the fifteen-month period ended 30 September 2019;
- The Non-executive Directors accepted a voluntary reduction in their fees of 25% per annum;
- All staff working remotely earning £40,000 or more per annum accepted a voluntary salary reduction ranging from 9% to 45% per annum; and
- During the year, 25 staff were made redundant.

Employees (excluding Non-executive Directors and Executive Directors) returned to full pay from 1 July 2020. The Non-executive Directors and Executive Directors returned to full pay from 1 September 2020.

The review of Group overheads ensures that we are operationally efficient, with the right skills in place to take the business forward.

Funding

An equity fundraise and facility extensions improved our liquidity. The Capital Raising in April delivered proceeds of approximately £9.4m (net of expenses) and increased the total ordinary shares in issue to 228,341,045. In September 2020, we triggered the accordion part of the revolving credit facility (RCF) with HSBC of £20.0m, taking the facility available for housebuilding from £45.0m to a new maximum of £65.0m. As at the year end, we had drawn down £42.8m of this facility leaving headroom of £22.2m. The facility expires in March 2023. Detail on other facility extensions can be found in the Group Finance Director's Review on page 35.

Becoming COVID-19 Secure

We implemented stringent new procedures regarding hygiene, social distancing, travel and self-isolation to ensure full compliance with the Government's 'COVID-19 Secure' guidance and the commitments outlined in the Home Builders Federation's 'Charter for Safe Working Practice', to which we are a signatory. We continue to work under the current Site Operating Procedures issued by the Construction Leadership Council.

We acted swiftly and decisively, implementing activities with the objectives of conserving cash, raising new equity and further reducing borrowings.

Throughout the pandemic, in line with the Group's commitment to health and safety, the health and wellbeing of our people and the public has been of utmost importance.

In line with the prevailing safety advice, we continued construction activity across the majority of sites. The three sites temporarily closed were reopened in August 2020. Thinking outside the box to work safely resulted in some surprising innovations, including the use of marquees to provide somewhere safe and comfortable to relax during break times – all while maintaining a safe 2m distance.

Supporting office-based staff with home working

Office based staff were supported to work from home, with staff encouraged to take home IT equipment and office furniture from the outset and additional equipment provided as needed. Display Screen Equipment training was provided to ensure a safe home-working environment. We embraced the use of virtual meeting facilities and encouraged regular team meetings to support people in feeling connected. We implemented measures to improve communication with staff during these uncertain times and the transition from office-based staff to home working was achieved with minimum disruption to the business. This is a real testament to the quality, commitment and professionalism of our staff at all levels.

Health and wellbeing

We have ensured our staff know where they can access help should they need it during these uncertain times. All staff have access to our free Employee Assistance Programme and we have also provided details of other support services available. Staff within the business have been trained as mental health first aiders, providing another support channel.

Ensuring sales and marketing suites are COVID-19 secure

In line with updated Government guidance that removed the restriction on non-essential home moves and supported the return of activities related to the sale and purchase of homes, sales and marketing suites reopened in May 2020. The reopening of the sales and marketing suites enhances our online and remote sales and marketing activity. To ensure the appropriate social distancing, visits are by appointment only and limited to two people from the same household.

Additional procedures are in place to give visitors even greater confidence:

- Parking is provided where possible to reduce the need for customers to use public transport;
- Visitors are briefed ahead of their site visit to ensure they know of the COVID-19 Secure measures in place;
- Reservations of homes are made electronically and not at the appointment;
- Protective screens have been installed in our marketing suites to help prevent the spread of infection;
- Internal doors are left open to minimise the need for contact;
- All surfaces in the marketing suite, show homes and properties are sanitised between each appointment;
- Social distancing is observed throughout every viewing, keeping 2m apart at all times;
- Visitors are required to sanitise their hands when entering and leaving the marketing suite, show homes and at the property viewings;
- Visitors may be asked to be temperature checked;
- Face masks are provided and must be worn; and
- Protective gloves are made available to all customers.

Gary Skinner
Group Managing Director

Operations review

We have maintained progress in our construction activity despite the impact of COVID-19, making tangible headway on all projects and laying the foundations for strategic growth.

2020 facts

£287,000
Average selling price

1.12
Weekly net reservation rate in the final quarter of the financial year

226
Private home completions

60%
Buyers using Help to Buy

705
Plots under warranty

We continued operations throughout the first lockdown on all but three sites (which reopened in August 2020), with robust COVID-19 procedures in place in line with Government guidance.

These include the provision of hygiene stations, strict social distancing protocols, temperature checks for everybody entering sites, larger spaced-out welfare facilities, mandatory face coverings on sites and virtual project meetings. We also became a signatory to the Home Builders Federation (HBF) 'Charter for Safe Working Practice'. We continue to work under the current Site Operating Procedures issued by the Construction Leadership Council.

We ended the financial year with 415 private homes and 1,302 partnership homes under construction across 15 sites (30 September 2019: 892 private homes, 921 partnership homes). Our forward order book for private and partnership housing stands at £156.6m (30 September 2019: £163.0m).

Inevitably, COVID-19 has had a negative impact on our production costs, output and overall margins in the 2020/21 financial year. However, we have reported strong buyer demand since our sales and marketing centres reopened in May 2020 and are focused on improving profit margins by delivering efficiencies across both design and build. We have also further tightened our internal controls.

The housebuilding experience gained since 2016, the number of homes under construction and the forward order book we have created means we are in a good position to deliver on this objective.

Realising the value within our land bank

We have a pipeline of work to maximise the value in our record land bank. This reporting period we submitted planning applications for 1,147 homes within our land bank and received approval for 112 homes.

Delivering on partnership housing activity and planning for future success

We anticipate continued and increased demand from affordable housing providers and are building a land bank that will support this forecast growth, increasing the number of partnership homes under construction from 921 (30 September 2019) to 1,302 across five sites.

Centre Square, High Wycombe

Above all, the shortage of housing across the UK continues to underpin the market and we are confident there will be continued demand for the homes we deliver."

Gary Skinner
Group Managing Director

The forward order book for partnership housing contract income stands at £105.8m (fifteen-month period ended 30 September 2019: £123.7m) and two new partnership and external build contracts with a value of £40.3m have been secured during the last two months of the financial year.

This year, we have proven ourselves to be an affordable housebuilder of choice for partners. We handed over Abbey Wharf, our affordable homes development in Alperton, North West London, to Clarion Housing Group (Clarion) in November 2020. The development has transformed a disused industrial site into 136 new homes and led the way for the ongoing regeneration of the wider area. It is also our first project with Clarion and its success paved the way for a second partnership scheme with the affordable housing provider at our Merrielands site in Dagenham.

At Church Road, Ashford we were able to maintain operations throughout lockdown and delivered the first handover ahead of schedule in August 2020. The development of this disused college will deliver 357 affordable one and two-bedroom apartments and three-bedroom houses, plus 6,700sqft of commercial space and 4,700sqft of educational space.

We have also signed a development agreement with Homes England to develop a 54-acre site in Basildon, Essex which is expected to have a gross development value in the order of £200m. The agreement, which is the culmination of a number of years' work by the Group, allows for the development of over 600 homes, employment and community facilities currently owned by Homes England as well as a site for a new school in Basildon.

Resilience in private housebuilding

We achieved 226 private home completions (fifteen-month period ended 30 September 2019: 201) including via joint ventures but excluding bulk sales to BTR operators, with an average selling price of £287,000 (fifteen-month period to 30 September 2019: £250,000). The average selling price increase is due to a change of sales mix between houses and apartments sold as well as price differences in geographic locations.

Help to Buy continues to support our buyers, with 60% of our purchasers using this Government-backed scheme. An extension or alternative to the existing Help to Buy scheme, due to end in 2023, will be essential to keep the market moving.

As a cyclical industry, we know to expect the peaks and troughs but the 'Great Pause' temporarily halted house sales. Over the longer term, we are monitoring closely whether COVID-19 will result in sustained changes to buyers' wish-lists and preferred locations. We are ready and able to adapt as needed to maximise the opportunities presented. Above all, the shortage of housing across the UK continues to underpin the market and we are confident there will be continued demand for the homes we deliver.

We reported strong demand in the final quarter of the year. Our weekly net reservation rate per active sales outlet was 0.69 for the year (fifteen-month period to 30 September 2019: 0.73) which increased to 1.12 homes per active sales outlet during the fourth quarter (the period from 1 July to 30 September 2020). This is attributed to the reopening of our sales centres following closure earlier in the year and increased demand in the marketplace as a result of the temporary relaxation in Stamp Duty Land Tax.

Our expertise in site remediation and our ability to deliver homes of exceptional quality has been recognised this year, with several award wins for the Group.

Key workers

Following the easing of lockdown restrictions, we offered all key workers access to an exclusive gift of 1% of their chosen property's value. The gift could be tailored to each individual customer's needs and was available to redeem on any Inland home.

The key worker discount offer ran until the end of 2020 and was our way of saying thank you for their incredible work at an unprecedented time.

"The key worker discount has meant that I have been able to get onto the property ladder stress-free.

"I would wholeheartedly recommend buying with Inland. Even with COVID-19 and all the strains of working in the NHS, the buying process was made so easy for me and everyone was so accommodating to my needs.

"They really care about their customers and I'm so happy I chose to buy with them."

Lauren Pinnell
Chapel Riverside

We were awarded Private Developer of the Year and Best New Development in the South for Chapel Riverside at the First Time Buyer Readers' Awards. Chapel Riverside also was awarded first-place in the Best Regeneration Scheme category at the WhatHouse? Awards. Meridian Waterside was highly commended in the Evening Standard New Homes Awards 'Best First Time Buyer Home' category.

Rosewood Housing and Hugg Homes

Now more than ever people need a safe place they can call home. We are passionate about creating high-quality and affordable places for people to live. Through our subsidiaries, Rosewood Housing and Hugg Homes, we are able to offer homes in a range of tenures and across all affordability levels.

In May 2020, Rosewood Housing added four Shared Ownership and eight affordable rent homes to its property portfolio, the second scheme for the affordable housing provider which was approved by the Regulator of Social Housing in 2018. There was high demand for the homes which are in Tring, despite launching in the housing market lockdown. The Shared Ownership homes launched at the end of April 2020 and were fully reserved in fewer than 10 weeks.

Rosewood is actively looking to increase its portfolio and will be acquiring nine Shared Ownership units at Randalls in Uxbridge.

Our temporary modular housing business, Hugg Homes, is also growing, with Broxbourne Borough Council having permitted an additional 48 units in Cheshunt and delivery of an additional 16 units in conjunction with Southampton City Council.

Hugg Homes provides local authorities and other partners with a high-quality alternative to bed and breakfast or hostel accommodation at a considerable saving to the taxpayer, whilst putting to good use brownfield land waiting for planning permission and construction to commence.

These additions, once constructed, will bring the total number of Hugg tenanted homes to 118 (2019: 54).


Meridian Waterside, Southampton

We were delighted that Hugg Homes' pioneering approach to alleviating the housing crisis was recognised by the UK Housing Awards, with Hugg winning the 2020 'Innovator of the Year: Housing Delivery' category.

"I would really recommend buying a home with Inland Homes. Throughout the process, the sales team kept me in the loop as much as possible and let me know what was happening every step of the way."

Ellie Lloyd
Meridian Waterside, Southampton

Customers

Buying a home is usually the biggest financial commitment people make. We aim to make the process as easy as possible with the help of our dedicated team who are there to help customers through every step of the process – from choosing the right home, to applying for a mortgage and moving in. We continue this level of support even after moving in, providing a two-year warranty on each of our homes.

Our friendly and professional team has in-depth knowledge, local insight and scrupulous attention to detail that ensures we reach the highest standards. Each development has its own customer service mailbox with a dedicated Customer Service Coordinator and Manager.

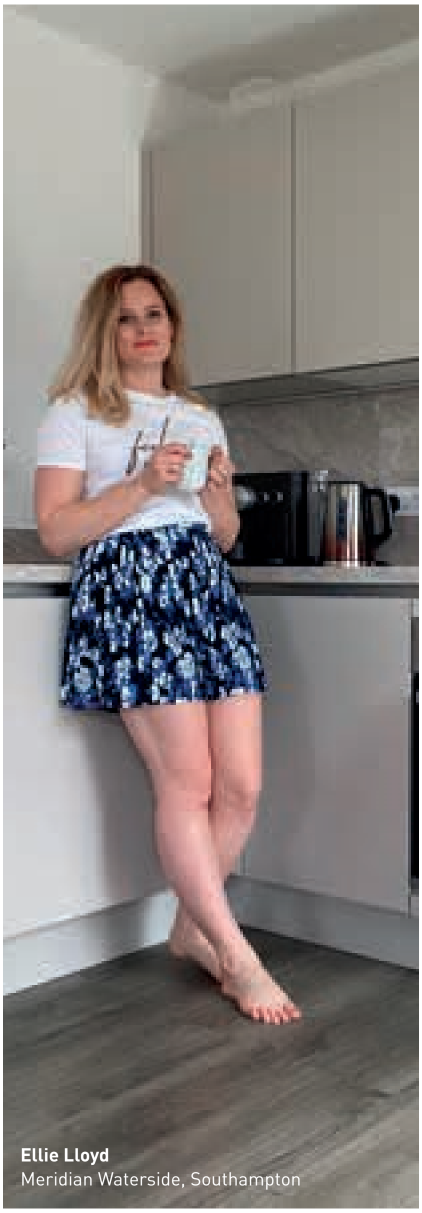
Recognising that many of our buyers are entering the property market for the first time, we have targeted offers to support them, with furniture packages and £99 reservation fee activities proving very popular. Hard Hat and First Homebuyer events have also supported customers, with potential purchasers benefiting from professional expert advice.

This year, we focused on improving the customer experience. We mapped the customer journey from construction through to the end of the two-year warranty period and introduced a set of procedures and processes for each milestone. Working cross-departmentally, we aim to identify potential issues at the source and resolve these before they impact on our customers. We have also introduced a set of Key Performance Indicators for customer service, including a 20-day complaint resolution target.

We will continue to build on our customer-first ethos in the year ahead.

Gary Skinner

Group Managing Director
5 February 2021



Ellie Lloyd
Meridian Waterside, Southampton

Portfolio highlights
Masterplan developer sites

Cheshunt Lakeside, Cheshunt

Joint venture

Cheshunt Lakeside is set to become a vibrant new mixed-use community for Cheshunt. We are working with Broxbourne Borough Council and other landowners to transform this site, delivering 1,725 new homes, business space and amenities, including a new primary school. The masterplan will not only deliver much-needed new homes but also community facilities and infrastructure that will bring lasting benefits to the local area.

Resolution to grant planning permission was announced in June 2019, representing the largest consent ever achieved by Inland Homes. Planning was finalised in August 2019 with the signing of the Section 106 agreement with Broxbourne Council, securing £14.1m of public investment, plus funding for a two-form entry primary school and nursery school.

The development will help to drive economic growth for the area, generating 250 construction jobs and 30 apprenticeships during the build process as well as supporting around 1,000 jobs when the development is complete, helping boost the local economy by up to £16m a year through inward investment.

We achieved detailed planning consent for the delivery of the first phase, comprising 195 new homes, in March 2020. In line with our strategy, we then secured the sale of these plots to a local housing association, with a contract for Inland Partnerships to build.

Following the completion of demolition, including the old Tesco headquarters, we began construction of this first phase in November 2020. We submitted the detailed planning application for Phase 1B and Parcel 14 in December 2020 for 227 residential units, commercial space and community facilities.

Wilton Park, Beaconsfield

100% owned

Our flagship development is set to provide 304 much needed new homes plus 46 existing homes and new community facilities to the area.

Following receipt of Outline Planning consent in 2019, we received Reserved Matters approval for the first two phases of development (147 new homes) in December 2020.

We have been committed from the outset to developing Wilton Park to a standard that is in keeping with the area and building a thriving community. We appointed an architect that specialises in traditional design and sympathetic development in late 2019 and have undertaken extensive community consultation on the plans for development, with community feedback helping shape the proposals. The sale of the first two phases to a private developer is in keeping with our commitment to delivering a flagship development.

This year we have completed demolition works which focus on the existing vacant Ministry of Defence buildings within Phase 1 of the site. We are also working closely with the MoD about relocating the air cadets' facility to a new location within the site where planning permission has already been granted. In parallel, we are progressing with discussions with the Council's Highways Department about our plans for the A355 Beaconsfield relief road.

In September 2020, we released to market the first renovated existing homes within this site. These homes were previously let to service families and the work has included creating modern open plan living areas and refitting kitchens and bathrooms in a contemporary style, as well as extensive fencing and landscaping in the front and rear gardens.

Private sale

The Wessex, Bournemouth

100% owned

The Wessex is a landmark development of 94 one, two and three-bedroom apartments, with easy access to Bournemouth's very best facilities right on the doorstep.

Built on the site of the former Wessex Hotel, on the popular West Cliff Road, the new homes blend seamlessly with the art-deco architectural heritage of the area while offering a high-specification finish with designer interiors. The stylish apartments have access to secure underground parking, which allows for large expanses of landscaped green spaces and lawn areas for residents to enjoy.

Construction of the concrete basement car park started in September 2018 and was completed a year later. In addition to the 94 apartments, the build also includes a 105-room hotel which was pre-let to Premier Inn and the investment was forward sold to Aviva for £13.3m.

We are currently installing furniture into the rooms of the Premier Inn and are on track to complete in the first half of 2021.

This development, within the renowned seaside destination, is appealing to locals and those looking to relocate from further afield. We launched The Wessex to market in September 2020 and experienced strong demand, achieving seven reservations in the first weekend and twelve reservations by the end of the month.

Chapel Riverside, Southampton

100% owned

A former derelict, underutilised brownfield city-centre site is quickly becoming a thriving, waterfront-living destination thanks to our Chapel Riverside development. The site is central to Southampton's wider regeneration objectives, with the development designated as one of seven 'VIP' sites as part of the Itchen Riverside project.

Developed in close consultation with Southampton City Council, this is a complex regeneration project that will deliver a vibrant mix of 520 new homes, public amenity space, retail units, vastly improved flood defences and commercial buildings specifically reserved for marine-based businesses.

Chapel Riverside is a prime example of our expertise in brownfield site regeneration and the additional value our in-house construction team can bring. Our investment includes raising the site level and building a critical first section of a 210m sea wall to protect the city at a cost of £2.5m and carrying out extensive remedial works as part of Phase 3.

The former Town Depot left a legacy of disused buildings, contaminated ground and large surface-water tanks that needed careful demolition, decontamination and relocation underground at a cost of around £5m. Our ability to manage major civil engineering works in-house gives greater cost and programme control, creating additional value for Southampton City Council.

The first three phases of Chapel Riverside are near-completion and we received planning permission for the final two phases in October 2020. Overall completion is scheduled for 2024.

Find out more about our partnership homes under construction in the case study on page 36

Farrier's Wood, Garston

Nishith Malde
Group Finance Director

Group Finance Director's review

The results for the year ended 30 September 2020 are presented against the backdrop of two very distinct trading periods where the underlying conditions were radically different caused by the emergence and then subsequent worldwide impact of the COVID-19 pandemic.

The global uncertainty caused by the COVID-19 pandemic and the consequential measures taken by the Group have significantly impacted the results for the financial year ended 30 September 2020.

As we approached our half-year end, five planned and well-advanced land disposals to major housebuilders worth £46.2m were aborted by the purchasers in late March following the introduction of national restrictions by the UK Government. The Group responded swiftly to this changing environment, taking various measures referred to in the COVID-19 case study on pages 24 and 25, with the principal objectives being: the safety of our workforce, conserving cash and raising new equity.

As a result, the Group has weathered the storm of the global pandemic. We have extended existing facilities which were due for repayment before 31 December 2021 and grown the asset management segment of the business.

Share placing

The Group raised £9.4m (net of expenses) in April 2020 from a placing and subscription of 20,750,000 new ordinary shares at 47.5p per share, the proceeds of which have improved the balance sheet and provided additional liquidity. We were delighted with the response from investors and welcome several new institutional shareholders to our register, as well as many new retail shareholders via PrimaryBid.

Operational performance

Although the severe impact of COVID-19 reduced the Group's revenue for the year to 30 September 2020 to £124.0m (fifteen-month period to 30 September 2019: £147.9m), the run rate was better than the previous period.

The Group achieved housebuilding revenue of £23.8m (fifteen-month period to 30 September 2019: £34.5m) from the completion of 96 private home sales (fifteen-month period to 30 September 2019: 130), excluding those via joint venture and bulk sales to Build to Rent (BTR) operators. The average selling price decreased to £240,000 (fifteen-month period to 30 September 2019: £250,000) due to a change of sales mix between houses and apartments sold, as well as price differences in different geographic locations. 130 homes were completed by our joint ventures at an average price of £322,000 (2019: 71 homes; £300,000). In addition, our joint venture at Lily's Walk, High Wycombe completed the sale of 123 homes to a BTR fund on a forward-funding basis with completion due in March 2021. Contracts were also exchanged to sell 85 homes to a BTR operator for delivery in March 2022.

Our weekly net reservation rate per active sales outlet was 0.69 for the year (fifteen-month period to 30 September 2019: 0.73); however, this increased to 1.12 homes per active sales outlet during the last quarter of the financial year, demonstrating the strength of the market in the areas we operate, which is supported by the relaxation of Stamp Duty Land Tax. Purchasers of 60% (fifteen-month period to 30 September 2019: 65%) of our homes used the Government's Help to Buy scheme. Our forward order book of homes and commercial buildings reserved and exchanged as at the year-end amounted to £50.8m (2019: £39.3m).

The total number of plots within our land bank increased to 11,045. The Group sold 107 residential plots (fifteen-month period to 30 September 2019: 532 plots) for £21.7m (fifteen-month period to 30 September 2019: £29.2m).

On 6 June 2019, the Group changed its accounting reference date from 30 June to 30 September. Consequently, the current period is a year to 30 September 2020 and comparative information is for the fifteen-month period to 30 September 2019.

The revenue from our partnership housing activity was £51.8m (fifteen-month period to 30 September 2019: £62.6m) from contracts across five sites. All but one partnership housing site remained operational during the period from 23 March 2020 to 31 July 2020 albeit at lower operational capacity due to the stringent measures put in place for the safety of those working on the sites. As at 30 September 2020, the forward order book of partnership housing contract income was £105.8m (2019: £123.7m) with two new partnership and external build contracts secured in the last two months of the financial year for total revenue of £40.3m. The Group will continue to target partnership housing activity as it generally secures a land sale and a forward income stream that provides a good balance to our business model.

The Group's asset management division, which acts on behalf of property investors to procure sites and provide planning and management services, has grown this year to six live projects in Greater London with the potential to deliver more than 3,100 homes. The Group generally enters into a planning and management services agreement with investors. The agreements set out certain programme obligations and associated fees that the Group would be entitled to. The fees would be received by the Group once the property assets are sold. During the financial year, the Group earned management fees of £24.4m (fifteen-month period to 30 September 2019: £18.6m) from six sites. The transactions are structured so that they require significantly reduced investment and working capital from Inland Homes and are also generally non-recourse to the Group. These sites are sold on receipt of planning consent and the sale may also lead to a partnership housing contract for the Group.

Other revenue of £2.3m (fifteen-month period to 30 September 2019: £3.0m) includes letting income from investment properties and short-term rents from brownfield sites being processed through the planning system.

Gross profit reduced from £32.5m to £22.0m as a result of a shorter accounting period compared to the previous period and lower revenues. It is also due to lower margins in housebuilding, losses incurred in contract income and increased costs due to COVID-19, together with reduced output leading to an inefficient rate of absorption of site overheads and sales costs. Production cost increases also impacted on contracts. These increases were due to changes in building regulations which necessitated changes to design and materials used.

The Group also wrote off £2.1m of work-in-progress relating to aborted land transactions and provided for a £2.8m expected credit loss. These relate to legacy sites and controls have now been put in place to ensure improvements on future projects. At 30 September 2020, the project teams hold project contingencies within their budgets totalling £4.0m (30 September 2019: £5.2m) and a clear focus for the forthcoming year is a significant improvement in both operational efficiency and commercial delivery to drive up gross margin in the Contract Income and Housebuilding segments. Increased site costs along with extended construction periods are expected to continue on the legacy sites and will therefore affect the margins for the financial year ending 30 September 2021.

Consequently, gross margin reduced from 22.0% to 17.7% and operating margin fell from 22.1% to 9.5%. During the year the Group sold 50% of its interest in High Wycombe Developments Limited (HWDL) at a loss of £2.0m. It is noteworthy that the previous period's operating margin included profit of £12.6m from the sale of our 50% beneficial interest in Cheshunt Lakeside Developments Limited.

Administrative expenses are in line with the prior period run rate at £12.6m (fifteen-month period to 30 September 2019: £15.7m) as the Group's staff base had grown to 161 employees at the start of the financial year. Due to the economic uncertainties that lie ahead as a result of COVID-19, 25 staff were made redundant, resulting in additional redundancy costs. The Group ended the financial year with 128 employees.

Profit before tax was down to £3.7m (fifteen-month period to 30 September 2019: £25.0m). A detailed analysis by operating segment is shown in Note 10 to the Financial Statements on page 99.

Net finance costs

Finance costs of £9.2m (fifteen-month period to 30 September 2019: £9.4m) comprised principally bank and other loan interest, amortisation of arrangement fees and exit fees, non-utilisation fees and interest rolled up on the Zero Dividend Preference shares (ZDPs).

2020 facts

£148.2m

Net debt (30 September 2019: £152.3m), with net gearing reduced to 85.5% (30 September 2019: 93.9%)

£15.7m

Cash balances (30 September 2019: £10.9m)

62.9%

Net gearing on EPRA NAV basis (30 September 2019: 65.1%)

£124.0m

Revenue (fifteen-month period to 30 September 2019: £147.9m)

£3.7m

Profit before tax (fifteen-month period to 30 September 2019: £25.0m)

£235.7m

EPRA net asset value (30 September 2019: £233.9m)

103.97p

EPRA net asset value per share 8.5% lower at 103.97p (2019: 113.69p) due to placing of 20.75 million new ordinary shares at a significant discount to NAV per share

Finance income of £1.1m (fifteen-month period to 30 September 2019: £1.7m) includes interest from joint ventures and associates, other interest receivable and notional interest income on long-term receivables. Interest on development funding is capitalised where required by IAS 23.

The increased net finance costs are a reflection of the level of gross borrowings during the year. Interest on bank and non-bank borrowings amounted to £6.2m (15-month period to 30 September 2019: £7.5m), amortised loan arrangement and other fees were £2.3m (15-month period to 30 September 2019: £1.7m) and the finance cost relating to the ZDPs was £1.5m (15-month period to 30 September 2019: £1.5m). The funding costs capitalised into work-in-progress were £0.8m (15-month period to 30 September 2019: £1.3m).

Taxation

The Group is domiciled in the United Kingdom and does not make use of any tax structure that is not domiciled in the United Kingdom.

The total tax charge of £1.4m combines a current taxation charge of £0.9m and a deferred tax charge of £0.5m and represents an effective rate of 37.8% of the profit before tax. The current corporation tax rate is 19% and the difference between the expected tax charge and the actual tax charge is mainly due to the loss on the disposal of controlling interest in subsidiary and the interest accrued on the ZDPs which are disallowed for tax purposes.

Earnings per share and dividends

Basic earnings per share fell from 11.79p to 0.79p, reflecting a combination of the lower profit after tax and the dilution resulting from the issue of 20.75 million new ordinary shares in May 2020.

Given the uncertainties caused by the impact of COVID-19 and the need for prudent cash management, the Board cancelled the second interim dividend of 2.25p per share that was due to be paid on 12 June 2020, resulting in a cash saving of £4.6m. The Board is presently minded to resume the payment of dividends in the current financial year, provided there is no further deterioration in the land and housing market caused by the COVID-19 pandemic or otherwise.

Balance sheet

The Group's net assets have increased from £162.2m to £173.3m at 30 September 2020 predominantly due to the profit after tax and a placing of

	£m	Undiluted (p)	Diluted (p)
At 30 September 2020			
Net assets attributable to equity shareholders	173.3	76.45	74.70
Adjustment for:			
Revaluation of projects	59.8		
Deferred tax on investment property revaluation (see note 27)	2.6		
EPRA net asset value	235.7	103.97	101.59
Adjustment for:			
Deferred tax on investment property revaluation (see note 27)	(2.6)		
Deferred tax on project revaluation	(11.4)		
EPRA triple net asset value	221.7	97.79	95.56
At 30 September 2019			
Net assets attributable to equity shareholders	162.2	78.84	76.67
Adjustment for:			
Revaluation of projects	69.7		
Deferred tax on investment property revaluation	2.0		
EPRA net asset value	233.9	113.69	110.55
Adjustment for:			
Deferred tax on investment property revaluation	(2)		
Deferred tax on project revaluation	(11.8)		
EPRA triple net asset value	220.1	106.98	104.03

	At 30 September 2020	At 30 September 2019
Shares in issue	**228,341,045**	207,366,045
Less shares held in:		
– EBT	**(1,627,500)**	(1,627,500)
For use in basic measures	**226,713,545**	205,738,545
Dilutive effect of		
– share options	**1,323,000**	2,018,000
– deferred bonus shares	**1,694,000**	1,527,000
– growth shares	**2,285,000**	2,285,000
For use in diluted measures	**232,015,545**	211,568,545

20.75m new ordinary shares in May 2020 at 47.5p per share. The EPRA net asset value at 30 September 2020 was £235.7m (30 September 2019: £233.9m). Net asset value per share fell from 78.8p to 76.5p and the EPRA net asset value per share reduced to 104.0p per share (30 September 2019: 113.7p) due to the ordinary shares issued in the fund raising during the year.

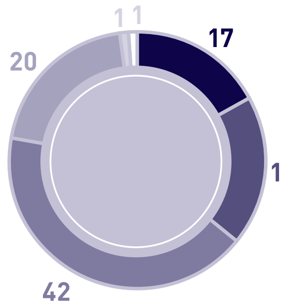
The Board is required to assess the fair value of its sites held in current assets when determining EPRA NAV. For undeveloped sites (both owned and controlled by way of options), a residual land valuation is carried out to determine the expected value of the site with planning consent. The valuation is then discounted by a factor of between 0% to 90% to reflect the probability of achieving planning permission.

There is not a ready market for sites where construction has commenced. The Directors have therefore assumed that fair value equates to the carrying value for such sites unless the site is forecast to make a gross margin in excess of 16%, in which case a fair value adjustment is made to reflect the residual land value uplift.

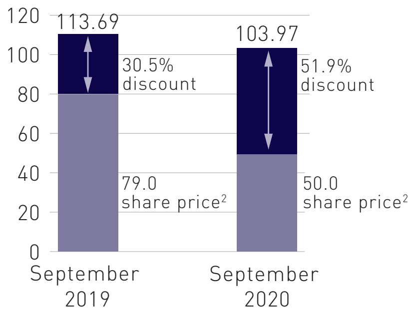
The Group transferred a further eight residential investment properties and one commercial property to Assets held for Sale. The commercial property was sold in January 2021 and the residential properties are intended to be sold during the current financial year.

The balance of investment properties amounting to £43.5m (2019: £49.3m) comprise principally of existing residential properties at Wilton Park and some development land in Poole.

Revenue by segment (%)



EPRA NAV[1] (p)



1. On an undiluted basis
2. At 30 September

In accordance with IFRS 16 (Leases), the lease on our head office in Beaconsfield has been capitalised and classified as a 'right-of-use' asset at £1.2m with a corresponding lease liability of £1.2m at the year end.

Investment in joint ventures consists of five joint ventures with the most significant being our investment in Cheshunt Lakeside Developments Limited at £6.0m with amounts due from the joint venture within current assets being £28.6m. Similarly, Other Receivables due after more than one year of £22.3m represents the amount due from our joint venture partner in Cheshunt Lakeside Developments Limited which is secured by way of a charge over their share of profits from the development of £20.7m and £1.6m of retentions owed on contract income.

Inventories have reduced from £192.4m to £173.6m due to land and unit disposals. In addition, the Group sold a 50% interest in High Wycombe Developments Limited, thereby de-consolidating £36.2m of land and work-in-progress and £23.6m of external borrowing at the date of disposal. Most new site acquisitions were procured for investors to whom the Group provides planning and management services.

Trade and Other Receivables due within one year have increased from £45.4m to £60.9m principally due to a significant increase in accrued management fees from our planning and management services activity which comprised £28.6m (30 September 2019: £21.4m) of the total balance. Included in prepayments and accrued income due in less than one year is £10.6m treated as short term as it represents the normal operating cycle of business but is not expected to be received until greater than one year. These amounts will be received upon disposal of the underlying land by the third party.

Net debt and borrowings

The Board's strategic objective is to reduce the Group's net debt and gearing position. Net debt has reduced by £4.1m from £152.3m to £148.2m at 30 September 2020 representing net gearing of 85.5% (2019: 93.9%). Net gearing based on EPRA net assets of £235.7m was 62.9% (2019: 65.1%).

In November 2019, Inland ZDP PLC issued a further 1,671,067 zero dividend preference shares for gross proceeds of £2.7m. As at the year end, the accrued liability to holders of ZDP shares was £30.2m (2019: £25.9m).

In May 2020, we increased our revolving facility from Homes England to £15.3m which continues to finance our development of 520 homes and 64,000sqft of commercial space at Chapel Riverside in Southampton. Phase 3 of this development is at an advance stage with many homes sold and occupied. As at 30 September 2020, we had drawn down £13.2m of this facility.

In September 2020, we triggered the accordion part of our revolving credit facility with HSBC of £20.0m, taking the facility from £45.0m to £65.0m. As at the year end, we had drawn down £42.8m of this facility leaving headroom of £22.2m. The facility expires in March 2023.

The Group had a secured revolving credit facility of £17.2m from a Fund of which £14.3m was drawn down at the year end. In January 2021, the facility was extended at a lower amount of £15.4m to 31 December 2021.

The Group has negotiated a new facility for £15.4m with the Fund for a period of five years with an option in favour of the Group to break the facility at the end of three years. The new facility is intended to be in place by the end of April 2021 and will replace the existing facility.

The Group has three bank facilities for a total sum of £41.3m which have been extended to 30 April 2022.

The Group has also extended two loan facilities for the sum of £11.0m to 31 December 2021.

The Board is targeting further significant reductions in net debt by 30 September 2021, to be achieved through considered land disposals and recovery of management fees.

Going Concern

In preparing the forecasts the Directors have considered the continued adoption of stringent cash management procedures, market disruptions already brought about by COVID-19, the possibility of future disruption in the Going Concern period which could potentially be caused by COVID-19 and other risks and uncertainties, including credit risk and liquidity risk, the present and possible future economic climate, the current and possible future demand for land with planning consent and the state of the housing market in the geographic areas where the Group operates. The Directors have performed detailed sensitivity analyses to test the Group's future liquidity and banking covenant compliance based on several scenarios. The Group has forecast land sales in the next twelve months in the normal course of its business.

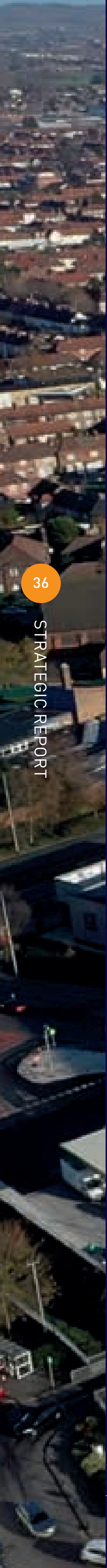
The Directors have a reasonable expectation that the Group and parent Company have adequate resources to continue in operational existence for the foreseeable future. The Directors therefore consider it appropriate to prepare the financial statements on the Going Concern basis. Further details can be found in Note 2 on pages 81 and 82.

Outlook

The Group is focused on making further progress in net debt reduction and improving operational and commercial margins. We will also continue to grow the asset management and partnership housing segments in line with our refined strategy. Whilst the unsettled short-term economic outlook persists, the various business activities within our business model provide the flexibility to adapt to changing market conditions and meet these strategic objectives in the year ahead.

Nishith Malde
Group Finance Director

5 February 2021



In depth

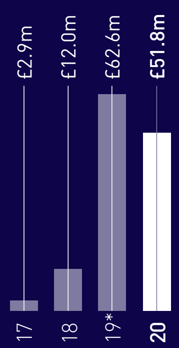
PARTNERSHIP HOUSING

This year, we have continued to be one of the housebuilders of choice for our partners.

Partnership housing follows the immediate cash inflow from a land sale, with recognition of revenue in line with the proportion of costs incurred compared to the total cost budget. In contrast to private housebuilding, this reduces equity capital requirement and additional borrowings and de-risks the development from any sales risks.

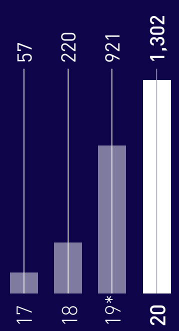
We anticipate continued and increased demand from affordable housing providers and are building a land bank that will support this forecast growth. We currently have 1,302 homes under construction on behalf of partners and a forward order book of £105.8m (30 September 2019: £123.7m).

Partnership housing revenue



*Fifteen month period

Partnership homes under construction



*Fifteen month period

Merrielands, Dagenham

The successful partnership with Clarion Housing Group (Clarion) at Abbey Wharf, Alperton paved the way for a second scheme with the affordable housing provider in Merrielands, Dagenham.

We entered into a land and build contract with Clarion in April 2019, with Inland Partnerships taking on the development phase on behalf of Clarion. The transaction was for a total land and build consideration of £77.7m, with the land sold for £14m.

The four-acre site, originally part of the Ford car plant, will comprise 325 residential units across a number of five to ten storey apartment blocks, together with 1,514m² of commercial space, 178 car parking spaces and associated amenity area.

The site is within the London Riverside Opportunity Area, a 3,000ha regeneration zone designated in the London Plan for up to 26,500 homes across the borough of Barking and Dagenham.

Working together

We believe we are developing a reputation as an affordable housebuilder of choice for housing associations and there is high demand for our partnership housing offer.

We work hard to meet client expectations and we pride ourselves on working collaboratively.

- Manage the design development in partnership with the client
- Present engineering options to maximise value for money
- Share detailed monthly contractor reports
- Provide flexibility for clients to amend and adapt their requirements, including tenure changes and facilitating onward sales
- Facilitate engagement with senior level management within client organisations

Why partnership housing?

- Sustained demand and strong forecast growth
- Land bank that is attractive in size and location to affordable housing providers
- Short-term returns from the land sale and medium-term returns from build contracts
- Regular cash flow through monthly valuations
- Demonstrable track record in delivering on time

Our principal risks

Successful risk management lays the foundation for the Group achieving its strategic objectives.

Risk management overview

The Group Board has overall responsibility to maintain a robust risk management and internal control system. The Audit Committee assists the Board in this process by reviewing the principal risks as well as the effectiveness of internal controls, including financial controls.

Risks and opportunities are factors which are continually considered when the Board is making decisions about future strategy. Our approach to risk management ensures we maintain a balance between risk and reward that achieves our strategic objectives without exposing the Group to unacceptable levels of risk.

This approach is set within the context of the rapidly changing external environment resulting from the pandemic and regulatory and economic change, all of which have a significant and immediate impact on our business.

The Board seeks to embed a culture of risk awareness and control consciousness in all business activities. This means risk identification and management is built into every aspect of our day-to-day operational activities, from the appraisal of new sites and assessment of the prospects of planning success to building safely and selling effectively through the property market cycle.

We define risk as the effect of uncertainty on our business and its objectives, the consequences of which might be positive, negative or a deviation from the expected.

Our three-tier approach to risk management assesses:

01 Strategic risks

Those which may impact the achievement of the Group's strategic objectives;

02 Operational risks

Those which relate to the Group's day-to-day operational activities; and

03 Project risks

Those which will impact the success of a specific project or development.

Our risk appetite is defined by the level of risk we are willing to take in order to execute a strategy or deliver on a project. This is determined at a macro level by the impact in terms of cost and reputational damage a project may have on the Group. At this level, we expect controls to be clearly set out and implemented and kept under review. At an operational or micro level, our risk appetite is determined by staff and managers weighing the costs of various acts of mitigation against the likely impact of risks crystallising. Controls may be formal or informal depending on need and appropriateness. Our risk appetite at any time is also influenced by the external environment (legal, economic, political), the Group's perceived internal strengths and weaknesses as well as the Group's financial capacity.

Whilst some risk is inevitable, we believe that risks which relate to health and safety, our financial viability and our reputation must always be actively managed and mitigated to minimise the probability of them crystallising.

Our approach to managing risk can be summed up as pragmatic and measured. The outcomes that we seek are personal safety, financial security and an efficient professional business.

Emerging risks

Brexit

Following months of negotiations, the UK and EU agreed a Brexit deal on 24 December 2020 which came into effect on 1 January 2021. The deal has been broadly welcomed by the construction sector and brought much needed certainty, enabling us to better forecast the cost and availability of products. The Group will continue to work closely with its supply chain to ensure the continuity of critical supplies and workforce. The broader impact of the new trade arrangements are yet to be seen and accordingly, the Board will continue to monitor the potential risks.

COVID-19

The ongoing impact of COVID-19 on the Group's sites and operations is a principal, emerging risk which will continue to be monitored. If the UK were to enter a recession, this may have a material and adverse effect on the results of the Group's operations and its key stakeholders including employees, customers, and our integrated supply chain. The extent of the effect of the pandemic on the Group and its stakeholders is dependent on a number of factors, including the Government's support to the sector in which the Group operates and the wider economy in general.

Our response to COVID-19 and the immediate related risks can be found on pages 24 and 25. We continue to monitor our compliance with Government restrictions and PHE guidance on sites and are working alongside our partners to ensure a continued supply of materials and availability of supply chain where possible. Supporting our workforce is also a key focus as we strive to continue to operate effectively in these circumstances.

Principal risks

The pandemic has the effect of magnifying the principal risks facing the Group, including those that would threaten our business model, future performance, solvency or liquidity. The following table outlines our principal risks and sets out how these key risks are managed:

Risk	Description	Consequences of risk	Existing mitigations and internal controls	Rating	Change since last year
A **Infectious diseases**	The COVID-19 pandemic has demonstrated that the spread of an infectious disease or virus can lead to the Government imposing controls, including the movement of people and the closing of different parts of the economy and business	• Significantly reduced revenue or no revenue for a period of time • Severe impact on cash flow • Difficulties in meeting the Group's liabilities • Danger of breaching banking covenants	• Balanced business model with housebuilding and contracting activities complementing its land trading business • The Group's Operating Board regularly ensures that the Group's business continuity and disaster recovery plans are tested and updated where required • Ensuring IT capabilities to accommodate efficient home working • Maintaining sufficient headroom within existing facilities	High	New Risk
B **Adverse economic conditions**	A decline in macro-economic conditions in the UK and/or a downturn in conditions affecting the UK residential housing market or a decline in the propensity of people to buy homes	• A fall in the demand for housing and a material decline of both transaction levels and house prices as a result of low consumer confidence impacted by: – higher unemployment or fear of unemployment – ongoing economic uncertainty – weak real wage growth and reduced disposable income – rising interest rates – growing inflation – restriction in the availability of mortgages • Business uncertainty due to policy changes • Downward land and investment property portfolio valuation	• Economic environment considered before committing to significant transactions or events such as land purchases and sales launches • Control over land acquisitions • Refined strategic priorities to maximise market opportunities • A focus on Build to Rent contracts gives greater certainty over cash flow • Strong financial forecasting and scenario planning	High	

Our principal risks CONTINUED

Risk	Description	Consequences of risk	Existing mitigations and internal controls	Rating	Change since last year
C **Adverse Government policy and planning regulations**	Potential changes in Government policy such as changes to the planning system, the tax regime, housing, environmental or building regulations or amendment of the Help to Buy scheme	• Risk of delay or refused planning decisions • Uncertainty around design solutions • Programmes and commencements on site disrupted • Increased costs due to excessive planning conditions (CIL and Section 106), increasing environmental and other taxes • Increased costs due to more challenging sustainability targets and fire and safety regulations. • Adverse effect on revenues, margins and asset values • Failure to comply with the requisite laws or regulations may lead the Group to be fined and suffer reputational damage • Reduction in sales resulting from changes to the Help to Buy Scheme	• Considerable in-house technical and planning expertise available to address the prevailing regulations • Strong relationships maintained with local authorities, planning officers and local communities to better understand underlying policy and planning prospects • Regularly review prospects of the strategic land portfolio, with processes and appraisals in place to minimise disruption • Focus on acquiring development sites already allocated for development • Potential impact of changes in regulations are communicated throughout the relevant departments • Ensuring a greater proportion of future product is within the price range of the revised Help to Buy Scheme, extended until spring 2023	Medium/ High	→
D **Inability to source and develop suitable land**	An inadequate supply of suitable land or the inability to convert the unconsented land portfolio into viable consented sites may frustrate the Group's growth	• Portfolio depletion – fewer longer-term sites to replenish the portfolio at good margins • Impact to in-house construction arm/self-build function • Operational start dates delayed on site	• Highly experienced Land and Planning teams employed with strong track record of securing sites and planning consents • Targeted approach to land acquisitions through dedicated Land Team • Local insight and established relationships with agents and vendors give us a competitive edge • All potential land acquisitions are subject to a robust appraisal process to ensure viability	Low	→
E **Failure to effectively manage major projects to industry standard margins**	Unforeseen operational delays caused by disputes with third parties, adverse weather conditions or lack of project oversight could lead to delay, increased costs or termination of a project	• Increased costs and reduced margins • Reduced quality of product • Health and safety issues • Reputational damage	• Sites are monitored as a portfolio by the Board before any major acquisitions are made • Each site has a detailed plan prepared, including costs, labour utilisation and timing and is managed by the Group's Operating Board and by on-site management • Checks in place to ensure personnel adhere to internal controls • Regular management and project team monitoring • Ensuring appropriate insurance is in place • Dedicated COVID-19 resource to monitor on site compliance	Medium/ High	New risk

Risk	Description	Consequences of risk	Existing mitigations and internal controls	Rating	Change since last year
F **Health and safety**	A deterioration in the Group's health and safety measures, including failure to adhere to COVID-19 safe working practices, put our people at risk	• Immediate personal injury or damage to property • Reputational damage • Prosecution/ imprisonment/significant fines • Remediation or legal costs • Programme delays and inability to reach forecast figures/market expectation	• Strong safety culture driven by Directors and Senior staff • Experienced Health and Safety Department reinforces safety culture and carefully monitors adherence to guidance • Annual Health and Safety Workshops for all staff	Medium/ High	↑
G **Staff**	Inability to attract and retain high calibre employees at all levels	• Inability to meet strategic objectives • Pressured workloads where teams are under-resourced • Over reliance on consultants and agency staff • Inefficiencies and delays to operations resulting in increased costs could adversely affect the Group's financial results and prospects	• Remuneration packages are regularly benchmarked against industry standards to ensure competitiveness • Dedicated HR team which monitors pay structures and market trends • Providing quality training and professional development opportunities, including through our Graduate and Apprenticeship Programmes • Development of preferred supplier list of specialist recruitment firms	Low	→
H **Solvency and liquidity**	Difficulty in procuring borrowing facilities at competitive rates and insufficient cash headroom	• Liquidity crisis and inability to meet ongoing operational costs and other commitments • Danger of breaching banking covenants • Lack of development funding limits our ability to be agile in response to changes in the economic environment and to future development opportunities	• Regular review at Board level of detailed cash flow forecasts which are subject to sensitivity analysis • Strong relationships with financial institutions through regular engagement • Monitor our current facilities to ensure sufficient headroom to allow us to take advantage of land opportunities • Realising sales where capital can be better deployed elsewhere	High	→
I **Cyber and business continuity**	Cyber security risks such as data breaches, hacking and failure of the Group's IT security systems	• Financial penalties and sanctions • Reputational damage • Loss of personal and/or business information • Outage of IT systems leading to operational disruption • Phishing attacks and ransom demands • Fraud leading to financial loss	• Group has a fully tested disaster recovery system which is tested annually by a third-party supplier • Deep-dive review by a third-party security specialist • Boundary firewall at each location • Email encryption and two-factor authentication in place • Anti-virus software on all devices • Ensuring appropriate insurance in place	Medium	→

Section 172 reporting

How the Board complied with its Section 172 duty

The Board recognises that the long-term success of the business is dependent on maintaining relationships with our key stakeholders and having consideration for the external impact of the Company's activities. Now, as we enter a new financial year in the midst of a global pandemic, balancing the needs and expectations of our stakeholders has never been a more important or challenging task. The table below identifies our key stakeholders, how we engage and how their views have shaped our decision making. Further details about our standards of business conduct, including our values, can be found on page 45.

Customers

Why they are important

We know that customers' needs are changing. It is vital that we engage with our customers to ensure we grow our business in a way that meets their needs now and into the future.

We know that high levels of customer satisfaction will enhance the reputation of our business and the Inland brand, increasing the likelihood of third-party endorsements and repeat customers.

Stakeholder priorities

- Great quality, affordably-priced homes delivered on time
- Excellent customer service and after care
- Placemaking, design and community infrastructure

How we engage

Through social media campaigns, via our dedicated and professional sales teams, customer service and after-sales teams. We also hold 'meet the builder' sessions and home buyer demonstrations.

Our on-site community engagement events are also important to our customers.

What we have done

- Mapped the customer journey to ensure better understanding of customer needs
- Invested in our customer relations teams
- Offered a key worker discount to the end of 2020
- Supported house buyers in the home buying search by offering virtual tours

705

Plots under warranty

Government and regulators

Why they are important

We understand the importance of fostering relationships with Government and regulators to ensure policies are developed in the best interest of our customers, our business and the sector in which we operate.

Stakeholder priorities

- Communication
- Clear sustainability and environmental policies
- Increasing the number of homes and fast housing delivery

How we engage

We have ongoing engagement with planning authorities on a number of projects. This involves regular contact with local government, highways agencies and education departments. Our onsite teams also work closely with other regulators such as HMRC and HSE.

What we have done

- Contributed at a policy level to proposed reforms to the planning system
- Active members of trade associations including the House Builders Federation and Land Promoters and Developers Federation
- Participated in industry forums and events

Investors and lenders

Why they are important

We have a clear responsibility to engage with shareholders as the owners of our business as well as appealing to new shareholders.

We understand the importance of maintaining long-term relationships with investors and key banks to ensure the flow of short, medium and long-term funding.

Stakeholder priorities

- Long-term, sustainable income and capital growth
- Robust governance
- Debt reduction
- Risk management

How we engage

Shareholder engagement is the responsibility of the Executive Directors. They maintain and develop relationships with institutional investors, prospective investors and analysts through a programme of face-to-face meetings, roadshows and direct calls.

The Annual General Meeting provides an important opportunity for our shareholders to participate in the governance of the Company and for the Board to engage and communicate with private and institutional investors through the Q&A session held after the formal meeting.

What we have done

- The views of analysts and major investors are fed back to the Board on a regular basis, especially following roadshows, and this feeds into discussions on future strategy
- In advance of establishing new incentive plans for Executives, the Remuneration Committee Chairman writes to and consults with major shareholders on proposals regarding Executive remuneration

Suppliers and subcontractors

Why they are important

We know that we are 'stronger together' and because of this we invest in our integrated supply chain.

Our collaborative approach ensures all parties have a shared long-term objective to work together, reducing risk, maintaining high standards of business conduct and delivering to time and cost.

We recognise the importance of two-way communication and through sharing our expertise we know that we improve working practices, business conduct and our health and safety procedures.

Stakeholder priorities

- Visibility of future projects and workload
- Sharing risk and rewards
- Operational efficiency
- Timely payment
- Projects delivered safely and on time
- Financial target

How we engage

Our engagement with suppliers and subcontractors is continuous. We have a formal programme of engagement but we believe effective communication comes from informal dialogue that takes place on a day-to-day basis between our teams.

This keeps our subcontractors and supply chain up to date in respect of any changes to our working practices as appropriate.

What we have done

- Introduced project framework plans to ensure visibility of project pipeline
- Standardised build type and fit-out
- Supported open dialogue at tender stage around workload and resource to ensure continuity of work and success of project
- Held regular meetings to discuss supplier performance and areas for improvement and introduced Key Performance Indicators to assist
- Managed cost inflation by fostering robust volume-based long-term agreements with supply chain partners

1.7m

Lost Time Injury Free hours achieved

Communities and the environment

Why they are important

Working alongside communities helps us better understand the likely consequences of our decisions in the long term, ensuring we build communities which will thrive.

We know we have a part to play in reducing the negative impact of climate change, whilst providing sustainable, affordably-priced homes and communities that people are proud to live in.

We place a great deal of importance on public and stakeholder engagement and the critical need to allow local communities the ability to view and comment on development proposals.

We believe the importance of considering feedback, addressing issues and providing clarification prior to an application being submitted greatly improves the quality of a planning application and process.

Stakeholder priorities

- Opportunities to engage and influence
- Investment in parks and public open spaces with increased biodiversity
- Investment in infrastructure, schools and health facilities
- Leaving a lasting legacy

How we engage

We engage with local communities via a number of methods including social media, local media campaigns, community engagement events, freephone and direct link to project teams

We work with schools, colleges and universities to raise aspirations, increase awareness of construction and develop the talent of the next generation. More detail about our apprentice programme can be found on page 46.

What we have done

- Contributed £1.4m via Section 106, legal agreements and Community Infrastructure Levy payments
- Achieved an average 41.9/50 Considerate Constructors score
- Maintained our partnership with Bucks University Technical College

£1.4m

Community contributions

Employees

Why they are important

Our employees are our greatest asset and it is their experience and expertise that gives us a competitive edge. We are committed to creating a culture where all our employees can give their best. It ensures we retain and develop their exceptional talent.

With the world changing quickly as a result of the pandemic, our employees have told us they want to feel informed and connected, share successes and have access to information wherever they are working. Supporting their wellbeing is more important than ever.

Stakeholder priorities

- Understanding the direction and strategy of the business
- Having the right opportunities to grow and develop
- Interesting and challenging work
- Feeling valued and recognised

How we engage

We encourage open and constructive discussions throughout the business. We engage with our employees in many ways, including through an Employee Engagement Survey, intranet, team meetings, messages from the CEO, newsletters and quarterly Business Updates. Further details can be found on page 46.

What we have done

- Introduced a quarterly Business Update and Group-wide newsletter
- Supported and facilitated agile working arrangements
- Promoted health and wellbeing, including the introduction of mental health first aiders
- Provided access to counselling and support services
- Revised our Code of Conduct to include an updated Equality and Diversity policy

92%

Overall staff engagement rate

Key strategic decisions during the year and consideration of the impact on stakeholders

In accordance with Section 172 of the Companies Act 2006, the Board considers the likely consequences of our strategy and long-term decisions, taking into account the interests of our key stakeholders.

The Board reviewed the Group's financial position in light of the impact of COVID-19 on the business and implemented several measures. Further details on our response to COVID-19 can be found on pages 24 and 25.

Key Board decisions	Considerations
• A successful placing of new ordinary shares in April 2020 to raise gross proceeds of £9.9m • Triggering the £20m accordion part of the revolving credit facility (RCF) with HSBC which increases the facility available for house building to £65m • Cancellation of the second interim dividend for the year ended 30 September 2019	Ensuring the health and resilience of the Group was an important factor in the Board's decision making. Additional funding strengthened the balance sheet and provided liquidity, enabling the Group to progress with its strategy to create value over the long term. A number of scenarios as to how the COVID-19 pandemic might evolve needed to be considered, particularly in relation to the impact on strategy and future cash requirements. The Board recognised that measures taken to conserve cash balances impacted on the wider stakeholder group and a balanced view of the differing perspectives was essential.

The Board made a number of decisions as a result of the impact of COVID-19 on our business and stakeholders. Further details on our response to the pandemic can be found on pages 24 and 25.

Key Board decisions	Considerations
• All but three sites remained operational through lockdown with stringent new procedures regarding hygiene, social distancing, travel and self-isolation in place to ensure the safety of those on site • Temporary salary cuts for Executive and Non-executive Directors, the Operational Board and other members of staff • Use of the Government's Coronavirus Job Retention Scheme • Review of Group overheads and costs leading to 25 redundancies	Throughout the pandemic, in line with the Group's commitment to health and safety, the Board's priority has been to safeguard the health and wellbeing of staff and maintain positive relationships with customers, subcontractors and suppliers. This was at the heart of the decisions made in response to the pandemic. Measures were rapidly taken to ensure full compliance with the Government's 'COVID-19 Secure' guidance and the Group became a signatory to the Home Builders Federation's 'Charter for Safe Working Practice'. The Government's furlough scheme enabled the Group to alleviate some of the immediate economic impact of COVID-19, whilst ensuring we had the workforce needed once the situation improved. The review of Group overheads ensures that we are operationally efficient, with the right skills in place to take the business forward.

The Board made a number of key strategic decisions to support the ongoing success of the Group.

Key Board decisions	Considerations
• Submission of major brownfield planning applications. • Growth of our asset management division. Further information can be found on page 20. • Focus on growing partnership housing activity to secure a forward income stream and mitigate the impact of a potential decline in the private housing market. Further information can be found on page 36.	Whilst the general economic outlook remains uncertain, there is a fundamental shortage of high-quality, affordably-priced housing across the UK and particularly in the South and South East of England which creates a sustained demand for our land assets, homes and expertise. The opportunities we pursue support the Government's efforts to increase affordable housing and create wider economic activity. We recognise that we have a part to play in building sustainable communities and our planning submissions reflect this and include new schools, enhanced public realm and community facilities. We believe investors are supportive of our asset management activity, which enables the Group to earn substantial fees generally with a significantly reduced investment and working capital requirement. Growing this area of business is a focus for the Group.


Cheshunt Lakeside, Cheshunt

Social and environmental review

Our investment goes beyond delivering new homes; we lay strong foundations for new communities to grow. Our aim is to create sustainable communities which set a benchmark for all future developments in the South and South East of England.

Our principles inform every aspect of our business operations and decision-making:

Safety first

We do not compromise on safety

Our people are our greatest asset

We attract talented people, give them responsibility and successfully retain experienced employees, all of which provide us with a competitive edge

Lasting legacy

Our ambitious developments combine quality, value and sustainability to create a lasting legacy

Stronger together

We value our supply chain partners, recognising we are stronger together

Safety

Making no compromises on safety is one of our key values. The safety of our staff, contractors and the communities we operate in is our utmost priority.

The safety culture is driven by strong leadership from the top down. Each employee is empowered to intervene to reduce risk and prevent injury or harm.

The Group has recruited a highly experienced Health and Safety team that reinforces the safety culture throughout the business. Engagement with the supply chain is a priority to ensure the highest standards of safety performance across all projects and sites.

As a result of COVID-19, we introduced new procedures and policies to ensure full compliance with the Government's 'COVID-19 Secure Guidance' and become a signatory to the Home Builders Federation (HBF) 'Charter for Safe Working Practice'. We continue to comply with the Operating Procedures issued by the Construction Leadership Council.

You can find out more about these measures in the COVID-19 case study on page 24

Social and environmental review CONTINUED

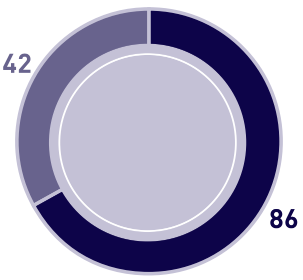
2020 facts

92%
Staff engagement

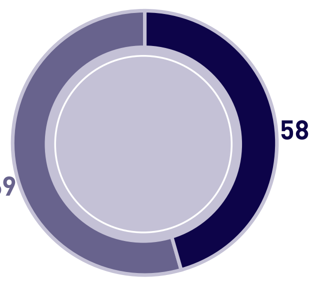
3.16 years
Average length of service

2.17
Average number of training days per employee over the reporting period

Gender diversity



Location



Employees

As at 30 September 2020, the Group had 128 employees (2019: 161), working primarily in technical, site-based roles but also in support functions. During the year, we made use of the Government's Job Retention Scheme and furloughed 73 employees between April and July 2020. During the year, 25 staff were made redundant due to the impact of COVID-19.

We are extremely grateful to our staff members for their commitment and support in response to the COVID-19 pandemic. Our employees are our greatest asset and it is their experience and expertise that gives us our competitive edge.

We work hard to maintain a family-style culture, as we feel this is what has helped us grow the business and is what makes us uniquely Inland. Reflecting the environment we have created, we were pleased to report an overall staff engagement rate of 92% from our first staff engagement survey, much higher than the industry average. The most used words to describe working for Inland were 'family', 'friendly', 'caring' and 'supportive'.

Having said that, as is to be expected, there are areas where we could do better. Communication was flagged as an area for improvement and we have worked hard to achieve this through the year.

We have introduced a monthly staff newsletter and virtual quarterly Business Updates from the Executive Team. Managers also check in regularly with their teams to ensure staff feel connected to the business. We ensure staff know where they can access help if they are struggling with their mental health during these uncertain times.

Skills shortage

As part of our commitment to adding lasting value through our business activities, we continue to invest in the next generation of workers.

As at 30 September 2020, we employ seven apprentices and will recruit two more in the 2020/21 financial year. Our construction apprentices start with a Level-4 apprenticeship in Construction Management which takes approximately two years to complete. They are then encouraged to progress to a Level-6 degree apprenticeship. Quantity Surveying apprentices undertake a Level-6 degree apprenticeship, taking approximately five years to complete.

Work on our developments also supports job creation. For example, we estimate construction at Cheshunt Lakeside will generate 250 construction jobs and 30 apprenticeships as well as supporting approximately 1,000 jobs when the development is complete.

We continue to support community initiatives that open up students' eyes to the construction career paths available. In October 2019, we exhibited at the Bucks Skills Show, talking to students about the rewarding and diverse career opportunities available in our industry.

Our partnership with Bucks University Technical College was put on hold in March due to COVID-19 but will restart with virtual events in early 2021. In this reporting period, students at the college enjoyed participating in a house design project, which involved a site visit to map out the site, followed by a presentation of their ideas to the Inland project team.

Communities

We work closely with planning authorities and manage comprehensive community engagement strategies to ensure our developments add lasting value to each locality. Our consultation process involves talking to a range of people from each community, including local authorities, property owners, businesses, schools and residents' associations. Where possible, we incorporate the feedback received into our project plans.

We contribute to local communities through more than just providing employment opportunities and new homes. We invest in parks and public open spaces, education and community buildings and roads and other infrastructure. During the reporting period we paid £1.4m via Section 106, legal agreements and CIL payments (fifteen-month period ended 30 September 2019: £5.1m).

We recognise that construction works can disrupt and inconvenience communities and we work hard to lessen our impact. Operating in what are often congested areas, we develop and implement comprehensive traffic management plans across our sites to manage activities effectively. All our sites are registered with Considerate Constructors and we are proud to have achieved an average Considerate Constructors score of 41.9/50.

> Every day is different and there's a whole variety of different jobs and roles available."
>
> **Ed Cumming,**
> Apprentice

Supply chain: stronger together

We know that we are 'stronger together' and we invest in our supply chain contacts.

We engage continuously not just throughout the tender process but also through collaborative scoping meetings and performance reviews and in all-party site discussion and annual supplier conferences. But we believe the most effective communication comes from informal dialogue that takes place on a day-to-day basis between our teams.

This allows for open and honest discussions on several topics, including progress, resources and market issues. We know it makes business sense to build strong relationships within our integrated supply chain and we work hard to do that. We recognise the importance of two-way communication and through sharing our expertise we know that we improve working practices, business conduct and our health and safety procedures.

We provide subcontractors with advance notice of our site plans and building programmes. This helps them plan and feel confident in expanding their workforce in anticipation of our requirements. For each of our projects, we review progress and cost forecasts regularly to ensure we minimise any impact on suppliers. We have introduced volume-based long-term agreements with our supply chain partners to provide assurance of continuity of demand and deliver cost benefits for the Group.

This year we introduced Key Performance Indicators for service delivery through our supply chain. This benefits both parties, with expectations of both clearly defined.

Environment

In line with our strategy of adding lasting value, we focus on limiting our impact on the environment.

We continue to carry out biodiversity and ecology risk assessments as part of our site-planning process, ensuring we understand the full impact of development and can apply appropriate mitigation measures where necessary. With our legacy of brownfield site regeneration, we have the experience and expertise to deal with the challenges these sites present, including where sites have been heavily contaminated by the previous land use.

Year on year, we build on this experience, implementing policies and measures to improve our environmental performance from the earliest days of a project. To ensure we are moving towards our ambition to be zero waste, this year we have invested in our waste management, joining forces with Reconomy and appointing a 'waste champion' on all of our sites. We now recycle 95% of waste across sites.

Social and environmental review

CONTINUED

Across our developments

- Site remediation
- Green roofs
- Electric vehicle charging points
- Low-carbon heating systems
- Cycle paths
- Parks and community facilities
- Nature corridors and wildlife protection measures

Streamlined Energy and Carbon Report – 2019-20

Reporting scope

- The reporting period is 1 October 2019 to 30 September 2020
- This report has been compiled in line with the March 2019 BEIS 'Environmental Reporting Guidelines, including streamlined energy and carbon reporting guidance' and the EMA methodology for SECR Reporting
- All measured emissions from activities which the organisation has financial control over are included unless otherwise stated in the exclusions statement, as required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018
- The intensity measurements of employees and turnover have been selected in order to compare emissions with Company growth and for consistency with similarly reporting businesses for review of the market position

SECR disclosure

This is our first year to report on our carbon emissions and this data sets our benchmark for reporting in future years.

All measured emissions from activities which the organisation has financial control over are included unless otherwise stated in the exclusions statement, as required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018. The intensity measurements of employees and turnover have been selected in order to compare emissions with company growth and for consistency with similarly reporting businesses for review of the market position. Where necessary, estimations have been made via pro rata extrapolation, using figures available for one period of time to calculate the average consumption figures for a shorter period.

Intensity ratios

We have included a mandatory intensity ratio of turnover and have included a voluntary ratio of staff so that we can ensure our measuring is as transparent as possible.

The carbon figures have been calculated using the BEIS 2020 carbon conversion factors for all fuels.

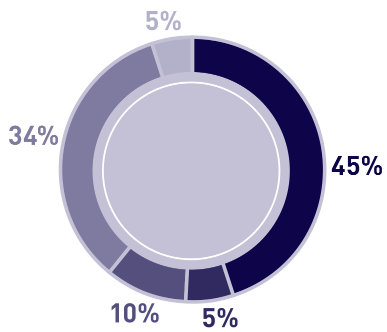
UK carbon footprint data 2019-20

Scope	Description	Specific fuels	tCO_2e
Scope 1	Combustion of fuel on site and transportation	On site[1]: natural gas, gas oil Diesel owned transport: petrol, diesel	445
Scope 2	Purchase of energy	Electricity[1]	Location-based 478
			Market-based 225
Scope 3	Supply chain emissions	Employee mileage claims: Petrol and diesel	133
Total		Location-based	1,055
		Market-based	803
Intensity Ratio	tCO_2e/£1m turnover	Location-based	7.81
		Market-based	5.94
	tCO_2e/employee	Location-based	6.77
		Market-based	5.15
Energy Usage	Total kWh consumed	Electricity, national gas, gas oil, petrol, diesel	4,511,450
	0 carbon %	Electricity[2]	53%

[1] Vacant sites excluded. See methodology for full details.
[2] British Gas Green contract 76% renewable, 24% nuclear.

Emissions details by fuel type

Location-based method



Emissions factors used:

Fuel type	Emissions conversion factor source
UK electricity – location-based (excluding transmission and distribution), gas, gas oil, diesel, petrol	Department for Business, Energy and Industrial Strategy 2020
UK electricity – market-based	Electricityinfo.org

Statement of exclusions

Scope 1 exclusions

- Vacant sites are excluded as there is no energy usage, only standing charges, so these are excluded as immaterial to the overall footprint.

Scope 2 exclusions

- Scope 2 purchased electricity does not include the Transmission and Distribution element as this is owned by the supplier.
- Vacant sites are excluded as there is no energy usage, only standing charges, so these are excluded as immaterial to the overall footprint.
- 3m for Lily Walk has been excluded due to incomplete data with no accurate comparable information available.

Scope 3 exclusions

- No exclusions. All mandatory emissions sources included.

Hillingdon Gardens, Hillingdon

Our planning application for Hillingdon Gardens reflects our commitment to sustainability. The planning application reflects a landscape-led, high-quality residential scheme of 514 homes. These new homes will create a new residential neighbourhood that transforms a brownfield site into an extension of a wider biodiverse, green network to help promote a healthy lifestyle for residents and visitors from the wider community.

In line with national objectives and working closely with the London Wildlife Trust, we have aimed to integrate biodiversity into the design of these proposals and enhance the existing wider natural assets in the area, thus forming a Nature Recovery Network. We called this the 'green infrastructure' of our proposals which has enabled us to achieve a 26% biodiversity net gain and a high urban greening factor of 0.4.

Social and environmental review CONTINUED

Year-on-year emissions changes

- No emissions for the previous year have been included as this is the first year of SECR reporting as per the legislation commencement date of 1 April 2019.

Estimation methods used

- Pro rata extrapolation – using figures available for one period of time to calculate average consumption figures for a shorter period
- Benchmarking – using the energy consumption of one asset or activity as a proxy to estimate the consumption of another asset

Energy efficiency actions taken

- LED lighting installed across the portfolio
- PIR sensor and timers on all lights
- Zip boilers installed to replace individual kettles and improve efficiency
- Working from home policy introduced that has reduced travel to sites and on-site consumption
- Dyson taps and driers operated by sensor installed

Sponsorships and charity events

We are part of the communities where we work and contribute to events and activities that support the growth of a thriving environment, with a particular focus on assisting local organisations which focus on young people.

In December 2019, we dug deep in support of several charities and local appeals to help make Christmas a bit brighter for those struggling.

Staff in Southampton collected toys in support of the Mission Christmas campaign. In Alperton, staff donated toys and raised £680 in support of the Brent Centre for Young People (a leading London mental health charity for young people) and my AFK, a charity that funds life-changing mobility equipment for disabled children and young people. Head office chose to support the KidsOut charity's Giving Tree appeal, with our Christmas tree turned into a special KidsOut 'Giving Tree'. Last but not least, the project team at our Merrielands development in Dagenham pulled together to donate a huge amount of food and toiletries to their local Trussell Trust food bank.

We were also proud to be able to support a local school, making a £50,000 donation to aid the building of their brand-new performing arts centre. Alfriston School is local to our head office and a valued part of our community, catering for students with a wide range of special educational needs and disabilities.

We continue to support the community across our operational area, supporting numerous children's sports clubs, community facilities and community events.

> We are extremely grateful to Stephen Wicks and Inland Homes for the incredibly generous donation which will help improve the school lives of so many of our dedicated students."

Jinna Male
Headmistress at Alfriston School

GOVERNANCE

Board of Directors

Committee membership (A) Audit Committee (R) Remuneration Committee (N) Nomination Committee (I) Independent

A R N I

Terry Roydon
Non-executive Chairman

Appointment to the Board
2007

Key strengths and experience
- Experienced Non-executive Director and Chairman
- Long-term track record of leading listed and unlisted residential property companies

Terry has extensive managerial, practical and political experience of the property sector obtained over a 40-year career. He was the Chief Executive of Prowting plc and Non-executive Director of Country & Metropolitan plc and Avant plc, as well as president of the House Builders Federation.

Other current appointments
Consultant and member of the Board of Dom Development S.A., a major quoted Polish residential developer, Larkfleet Holdings Limited and Chairman of Sigma Homes Limited.

Stephen Wicks
Chief Executive Officer

Appointment to the Board
2005

Key strengths and experience
- Extensive in-depth knowledge and understanding of the housebuilding and residential sectors
- Considerable knowledge of running large commercial, property and land businesses

Stephen 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. He was the founding shareholder and Chief executive of Country and Metropolitan plc, which floated on the main market of the London Stock Exchange in 1999 with a market capitalisation of £6.9m until its disposal in 2005 to Gladedale Holdings plc for approximately £72m.

Other current appointments
None.

Nishith Malde
Group Finance Director

Appointment to the Board
2005

Key strengths and experience
- Strong financial background with extensive property experience
- Considerable knowledge of running large commercial, property and land businesses

Nish is a chartered accountant and has more than 25 years' experience in the property sector. He has broad professional knowledge and understanding of both listed and unlisted companies. He was Finance Director and Company Secretary of Country & Metropolitan plc, which floated on the main market of the London Stock Exchange in 1999, until its disposal in 2005 to Gladedale Holdings plc.

Other current appointments
Non-executive Director at Drumz plc and Troy Homes Limited.

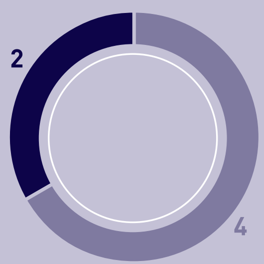
Group Company Secretary

Kat Worth
Group Company Secretary

Kat has held several roles within the public and private sector and before joining Inland Homes worked for 12 years as Group Company Secretary to a large housing association based in London. A Chartered Secretary, Kat is responsible for advising the Board on governance matters.

Board balance

Tenure



■ 0-10 years ■ 10+ years

Simon Bennett
Non-executive Director

Appointment to the Board
2007

Key strengths and experience
- Capital markets and financial expertise
- Remuneration Committee Chairman

Simon is a chartered accountant with more than 30 years' experience in investment banking and providing corporate finance and broking advice to growing companies. He has worked for a number of the world's largest banks and has wide-ranging experience of both the international debt and equity markets.

He was Head of Corporate Finance and Head of Mid and Small Caps team at Credit Lyonnais Securities (now Credit Agricole) as well as head of Corporate Broking at Fairfax IS plc and Sanlam Securities.

Other current appointments
Simon established Incremental Capital LLP in 2004 to provide corporate finance advice to mid and small cap companies and, in addition, is a partner at Glenmill Partners which provides impartial advice to entrepreneurs and growing companies. Simon was also recently appointed to Kwalee Ltd and Drumz PLC.

Gary Skinner
Group Managing Director

Appointment to the Board
2018

Key strengths and experience
- Extensive knowledge of the housing sector
- Strategic leader with a track record of managing and supervising multidisciplinary executive teams

Gary brings considerable experience to the Board, having worked in the housing sector for over 30 years. He joined the Group in February 2016 and was appointed to the Board in May 2018. Previously he was Director of Operations at Wilmott Dixon Housing and Production Director at George Wimpey (now part of Taylor Wimpey plc).

Other current appointments
None.

Brian Johnson
Non-executive Director

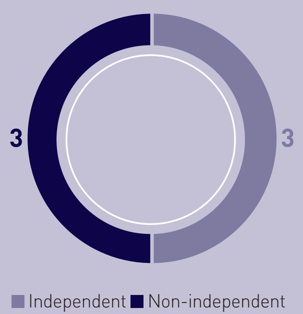
Appointment to the Board
2018

Key strengths and experience
- Solid knowledge of the sector and an experienced Non-executive Director
- Extensive experience of leading and working in large organisations

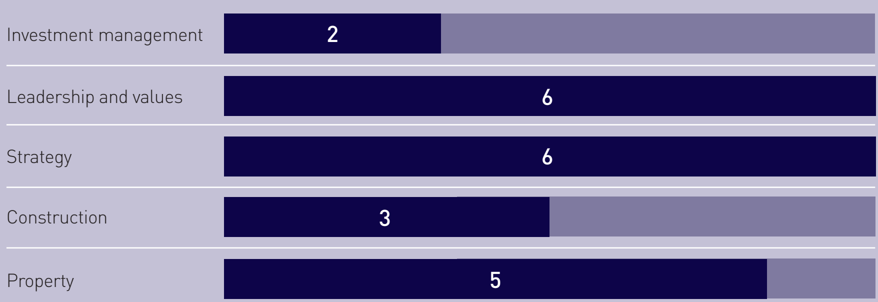
Brian brings a wealth of sector expertise, having held senior management and Non-executive positions within the housing, social care and commercial sectors. He was Chief Executive at CityWest Homes, Moat Homes Limited and at Metropolitan Housing Trust. In addition, Brian was previously a Non-executive Director at North Essex Partnership NHS Foundation Trust.

Other current appointments
Chief Executive Officer of the Maritime and Coastguards Agency since October 2018.

Independence



Skills matrix



Corporate governance statement

Terry Roydon
Chairman

Dear shareholder

In this section of our report, we set out our approach to governance and explain how the Group as a whole has applied the 10 principles of the Corporate Governance QCA Code during this year.

Chairman's introduction

I have pleasure in introducing the Group's Corporate Governance Statement. The Board recognises the value and importance of good corporate governance and continues to adopt the QCA Corporate Governance Code (the Code) as its chosen governance code. In this section of the Report and Accounts, we set out our governance framework and describe the work we have done to ensure high standards of corporate governance throughout Inland Homes plc and its subsidiaries.

The Board is committed to a strong ethical corporate culture and ensuring the culture within the business is consistent with our strategic objectives and business model. The Board achieves this by:

- encouraging diversity, inclusion and equal opportunities for all employees;
- investment in training and development;
- regular communication with employees; and
- appropriate induction for new employees.

The Board monitors and assesses the culture in the business through an externally managed employee engagement survey that was carried out during the period. The results of this survey are reviewed by the Board and Operating Board to identify areas of focus – either to maintain and improve on strengths or to develop actions and initiatives to address any areas of concern. More details can be found on page 46.

The Board

The Board is responsible for the Group's strategy and its overall management. Through entrepreneurial leadership and a flexible business model, the Board is able to promote long-term growth and value for shareholders.

A schedule of regular business, financial and operational matters is maintained to ensure that all matters that the Board and its committee have responsibility for are addressed and reviewed during the year. Certain matters are reserved for approval by the Board. These include:

- Strategy and business plan approval
- Changes in share capital and dividends
- Board membership and Committees and delegation of authority
- Remuneration and employment benefits (for the Executive Directors)
- Corporate statutory reporting
- Appointment of auditors
- Major capital and revenue commitments
- Corporate governance, policy approval, internal control and risk management
- Corporate social responsibilities

The Board has ultimate responsibility for the Group's system of internal control, but responsibility for monitoring and ensuring the ongoing effectiveness of this framework is delegated to the Audit Committee. Further details can be found on page 64. The principal risks faced by the business are set out on pages 38 to 41.

The Executive Directors are responsible for business operations and for ensuring that the necessary financial and human resources are in place to carry out the Group's strategic aims. The Non-executive Directors' role is to provide an independent view of the Group's business and to constructively challenge management and help develop proposals on strategy. The Board as a whole reviews all strategic issues and key strategic decisions. Control over the performance of the Group is maintained through evaluation of financial information, the monitoring of performance against key budgetary targets and by monitoring the return on strategic investments.

The Board currently comprises six Directors – a Non-executive Chairman, two further Non-executive directors and three Executive Directors. The Board considers that our Non-executive Directors remain independent. The independence of our Non-executive Directors is reviewed to confirm they remain independent from executive management and free from any business or other relationship which could materially interfere with the exercise of their judgement.

Terry Roydon and Simon Bennett have served the company as Non-executive Directors since its admission to AIM in 2007. The QCA Code acknowledges that if a director has served for more than nine years, this does not automatically affect independence provided the board is satisfied that the director continues to exhibit independence of character and judgement. In the Board's opinion, both Terry and Simon have continued to demonstrate strong commitment to their roles and to exercise their judgement in an effective and independent manner. They also do not have any association with management that might compromise their independence. Accordingly, the Board considers them to be independent Non-executive Directors of the Company. I have decided not to seek re-election at the forthcoming Annual General Meeting (AGM) as explained in my Chairman's Statement. The position of the Chairman will be assumed by Simon Bennett who will stand for re-election at all AGMs.


Chapel Riverside, Southampton

We recognise the importance of having a Board with the necessary mix of skills, experience and personal qualities to deliver the strategy of the Company for the benefit of the shareholders and the wider stakeholder community. Appointments to the Board are therefore based on merit and judged against objective criteria. Our Board members have high ethical values and demonstrate strong leadership qualities. We have a strong mix of knowledge and experience relevant to our business, including finance sector, public markets, investor relations and property. Further details about our Directors can be found on pages 52 and 53.

Roles and responsibilities

There is a clear division of responsibility between the individual roles and responsibilities.

Chairman

As Chairman, I am responsible for leadership of the Board and ensuring its effectiveness in all aspects of its role. Setting the Board's agenda, ensuring the flow of timely information and facilitating effective contribution for all Directors is a key aspect of my role. I also support Stephen and the other Executives in the day-to-day running of the business.

Chief Executive Officer

Stephen is a founder of the business and is responsible for the leadership of the Group. He manages overall performance of the business and takes responsibility for executing the strategy. He develops the roadmap for where we want to be and ensures stakeholders and staff members are on the same journey.

Group Finance Director

As one of the founders of the business, Nish works alongside Stephen and Gary to drive forward the business. Nish is responsible for establishing a financial strategy that aligns with the Group's strategic priorities and ensures the Board is kept informed of the financial health of the business. He provides overall leadership and direction to the finance department, ensuring sound financial management and a robust system of financial controls. Nish is also instrumental in engaging with key stakeholders, including shareholders, banks and future investors.

Group Managing Director

Gary takes overall responsibility for the operations of the Company, overseeing the delivery of our in-house build capability for both private and partnership schemes. His clear leadership sets the standard for the homes we deliver and the values we live to employees, suppliers and subcontractors. His role is instrumental in delivering cost efficiencies within the business.

Senior Independent Director

Simon's role is to provide support to the Chairman and act as a trusted intermediary for other Directors. He is also available to act as an intermediary for other Non-executive Directors when necessary and to lead the Non-executive Directors in the oversight of the Chairman.

Group Company Secretary

Kat's role is to support the Board in meeting its responsibilities and individual Directors' duties. Kat keeps under review legislative and governance developments that may impact on the Group and ensures the Board is appropriately briefed on them. She supports the Chairman in ensuring there is an effective corporate governance framework in place to support the business.

Non-executive Directors

As Non-executive Directors, Terry, Simon and Brian provide an independent view of the company. They work with the Executive Directors to develop strategy and provide informed, impartial advice though broad experience and specialist knowledge.

Church Road, Ashford

The Board scheduled six formal meetings during the year. A number of other shorter board meetings were held in order to discuss specific issues and attendance has been included in the table below. In addition, there were regular ad-hoc informal discussions between the Directors. Although not formally members of the board committees, Nish, Stephen, and Gary are invited to attend as and when required. Attendance has been included in the table below. All Non-executive Directors are invited to attend committee meetings for those committees they do not sit on. Attendance has been included in the table below. The Remuneration Committee met four times during the year and also had a number of ad-hoc informal discussions. The Nominations Committee met formally to consider recruitment of a new Non-executive Director and held a number of informal meetings in progressing the recruitment process.

Name of Director	Independent	No. of Board meetings attended	No. of Remuneration Committee meetings attended	No. of Audit Committee meetings attended	No. of Nominations Committee meetings attended
Terry Roydon	Yes	14/14	4/4	8/8	1/1
Simon Bennett	Yes	14/14	4/4	8/8	1/1
Laure Duhot (resigned 17 July 2020)	Yes	11/12	n/a	5/6	n/a
Brian Johnson	Yes	14/14	4/4	8/8	1/1
Stephen Wicks	No	14/14	n/a	4/8	n/a
Nishith Malde	No	14/14	n/a	8/8	n/a
Gary Skinner	No	14/14	n/a	n/a	n/a

The Board is committed to undertaking a formal review of its effectiveness during 2021 as it recognises that evaluation provides a powerful and valuable feedback mechanism to maximise strengths and highlight areas for further development. The review will focus on:

- the composition of the Board, including the balance of skills, knowledge and experience;
- the strategy of the business and the Board's role in setting it;
- Board dynamics;
- identification of any development needs;
- the management of the Board and committee meetings;
- the Board's oversight of risk management; and
- leadership and succession planning.

The Board has delegated specific responsibilities to the Audit, Remuneration and Nominations Committees. Each Committee has written terms of reference, setting out its duties, authority and reporting responsibilities. Details of the Audit and Remuneration Committee can be found on pages 64 and 59.

The Nominations Committee meets as required and is chaired by Brian Johnson. Its other members are Simon Bennett and Terry Roydon. The Committee is responsible for identifying and nominating for approval by the Board candidates to fill Board vacancies as and when they arise. Before any appointment is made by the Board, the Committee evaluates the balance of skills, knowledge, experience and diversity on the Board and, in the light of this evaluation, prepares a description of the role and capabilities required for a particular appointment and the time commitment expected.

Following the resignation of Laure Duhot during the year, the Nominations Committee undertook a detailed recruitment process with support from advisors Tyzac Partners. As a result, we are pleased to confirm that Carol Duncumb will be joining the board as a Non-executive Director. We look forward to welcoming Carol to her first Board meeting later in the new year.

The Corporate Governance Statement is available on our website at: inlandhomesplc.com/investors/corporate-governance/

QCA Code Compliance

Governance principle	Explanation
01 **Establish a strategy and business model which promote long-term value for shareholders**	This year has been one of refocus and consolidation. We have taken the opportunity to review and refine our strategic focus in light of the COVID-19 pandemic. Further details on our strategy and business model can be found on pages 16 and 22.
02 **Seek to understand and meet shareholder needs and expectations**	We have a clear responsibility to engage with shareholders as the owners of our business. We know that this engagement helps us gain a better understanding of the impact of our decisions on shareholder interests, as well as gain an insight into their needs and expectations. Pages 42 to 44 set out how we do this.
03 **Take into account wider stakeholder and social responsibilities and their implications for long-term success**	The Board recognises that the long-term success of the business is dependent on maintaining relationships with our key stakeholders. Balancing the needs and expectations of our stakeholders has never been more important and we are committed to working together to navigate the challenges ahead. Pages 42 to 44 provide further details on how we are doing this.
04 **Embed effective risk management, considering both opportunities and threats, throughout the organisation**	Successful risk management is a fundamental part of our business as we pursue our strategic objectives. Details about our risk framework can be found on pages 38 to 41. Our response to managing risks associated with COVID-19 can be found on pages 24 and 25.
05 **Maintain the Board as a well-functioning, balanced team led by the Chair**	The Board recognises that a well-functioning, balanced Board ensures the company reaches its full potential. Our current Directors' details, including their skills and experience, are set out on pages 52 and 53.
06 **Ensure that, between them, the Directors have the necessary up-to-date experience, skills and capabilities**	Our Board appointments are made on merit and against objective criteria, including personal characteristics. We know that diversity within our membership strengthens the Board and this is something we are mindful of as we review the skills and experience needed to drive forward our strategy. More detail about our strategy can be found on pages 16 and 17.
07 **Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement**	We know that Board effectiveness goes to the heart of success and the Board is committed to undertaking an evaluation of its performance and that of individual Board Directors. Details of the criteria against which the Board and individual Directors will be assessed are included on pages 52 and 53.
08 **Promote a corporate culture that is based on ethical values and behaviours**	Our principles are embodied across the Group and inform every aspect of our business operations and decision-making. The Social and Environmental Review (pages 45 to 50) demonstrates our culture and values in action.
09 **Maintain governance structures and processes that are fit-for-purpose and support good decision-making by the Board**	Under the leadership of the Chairman, the Board has collective responsibility for the governance structure of the Group to ensure the Company's strategy is delivered effectively. It is important to us that the framework we have in place is appropriate for our business model and this is something we keep under continuous review.
10 **Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders**	Engagement with our key stakeholders is vital to the success of our business. Details of how we do this can be found on pages 42 and 43.

Remuneration Committee report

Simon Bennett
Senior Independent Director

Key responsibilities

- The Remuneration Committee reviews the performance of the Executive Directors and makes recommendations to the Board on matters relating to their remuneration and terms of employment.
- The Remuneration Committee also makes recommendations to the Board on proposals for the granting of share options and other equity incentives pursuant to any share option scheme or equity incentive scheme in operation from time to time.
- The Remuneration Committee has access to information provided by the three Executive Directors of Inland Homes, namely Stephen Wicks, Chief Executive, Nishith Malde, Group Finance Director and Gary Skinner, Group Managing Director, and independent advice from external consultants, where it considers this to be appropriate.

The QCA Code places a requirement on AIM-listed companies to produce a formal Remuneration Report; however, the Group has produced this report voluntarily for many years prior to adopting the Code. This report sets out the remuneration paid to the Directors for the 12-month period ended 30 September 2020 and the remuneration policy for the forthcoming financial year and beyond.

Membership and attendance

The Board has established a Remuneration Committee which currently consists of Simon Bennett, Senior Non-executive Director, who is Chairman of the Committee, Terry Roydon, the Company's Non-executive Chairman and Brian Johnson, Non-executive Director. The Remuneration Committee meets formally three times a year and on such other occasions as may be required.

	Number of meetings	Attendance
Simon Bennett	4	100%
Terry Roydon	4	100%
Brian Johnson	4	100%

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 Group 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, a 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 considers the aggregate remuneration to be received by the individual Executive.

In 2013, in line with best corporate governance and market practice at that time, the Remuneration Committee introduced a new deferred bonus plan and a long-term incentive plan for the Company's Executive Directors. These were 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). It operated for a period of six years and was approved by shareholders in general meeting in December 2013.

This scheme has now run its course and the Remuneration Committee has been working with the Group's remuneration consultants to formulate a new long-term incentive plan to replace the 2013 LTIP. Further details of these proposals 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. It provided an opportunity for the Executive Directors to earn up to 100% of basic annual salary as an annual bonus. The plan provides for 50% of an Executive Director's bonus entitlement to be mandatorily deferred into Ordinary shares in the Company. Bonuses are 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 Director leaves the Company as a 'bad leaver', but is not subject to any further performance conditions.

Long Term Incentive Plans

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

Awards under the unapproved share option scheme are made on a periodic basis to the Company's 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 2013 LTIP is now in abeyance having come to the natural end of its life. The following is a summary of the principal features and terms of the 2013 LTIP, which has now run its course:

1. Creation of Growth Shares

The plan operated by reference to rights attached to a special class of share in an intermediate holding company (Inland Homes 2013 Limited) interposed between the Company and the Group's trading subsidiaries. The special class of shares were called 'Growth Shares'. The Growth Shares were qualifying shares for the purposes of the Employee Shareholder Status scheme, the aim of which was to provide tax benefits to employees and Directors who achieved growth for their employing companies.

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

2. Vesting and exchange of Growth Shares

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

The Growth Shares did not carry any entitlement to dividends, capital or voting unless and until they vested and were exchanged for Ordinary shares in the Company.

3. Participants

Originally, when the 2013 LTIP was established, the Executive Directors participating in the 2013 LTIP and their allocations of Growth Shares were as follows: Stephen Wicks 47%, Nishith Malde 38% and Paul Brett 15% (collectively the 'Participants'). Originally 11,350,504 Ordinary shares were available to be earned under the 2013 LTIP, equivalent at the time to 5.68% of the issued share capital.

One of the Participants, Paul Brett, stepped down from the Board in April 2018 and was determined to have been a good leaver and was, as a result, entitled to retain the Ordinary shares in the Company that he was entitled to in accordance with the rules of the scheme. His possible share of any future Growth Shares lapsed at that time.

The aggregate number of Ordinary shares of the Company, issuable under the 2013 LTIP, in exchange for Growth Shares, was therefore then reduced by 1,702,576 ordinary shares to 9,647,928 ordinary shares (from 11,350,504 ordinary shares). On 19 July 2018, the Company issued 2,814,924 new ordinary shares of 10p each to Stephen Wicks in exchange for 248 of his vested Growth Shares under the 2013 LTIP. The total number of ordinary shares issuable under the 2013 LTIP was therefore reduced to 6,833,004 ordinary shares.

Of this total, as at 30 September 2020, in aggregate a further 2,285,076 ordinary shares (equivalent to 1.00% of the total issued ordinary share capital) were available to be issued to the Participants, under the terms of the 2013 LTIP, as the Performance Targets had been met. The remaining, 4,547,928 ordinary shares (equivalent to 1.99% of the total issued ordinary share capital at the period end), have now lapsed as the Performance Targets have not been met..

Due to an anomaly in the way in which the 2013 LTIP was drafted, fractional entitlements of a Growth Share cannot be exchanged for ordinary shares. As a result, of the 2,285,076 ordinary shares earned by the Participants but not yet issued, 14,975 ordinary shares would otherwise lapse. The Remuneration Committee has agreed to issue any earned but unallocated ordinary shares created by this anomaly to the existing Participants, when the 2013 LTIP is closed in accordance with its terms.

Any awards to the Executive Directors under the 2013 LTIP are subject to good and bad leaver provisions in accordance with the rules of the scheme.

Gary Skinner, who joined the Group Board in May 2018, was not entitled to any awards under the 2013 LTIP but will be able to participate in any future LTIP approved by shareholders at a general meeting.

4. Performance Targets

Vesting only occurred as and when specific Performance Targets (which were linked to the share price of Inland Homes over six consecutive annual performance periods) were met or exceeded for 15 working days in the relevant performance period. Each annual performance period ended 20 working days after the announcement of the preliminary results for each year, usually therefore in October of each year.

However, the Group's accounting period was changed from 30 June to 30 September 2019. For the purposes of the 2013 LTIP only, the final period for Performance Targets to be met was therefore deemed to be the year ended 30 June 2019.

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

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

Subsequent performance targets were based on compound growth in share value of 15% over the following year and 10% for each of the subsequent years.

5. Dilution

Originally, in order for all the 9,647,928 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, would have had to have more than doubled before the end of the final performance period, when compared with the Initial Base Price of 46.5 pence per ordinary share. This increase would have been equivalent to an approximate 14% annual compound rise in the ordinary share price over the life of the 2013 LTIP.

As at 30 September 2020, a total of 2,285,076 ordinary shares (equivalent to 1.10% of the total issued ordinary share capital) have been earned but not been issued yet to the remaining Participants.

6. Change of Control

The 2013 LTIP allowed realisation from three years after the award, provided the Performance Targets had been met. As is customary, the 2013 LTIP provided 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 would vest, provided that the offer price was greater than the share price required to achieve the Performance Target for the relevant performance period in which the takeover occurs.

2021 Long Term Incentive Plan (2021 LTIP)

As set out in more detail above, the 2013 LTIP scheme has now run its course and the Remuneration Committee has been working with the Group's remuneration consultants to formulate the terms of a new long-term incentive plan, in accordance with current best practice. This process has been considerably delayed by the COVID-19 global pandemic and the uncertainty this has caused for the housebuilding industry and the wider UK economy. As a result, whilst the future remains uncertain, the Remuneration Committee intends to introduce the 2021 LTIP for shareholder approval shortly.

The new 2021 LTIP will most likely take the form of a performance share plan under which selected participants will, each year, be awarded an interest in a number of ordinary shares which will vest three years later in whole or in part, depending on whether and the extent to which the chosen performance criteria attaching to those awards have been met.

The normal maximum value of an award that may be made to a participant each year will be 100% of their salary although the Remuneration Committee will be able to make awards of up to 200% of salary to a selected participant, if it believes that there are exceptional circumstances that justify this level of award.

The Remuneration Committee will have the discretion to override the formulaic vesting outturn of the LTIP at the end of the three-year performance period to determine the appropriate level of vesting where it believes the outcome is not truly reflective of underlying performance during the performance period and to ensure fairness to both shareholders and participants.

Vested awards will be subject to a holding period following the end of the performance period and shares will not normally be released until the end of the holding period. This holding period will be 18 months for 50% of vested awards and 30 months for the other 50%.

Additional amounts equivalent to any dividends or shareholder distributions will be made in respect of vested awards at the time those shares are released to the participants at the end of the holding period. Such amounts will normally be paid in shares.

Further details relating to the new proposed LTIP will be sent to shareholders, together with the full details of a new remuneration policy, in a Circular convening a shareholder meeting later in the year at which shareholders will be asked to approve the new 2021 LTIP and remuneration policy.

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 Gary Skinner 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 to Stephen Wicks or Nishith Malde under the 2013 LTIP.

Non-executive Directors

Inland Homes currently has three Non-executive Directors: Terry Roydon, the Chairman and Head of the Audit Committee, Simon Bennett, Head of the Remuneration Committee and Brian Johnson.

The Non-executive Directors have letters of appointment, which initially are for a three-year period and thereafter may be terminated on three months' notice from either Inland Homes or the individual. The appointment letters 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 Directors' 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.

Directors' emoluments for the year ended 30 September 2020

No salary increases, bonuses or share options have been awarded by the Remuneration Committee to the Executive Directors this year.

Directors' remuneration table

The remuneration of each of the Directors for the year ended 30 September 2020 is set out in detail below.

	2020							Fifteen-month period ended 30 September 2019
	Salary/ fees £000	Bonus £000	Benefits £000	Pension £000	Total remuneration £000	Social security costs £000	Total remuneration and social security £000[3]	Total remuneration and social security £000
Executive Directors								
S D Wicks[1]	312	–	16	–	328	44	372	630
N Malde[1]	312	–	16	–	328	44	372	626
G Skinner	265	–	8	13	286	37	323	412
Non-executive Directors								
T Roydon	55	–	–	–	55	2	57	75
S Bennett	50	–	–	–	50	2	52	63
L Duhot [2]	40	–	–	–	40	4	44	48
B Johnson	36	–	–	–	36	4	40	48

[1] S Wicks and N Malde have taken their pension entitlement as part of their salaries. During the period no LTIPs vested.

[2] Laure Duhot resigned from the Board on 17 July 2020.

[3] Salaries shown reflect temporary salary reductions taken during the year.

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

Directors' interests in the Company's ordinary shares are disclosed on page 66 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	Garry Skinner
Total options outstanding at 30 September 2020 and 30 September 2019	–	1,500,000	750,000
Representing:	–		
Options exercisable 22 November 2013 to 21 November 2020 at 18.25p	–	1,500,000	–
Options exercisable 17 July 2021 to 16 July 2028 at 67.00p			250,000
Options exercisable 18 March 2022 to 17 March 2029 at 61.30p	–	–	500,000
	–	1,500,000	750,000

2013 LTIP

The 2013 LTIP has now run its course. The initial price for determination of awards under the 2013 LTIP was 46.5 pence per ordinary share.

In aggregate, of the 11,350,504 new ordinary shares that could have been issued in accordance with the rules of the 2013 LTIP, the conditions for the issue of 6,000,000 ordinary shares (in aggregate, including those issued to Participants who have left the Group) have been met.

The awards vested to date to current Directors of the Group are as follows:

	Ordinary shares of 10p each
S D Wicks[2]	2,820,000
N Malde	2,280,000

[2] S D Wicks exercised 2,814,924 ordinary shares on 19 July 2018. The Balance of 5,076 will be allocated when the 2013 LTIP is closed.

As at 30 September 2020, 2,285,076 ordinary shares (equivalent to 1.10% of the total issued ordinary share capital) have been earned but not yet issued to the remaining Participants.

Approval

This report was approved by the Board on 5 February 2021 and signed on its behalf by:

Simon Bennett
Chair of the Remuneration Committee

5 February 2021

The Wessex, Bournemouth

Audit Committee report

Key responsibilities

- Reviewing the 2020 Report and Accounts
- Considering the external audit report and management representation letter
- The going-concern review
- Consideration of key audit matters and how they are addressed
- Reviewing the 2020 audit plan
- Reviewing the suitability of the external auditor
- Reviewing the interim results
- Reviewing significant estimates and judgements
- Reviewing the principal risks faced by the business
- Reviewing system of internal control
- Reviewing and approving the whistleblowing policy for 2020

I am pleased to present the Audit Committee report for the year ended 30 September 2020. It provides shareholders with an overview of the activities carried out by the Committee during the period. The Audit Committee is responsible for ensuring the financial performance of the Group is properly measured and reported on. Its role includes monitoring the integrity of the financial statements (including annual and interim accounts and results announcements), reviewing any changes to accounting policies, reviewing and monitoring the extent of the non-audit services undertaken by external auditors, advising on the appointment of external auditors and meeting with external auditors without the Executive Directors and management present.

Membership

The Committee consists of the following independent Non-executive Directors: myself (as Chairman), Simon Bennett and Laure Duhot, until her resignation from the Board in July 2020. Other members of the Board or management may attend Committee meetings by invitation if required. We ensure Committee members have the skills and knowledge relevant to the remit of the Committee as well as the personal attributes to enable us to work with management and external auditors and to challenge matters if needed.

Role of the external auditor

The Audit Committee monitors the relationship with the external auditor, BDO LLP, to ensure we maintain auditor independence and objectivity. As part of its review, the Committee monitors the provision of non-audit services by the external auditor. The breakdown of fees between audit and non-audit services is provided in Note 11 of the Financial Statements. Having reviewed the auditor's independence and performance, the Committee recommends BDO LLP be reappointed as the Group's auditor at the next Annual General Meeting.

Internal controls and risk

The Group continually reviews its controls framework to ensure adherence to best practice, while also having regard to its size and the resources available.

The principal elements of the Group's internal control system include:

- close management of the day-to-day activities of the Group by the Executive Directors;
- an organisational structure with defined levels of responsibility and approvals, which promotes entrepreneurial decision-making and implementation, while mitigating risks;
- segregation of duties so no individual can have undue influence or control over an activity, process or transaction;
- central control over key areas such as authorising capital expenditure and banking facilities; and
- the formal risk framework agreed by the Board, details of which you can find on page 38.

Whistleblowing

The Group has in place a whistleblowing policy which sets out the formal process by which an employee of the Group may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. The Audit Committee reviewed the policy during the year and was satisfied that it was fit for purpose.

Terry Roydon
Chair of the Audit Committee

5 February 2021

Directors' report

Kat Worth
Group Company Secretary

The Directors present their Annual Report on the affairs of the Group, together with the Financial Statements and Auditors' Report, for the period ended 30 September 2020. The Corporate Governance Statement also forms part of this Directors' Report.

Directors

The Directors of the Company during the financial year were:

Terry Roydon
Simon Bennett
Brian Johnson
Laure Duhot (resigned 17 July 2020)
Stephen Wicks
Nishith Malde
Gary Skinner

Results and dividend

Results for the period ended 30 September 2020 are set out in the Consolidated Income Statement on page 75. The Directors are not recommending a dividend for the year ending 30 September 2020.

Share capital and substantial shareholders

The Company's issued share capital as at 30 September 2020 was 228,341,045 ordinary shares of 10p each. 1,627,500 ordinary shares are held by the Company's Employee Benefit Trust. Details of movements in the Company's issued share capital can be found in Note 39 to the Financial Statements.

The Company had been notified of the following substantial shareholders comprising 3% or more of the issued ordinary share capital of the Company:

Major shareholders	Shareholding
Mr M. H. Dixon and Mrs D. M. Dixon	13,000,000
Janus Henderson Investors	10,138,737

This table excludes Director's shareholdings, which are detailed on the next page.

There have been no significant changes to substantial shareholders since the year end.

Directors' and officers' liability insurance and independent advice

The Company maintains an appropriate level of Directors' and Officers' liability insurance in respect of legal actions against the Directors. The Board has established a procedure by which any Director, for the purpose of furthering his or her duties, may take independent professional advice at the Company's expense. No Director had reason to use this facility during the reporting period.

Post balance sheet events

Details of post balance sheet events are given in Note 42 of the Financial Statements.

Directors and Directors' interests

	As at 30 September 2020			As at 30 September 2019		
	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	**17,763,571**	**–**	**–**	17,237,256	222	–
N Malde	**10,996,792**	**380**	**1,500,000**	10,891,529	380	1,500,000
G Skinner	**82,105**	**–**	**750,000**	40,000	–	750,000
T Roydon	**357,500**	**–**	**–**	325,000	–	–
S Bennett	**125,000**	**–**	**–**	110,000	–	–
L Duhot	**–**	**–**	**–**	–	–	–
B Johnson	**–**	**–**	**–**	–	–	–

More information about the Directors can be found on pages 52 and 53.

Purchase of own shares
The Company did not purchase any of its own shares in this reporting period.

Political donations
The Company did not make any political donations or incur any political expenditure during the reporting period to 30 September 2020, or in the prior period.

Auditor
A resolution to reappoint BDO LLP as auditor of the Company and to authorise the Audit Committee to determine its remuneration will be proposed at the forthcoming Annual General Meeting (AGM). As far as the Directors are aware, there is no relevant audit information (that is, information needed by the Group's auditor in connection with preparing their report) of which the Group's auditor is unaware. Each Director has taken all reasonable steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

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 11 March 2021. The Notice of Meeting will be published on our website at: inlandhomesplc.com/investors/agm/

Statement of Directors' responsibilities
The Directors are responsible for preparing the strategic report, the annual report and the financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare financial statements for each financial period. Under that law, the Directors have elected to prepare the Group's consolidated financial statements in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006 and the Company Financial Statements in accordance with FRS 101: The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 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 or United Kingdom Generally Accepted Accounting Practice, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

Financial risk management objectives and policies
These are detailed in Note 7 of the Financial Statements.

Website publication
The Directors are responsible for ensuring the report and accounts are made available on a website. Financial statements are published on the Group'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 Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Stakeholder involvement policies
Directors believe that the involvement of employees, customers and suppliers is an important part of the business culture and contributes to the successes achieved to date. Read more about our engagement with stakeholders on pages 42 and 43.

Corporate Governance Code
Details of our compliance with the QCA Governance Code can be found on pages 54 to 58.

Streamlined energy and carbon report
All measured emissions from activities which the Group has financial control over are reported on pages 48 and 49.

Kat Worth
Group Company Secretary

5 February 2021

FINANCIAL STATEMENTS

Independent Auditor's report to the members of Inland Homes plc

Opinion

We have audited the financial statements of Inland Homes plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2020 which comprise the Group statement of comprehensive income, the Group and Company statements of financial position, the Group and Company statements of changes in equity, the Group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and international accounting standards in conformity with the requirements of the Companies Act 2006. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2020 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company 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.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group's or the Parent Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How the scope of our audit addressed the key audit matter
Valuation of investment properties and carrying value of trading properties (note 19, 28 and 30) The Group owns a portfolio of properties which are held as either investment properties or trading properties. Determination of the fair value of investment properties and the carrying amount of trading properties is considered a significant audit risk due to the subjective nature of certain assumptions and the potential for management bias inherent in each valuation. All valuations are carried out by the Directors. Each valuation requires consideration of the individual nature of the property, its location, its cash flows and comparable market transactions. The majority of the Group's property interests are in the course of development. The valuation of these properties requires estimation of the expected sales value the completed developments will achieve with deductions for future build costs to completion, which requires significant judgements. The valuation of the Group's income generating investment properties requires significant judgements to be made in relation to the appropriate market capitalisation yields and estimated rental values and for this reason, we considered this as a key audit matter.	**Trading properties** Our audit work in relation to trading properties included, but was not restricted to, the following: • We agreed a sample of data used by the Directors, both internal and external, back to source documentation, including title deed and tenancy agreements. • We assessed the movement in the valuation of the property portfolio against our own expectations and challenged the Directors, as appropriate, for those valuations which fell outside of our range of expectations. • We obtained all copies of any planning permission documents received in the year to support the uplift in land values. • We obtained project appraisals prepared by the Directors for each development and: – Reviewed and assessed costs to complete and compared these to actual costs for completed developments of a similar nature; – Considered the historic accuracy of cost and sales forecasts; – Reviewed the level of costs to complete that were fixed by way of procurement; – For a sample of properties that have been exchanged, reserved or sold post year end we obtained supporting documentation and compared the prices achieved to those in the development appraisals. Where no activity has occurred, we performed a comparison of prices achieved on similar properties sold or comparable market transactions; and – We visited the Group's development sites at Meridian Waterside, Chapel Riverside, The Wessex and Wilton Park and considered the stage of the development compared to the costs to complete in the project appraisal. **Investment properties** Our audit work included, but was not restricted to, the following: • We obtained the valuation schedules prepared by the Directors and; – Evaluated the competence and capability of the Directors; – Confirmed that the basis of the valuation was in accordance with requirements of accounting standards; and – Discussed the basis of the valuation, the assumptions used and the valuation movements in the year with the Directors; • We considered whether movements in the valuations are consistent with our own expectations based upon market comparable transactions and changes in industry benchmarks and challenged those valuations which fell outside of our expectations. We did this by holding discussions with the Directors and obtaining an explanation for the reasons why these valuations were outside of our expectations. We obtained supporting evidence to corroborate explanations received from the Directors. • We compared the significant valuation inputs used by the Directors against our own expectations, underlying supporting evidence and, where relevant, market data. • We obtained external support used by the Directors in preparing their valuations such as similar sales price for residential properties or consultations with valuers during the year. We tested the inputs of this support and compared them to the inputs used in the valuations prepared by the Directors. We performed a recalculation of the valuation based on the inputs tested. • For a sample of investment properties we corroborated the rental income to supporting leases. • For those properties re-classified as Held for Sale we considered the classification in light of the evidence provided by management and the criteria under applicable accounting standards. **Key observations** We did not identify any indicators to suggest that the valuation of the Group's investment properties and the carrying value of the Group's trading properties are inappropriate.

Key audit matter	How the scope of our audit addressed the key audit matter
Revenue and profit recognition (Note 9) The group has numerous sources of revenue out of which we consider the sale of land and buildings, contract income and management fee income to pose specific risks. Proceeds from the sale of land and buildings should only be recognised once the risks and rewards of ownership have passed to the buyer which is considered to be legal completion. There is a risk that revenue and profits on house sales could be recognised before completion and also through management incorrectly allocating costs on different phases on multi-phase developments. The accounting for the revenue from construction contract income is inherently complex and involves significant judgement particularly with regard to assessing the stage of completion of the project. Revenue from long term contracts is recognised based on the input method by considering the costs incurred to date, relative to the total estimated forecast revenue. Profit is recognised once the Directors are able to make an estimate of the outcome with reasonable certainty. The use of the input method represents a change from the output method adopted previously. The Group is involved in the provision of certain development and planning application management fee services to third parties. The accounting for revenue from such contracts is inherently complex and involves significant judgement in terms of the identification of performance obligations under applicable accounting standards and where appropriate the stage of performance against those obligations and the measurement and recognition of any deferred consideration where relevant.	Our audit work included, but was not restricted to, the following: **Sale of land and buildings** • We agreed a sample of sales to completion statement and the proceeds to bank. To address cut off, we tested a sample of sales that occurred in September 2020 and checked that completion took place pre year end. For post year end receipts we obtained the completion statement for the associated sale and checked that it was recognised in the correct period. • We reviewed the realised margin on the land and building sales in the year compared to the expected margin obtained from the original development appraisal. • For land sales we obtained the sale and purchase agreements and considered the substance of the transactions and whether the risks and rewards of ownership had been transferred and whether the transaction met the criteria for revenue recognition under applicable accounting standards. • We considered the basis for the allocation of central costs between phases. We obtained managements forecast margin calculation and compared to our own independently set expectations in terms of gross development value and costs to complete. **Construction contract income** For each development contract we obtained copies of the construction contract and performed the following: • We agreed the total value of the development to the signed contract; • We discussed the forecast profitability with management and challenged other areas of judgement taken including movement in margin from tender to 30 September 2020; • We obtained management's calculation of the costs to date compared to the expected costs to complete; • Compared the key assumptions within each development appraisal against the contract terms and agreed details to supporting documentation where relevant. We compared the costs to complete to forecast and corroborated the percentage of costs that had been procured at the year-end and enquired of management as to cost overruns since the year-end and compared to the latest appraisals; • Compared the stage of completion against the proportion of profit recognised to date; • Assessed the recoverability of balance sheet items by comparing to the external certification of the value of work performed; and • Considered the adequacy of the disclosure regarding the change from output method to input method. **Management fee income** For each contract we obtained copies of the management fee contract and performed the following: • We obtained a copy of management's paper regarding the revenue recognition policy for the contract. We challenged the judgements made in relation to the performance obligations identified with management and considered these in light of our review of the contract and knowledge of applicable accounting standards. • We obtained management's assessment of the Group's performance against the performance obligations identified in each contract. We challenged management regarding the assumptions made and corroborated their responses to external sources where necessary. • We obtained management's paper considering any constraint of revenue in accordance with applicable accounting standards. We challenged management regarding the assumptions made and corroborated their responses to external sources where necessary. **Key observations** We did not identify any indicators to suggest that the revenue and profit recognition from the sale of land and buildings, from construction contract income or from management fee income has been recognised inappropriately.

Key audit matter	How the scope of our audit addressed the key audit matter
Going concern (Note 2) Refer to page 35 (Strategic Report) and page 81 (basis of preparation). The Directors have prepared cash flow forecasts for the period to 28 February 2022. These forecasts include assumptions over the revenue, profitability and cash generation of the business. In preparing these forecasts the Directors have considered the potential impact of Covid and a resulting economic downturn and how such a downturn could plausibly impact on trading during the going concern period. These forecasts have been stress tested for down turn scenarios that could impact the business. The Group has three facilities that fall due for repayment during 2021. Additionally during the year the Directors anticipated breaching one of its banking covenants at 31 December 2020 and obtained a waiver from the bank. The Directors also anticipate this covenant will be breached at 31 March 2021 if tested and have obtained a waiver. Given the existence of facilities that fall due for payment in the next 12 months together with the impact of Covid 19 on trading we consider there to have been an increase in going concern risk, the completeness of disclosures and the need for the Directors to identify any material uncertainties.	We evaluated the Directors' going concern assessment and performed the following procedures: • We assessed the appropriateness of the Group's cash flow forecasts in the context of the Group's 30 September 2020 financial position, the expected land and house sales and other contractual revenue and evaluated the Directors' downside sensitivities against these forecasts. • We considered the potential impact of the continuing Covid impact and the potential scenarios that this could have on trade. In assessing the potential impact we spoke to external property agents to understand the length of time that land markets were closed during the 2020 lockdown. • We evaluated the key assumptions in these forecasts and considered whether these appear reasonable, for example by comparing sales revenue to contractually secured future revenue and expected sales prices to forward sales, historic sales data in the area and expected completion of sites. • We obtained the Directors' views on their ability to obtain alternatives sources of finance to replace existing facilities, the Directors' views on and evidence of the continued support of their lenders and the ability to obtain finance on unencumbered assets. • We obtained and re-performed the Directors' forecast covenants compliance to 31 March 2022. We obtained a copy of the waiver document regarding the testing of one of the Group's bank covenants at the 31 December 2020 and 31 March 2021 testing dates. • We considered the Group's overhead and the level of discretionary spend in the Group and the Directors' ability to flex this in base case scenarios. • Note 2 details the scenarios in which the Directors may be forced to discount property assets to achieve a sale. We discussed the ability and timeframe of the Directors to achieve such a sale in a shortened period in the context of the 2020 lockdown. • We also reviewed the disclosures provided relating to the going concern basis of preparation and considered whether these were consistent with the evidence that we found. **Key observations** Our observations are set out in the conclusions relating to going concern section of our report.
Recoverability of receivables from Joint Ventures and the Associate (Notes 25 and 26) and other significant receivables (Note 29) The Group has made a number of loans to Joint Venture and Associate entities where the recoverability of these receivables is underpinned by the net realisable value of the underlying development held within the Special Purpose Vehicle ("SPV"). There are also a number of other significant receivables due from management fee contracts. The recoverability of these receivables is either dependent on the value of the land or the profitability of completed developments over which the Group holds security and for this reason, we considered this as a key audit matter.	The recovery of these balances is underpinned by the net realisable value of the underlying development held within the SPV. Our audit procedures were therefore in line with those set out in the valuation of investment properties and carrying value of trading properties key audit matter outlined earlier in this report. We then compared the expected profitability of the development or the SPV to the receivable balance. **Key observations** We did not identify any indicators to suggest that the receivables from Joint Ventures and the Associate, and other significant receivables have been recognised inappropriately.

Independent Auditor's report to the members of Inland Homes plc

CONTINUED

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

	Group – Financial Statement materiality		Group – Specific materiality	
	2020	2019	**2020**	2019
Materiality	**£3,900,000**	£3,750,000	**£825,000**	£1,000,000
Performance materiality	**£2,145,000**	£2,250,000	**£450,000**	£600,000
Reporting threshold	**£78,000**	£75,000	**£16,500**	£20,000

We determined that Group total assets would be the most appropriate basis for setting overall financial statement materiality, as we consider this to be one of the principal considerations for members in assessing the financial performance of the Group. As such, the materiality for the Group financial statements as a whole was determined to be £3,900,000, which represents 1% of the Group's total assets (2019: 1% of the Group's total assets).

We also determined that for other classes of transactions, balances or disclosures that impact adjusted earnings (being profit before tax adjusted for investment property valuations), a misstatement of less than materiality for the financial statements as a whole could influence the economic decisions of the users of the financial statements. As a result, we applied a specific materiality of £825,000 (2019: £1,000,000) to these areas which represents 5% of the three year average adjusted earnings (2019: 5% of the three year average adjusted earnings). The three year average was taken to better reflect a consistent basis in a business where there are inconsistent operational cycles and trading activity.

Component materiality

We determined that a measure of financial statement materiality for the Parent Company, was £740,000 (2019: £900,000) which was set based on 90% of Group specific materiality (2019: 90% of Group specific materiality).

Each component of the Group was audited to a lower level of materiality. Component materiality ranged from £1 to £740,000 (2019: ranged from £4,000 to £900,000).

Performance materiality

The application of materiality at the individual account or balance level is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessment together with the Group's overall control environment our judgement was that overall performance materiality for the Group should be 55% of overall materiality (2019: 60% of overall materiality). As such, performance financial statement materiality was set at £2,145,000 and specific performance materiality was set at £450,000 (2019: financial statement performance materiality was £2,250,000 and specific performance materiality was £600,000).

For the Parent Company we considered it appropriate to set the level of performance materiality at 75% (2019: 75%), and the performance materiality applied was £555,000 (2019: £675,000).

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £78,000 for all items audited to financial statement materiality, and £16,500 for items audited to specific materiality (2019: £75,000 for items audited to financial statement materiality and £20,000 for items audited to specific materiality). We also agreed to report on any other differences that, in our view, warranted reporting on qualitative grounds.

The reporting threshold applied for the Parent Company was set at £37,000 (2019: £45,000).

An overview of the scope of our audit

Our Group audit was scoped by obtaining an understanding of the Group and its environment, including the Group's system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

For the purposes of the Group audit, 12 subsidiaries and 2 joint ventures were considered significant components and were subject to full scope audit procedures performed by the Group engagement team. All components are based in the UK. Our audit work on these components was executed at the level of materiality applicable to the relevant component, which in each instance was lower than Group materiality.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the report and accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of Directors

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, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's report to the members of Inland Homes plc

CONTINUED

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of our report

This report is made solely to the Parent 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 Parent 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 Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Thomas Edward Goodworth (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK
5 February 2021

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Group statement of comprehensive income

for the year ended 30 September 2020

Continuing operations	Note	Year ended 30 September 2020 £m	Fifteen-month period to 30 September 2019 £m
Revenue	10	**124.0**	147.9
Cost of sales	10	**(99.2)**	(115.4)
Expected credit loss	29	**(2.8)**	–
Gross profit		**22.0**	32.5
Administrative expenses	10, 11	**(12.6)**	(15.7)
Gain on sale of joint venture interest	25	**–**	12.6
Share of profit of joint ventures	25	**2.0**	2.0
Share of (loss)/profit of associate	26	**(0.2)**	0.2
Revaluation of assets held for sale	30	**2.0**	–
Loss on sale of controlling interest in subsidiary	25	**(2.0)**	–
Revaluation of investment property	19	**0.6**	1.1
Operating profit		**11.8**	32.7
Finance costs – interest expense	14	**(9.2)**	(9.4)
Finance income – interest receivable and similar income	15	**1.1**	1.7
Profit before tax		**3.7**	25.0
Current tax charge	16	**(0.9)**	(1.1)
Deferred tax (charge)/credit	16	**(0.5)**	0.7
Total profit for the period		**2.3**	24.6
Revaluation of quoted investments	23	**(0.6)**	(0.4)
Total profit and comprehensive income for the period		**1.7**	24.2
Earnings per share for profit attributable to the equity holders of the Company during the year/period			
– basic	17	**0.79p**	11.79p
– diluted	17	**0.77p**	11.47p

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

Statements of financial position

at 30 September 2020

Company number 5482990

	Note	Group 30 September 2020 £m	Group 30 September 2019 £m	Company 30 September 2020 £m	Company 30 September 2019 £m
ASSETS					
Non-current assets					
Investment properties	19	**43.5**	49.3	**–**	–
Property, plant and equipment	20	**5.6**	6.3	**–**	–
Right-of-use assets	21	**1.2**	–	**–**	–
Intangible assets	22	**0.2**	0.3	**–**	–
Investments in quoted companies	23	**0.5**	1.1	**–**	–
Investment in subsidiaries	24	**–**	–	**12.5**	12.5
Investment in joint ventures	25	**8.8**	8.0	**–**	–
Amounts due from joint ventures	25	**–**	1.0	**–**	–
Investment in associate	26	**1.1**	1.3	**–**	–
Other receivables	29	**22.3**	21.8	**–**	–
Deferred tax	27	**–**	–	**0.7**	0.8
Total non-current assets		**83.2**	89.1	**13.2**	13.3
Current assets					
Inventories	28	**173.6**	192.4	**–**	–
Trade and other receivables	29	**60.9**	45.4	**60.0**	40.2
Assets held for sale	30	**12.5**	4.7	**–**	–
Amounts due from associate	26	**3.1**	3.3	**–**	–
Amounts due from joint ventures	25	**42.2**	34.8	**–**	–
Cash and cash equivalents	31	**15.7**	10.9	**8.2**	7.1
Total current assets		**308.0**	291.5	**68.2**	47.3
Total assets		**391.2**	380.6	**81.4**	60.6
LIABILITIES					
Current liabilities					
Bank loans and overdrafts	32	**(41.5)**	(48.0)	**–**	–
Other loans	32	**(25.3)**	–	**(7.0)**	–
Trade and other payables	33	**(32.8)**	(47.7)	**(0.8)**	(0.6)
Deferred income	37	**(10.0)**	–	**–**	–
Amounts due to joint ventures	25	**(6.2)**	–	**–**	–
Lease liabilities	34	**(0.3)**	–	**–**	–
Corporation tax		**(3.1)**	(2.2)	**–**	–
Other financial liabilities	36	**–**	(4.1)	**–**	–
Total current liabilities		**(119.2)**	(102.0)	**(7.8)**	(0.6)
Non-current liabilities					
Bank loans	32	**(43.9)**	(82.1)	**–**	–
Other loans	32	**(13.1)**	(7.2)	**–**	–
Deferred income	37	**(2.1)**	–	**–**	–
Lease liabilities	34	**(0.9)**	–	**–**	–
Other financial liabilities	36	**(6.8)**	–	**–**	–
Zero Dividend Preference shares	32	**(30.2)**	(25.9)	**–**	–
Deferred tax	27	**(1.7)**	(1.2)	**–**	–
Total non-current liabilities		**(98.7)**	(116.4)	**–**	–
Total liabilities		**(217.9)**	(218.4)	**(7.8)**	(0.6)
Net current assets		**188.8**	189.5	**60.4**	46.7
Net assets		**173.3**	162.2	**73.6**	60.0
EQUITY					
Share capital	39	**22.8**	20.7	**22.8**	20.7
Share premium account	39	**43.7**	36.4	**43.7**	36.4
Employee benefit trust	39	**(1.1)**	(1.1)	**(1.1)**	(1.1)
Special reserve	39	**1.1**	1.1	**1.1**	1.1
Retained earnings	39	**106.8**	105.1	**7.1**	2.9
Total equity		**173.3**	162.2	**73.6**	60.0

Retained earnings for the Company includes a profit after tax for the period of £4.2m (fifteen-month period ended 30 September 2019: loss after tax of £3.4m).

The Company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not presented its own statement of comprehensive income in these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 5 February 2021.

Stephen Wicks Director

Nishith Malde Director

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

Statements of changes in equity

for the year ended 30 September 2020

Group	Note	Share capital £m	Share premium £m	Employee Benefit Trust £m	Special reserve £m	Treasury reserve £m	Retained earnings £m	Total £m
At 30 June 2018		20.5	34.8	(1.1)	6.1	(0.5)	82.8	142.6
Total profit for the period		–	–	–	–	–	24.6	24.6
Other comprehensive income	23	–	–	–	–	–	(0.4)	(0.4)
Transactions with owners:								
Share-based payments	13	–	–	–	–	–	0.3	0.3
Issue of ordinary shares	39	0.2	1.6	–	–	–	(1.8)	–
Purchase of own shares	39	–	–	–	–	(0.1)	–	(0.1)
Exercise of share options	39	–	–	–	–	0.6	(0.4)	0.2
Dividend payment	18	–	–	–	(5.0)	–	–	(5.0)
At 30 September 2019		**20.7**	**36.4**	**(1.1)**	**1.1**	**–**	**105.1**	**162.2**
Total profit for the year		–	–	–	–	–	2.3	2.3
Other comprehensive income	23	–	–	–	–	–	(0.6)	(0.6)
Transactions with owners:								
Issue of ordinary shares	39	2.1	7.3	–	–	–	–	9.4
At 30 September 2020		**22.8**	**43.7**	**(1.1)**	**1.1**	**–**	**106.8**	**173.3**

Company	Note	Share capital £m	Share premium £m	Employee Benefit Trust £m	Special reserve £m	Treasury reserve £m	Retained earnings £m	Total £m
At 30 June 2018		20.5	34.8	(1.1)	6.1	(0.5)	8.2	68.0
Total profit for the period		–	–	–	–	–	(3.4)	(3.4)
Transactions with owners:								
Share-based payments	13	–	–	–	–	–	0.3	0.3
Issue of ordinary shares	39	0.2	1.6	–	–	–	(1.8)	–
Purchase of own shares	39	–	–	–	–	(0.1)	–	(0.1)
Exercise of share options	39	–	–	–	–	0.6	(0.4)	0.2
Dividend payment	18	–	–	–	(5.0)	–	–	(5.0)
At 30 September 2019		**20.7**	**36.4**	**(1.1)**	**1.1**	**–**	**2.9**	**60.0**
Total profit for the year		–	–	–	–	–	4.2	4.2
Transactions with owners:								
Issue of ordinary shares	39	2.1	7.3	–	–	–	–	9.4
At 30 September 2020		**22.8**	**43.7**	**(1.1)**	**1.1**	**–**	**7.1**	**73.6**

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

Group statement of cash flows

for the year ended 30 September 2020

	Note	Year ended 30 September 2020 £m	Fifteen-month period to 30 September 2019 £m
Cash flow from operating activities			
Profit for the year/period before tax		**3.7**	25.0
Adjustments for:			
– depreciation – property, plant and equipment	20	**1.0**	0.7
– depreciation – right-of-use asset	21	**0.3**	–
– amortisation	22	**0.1**	–
– share–based payments	13	**–**	0.3
– revaluation of investment property	19	**(0.6)**	(1.1)
– revaluation of assets held for sale	30	**(2.0)**	–
– interest expense	14	**9.2**	9.4
– interest receivable and similar income	15	**(1.1)**	(1.7)
– gain on sale of joint venture interest	26	**–**	(12.6)
– loss on sale of controlling interest in subsidiary undertaking	25	**2.0**	–
– IFRS 15 opening adjustment		**–**	0.2
– share of profit of joint ventures	25	**(2.0)**	(2.0)
– share of loss/(profit) of associate	26	**0.2**	(0.2)
Corporation tax payments		**–**	(5.6)
Change in working capital:			
– increase in inventories		**(45.4)**	(50.8)
– increase in trade and other receivables		**(11.8)**	(3.7)
– increase in trade and other payables		**22.1**	7.9
– increase in deferred income		**12.1**	–
– (decrease)/increase in other financial liabilities		**(4.1)**	0.4
– (decrease)/increase in trading balance due to/from joint ventures		**(0.1)**	4.1
Net cash outflow from operating activities		**(16.4)**	(29.7)
Cashflow from investing activities			
Interest received		**0.2**	1.0
Purchase of property, plant and equipment		**(0.3)**	(5.4)
Purchase of intangible assets		**–**	(0.3)
Purchase of investment property		**(1.7)**	(1.5)
Proceeds from sale of investment property		**1.4**	–
Loans provided under management fee contracts		**(3.4)**	(4.2)
Loans provided to joint ventures		**(13.6)**	(19.9)
Amounts repaid by joint ventures		**9.2**	–
Distribution of profit from joint venture		**2.4**	1.0
Amounts repaid by associate		**–**	2.6
Net cash outflow from investing activities		**(5.8)**	(26.7)
Cashflow from financing activities			
Interest paid		**(5.8)**	(7.0)
Repayment of borrowings		**(33.4)**	(20.0)
Repayment of lease liabilities		**(0.3)**	–
New loans		**44.7**	52.6
Proceeds from loan from joint ventures		**3.1**	–
Proceeds from other financing arrangements		**6.6**	–
Proceeds from issue of shares		**9.4**	–
Issue of zero dividend preference shares		**2.7**	6.2
Equity dividends paid to ordinary shareholders		**–**	(5.0)
Exercise of share options		**–**	0.1
Net cash inflow from financing activities		**27.0**	26.9
Net increase/(decrease) in cash and cash equivalents		**4.8**	(29.5)
Net cash and cash equivalents at beginning of year/period		**10.9**	40.4
Net cash and cash equivalents at end of year/period	31	**15.7**	10.9

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

Notes to the financial statements
for the year ended 30 September 2020

1. Nature of operations and general information:

Inland Homes PLC ("Inland Homes", "The Group" or "Company") registered number 05482990, the ultimate parent company, is a public limited company incorporated and domiciled in England and Wales. The Company's shares are quoted on AIM, a market operated by the London Stock Exchange. The Group's registered office is located at Burnham Yard, London End, Beaconsfield, HP9 2JH.

The principal activities of Inland Homes are to acquire brownfield, mixed-use or residential land and to then seek achievement of planning consent for development. The Group also develops a number of plots for private sale and constructs partnership housing for registered providers. These activities are grouped into the following business segments:

- **Land sales**: The Group sells its own land assets to third parties which have the benefit of planning permission.
- **Asset management fees**: The Group engages as an asset manager to third party landowners to provide land management and planning services.
- **Contract income**: The Group constructs private or affordable housing projects for a third party landowner.
- **House building**: The Group constructs private or affordable housing units for sale to individuals or private investors.
- **Rental income**: The Group holds property assets for rental income purposes as cost mitigation in the short and medium term of site development.
- **Investment properties**: The Group holds property assets for rental income purposes for the long term.
- **Central services**: The Group's central support functions supporting all other segments.

At 30 September 2020, the Group, directly or indirectly, held interests in equity via holdings of ordinary shares of the following:

Company

	As at 30 September 2020 £m	As at 30 September 2019 £m
Cost	**12.5**	12.5
Net book value	**12.5**	12.5

Company name	**Principal activity**	**Holding and voting rights**[1]
Subsidiary undertakings		
Basildon Developments Limited	Real estate development	100%
Basildon United Football, Sports & Leisure Limited	Real estate development	100%
Brooklands Helix Developments Limited	Real estate development	100%
Bucks Developments Limited	Real estate development	100%
Bulwark Properties Limited	Real estate development	100%
Chapel Riverside Developments Limited	Real estate development	100%
Chapel Riverside Lifestyle Limited	Letting or operating of real estate	100%
Dormant Company 06764423 Limited	Dormant company	100%
Dormant Company 08944533 Limited	Dormant company	100%
Dormant Company 10651624 Limited	Dormant company	100%
Drayton Developments Limited	Real estate development	100%
Drayton Garden Village Limited	Real estate development	100%
Exeter Road (Bournemouth) Limited	Real estate development	100%
High Wycombe Developments No. 2 Limited	Real estate development	100%
Hugg Homes Limited	Letting or operating of real estate	100%
Inland Bourne Ruislip Limited	Real estate development	100%
Inland Developments Limited	Real estate development	100%
Inland Commercial Limited	Real estate development	100%
Inland Commercial Property Limited	Real estate development	100%
Inland Corporate Limited	Holding company	100%
Inland Developments Limited	Real estate development	100%
Inland Finance Limited	Real estate development	100%
Inland Helix Limited	Real estate development	100%
Inland Homes (Essex) Limited	Real estate development	100%
Inland Homes 2013 Limited	Holding company	100%
Inland Homes Developments Limited	Real estate development	100%
Inland Homes Land Development Limited	Real estate development	100%
Inland Limited	Real estate development	100%
Inland Partnerships Limited	Construction of domestic buildings	100%
Inland Property Finance Limited	Provision of finance	100%
Inland Property Limited	Real estate development	100%
Inland (Star Road) Limited	Real estate development	100%
Inland (STB) Limited	Provision of finance	100%

1. Nature of operations and general information continued

Company name	Principal activity	Holding and voting rights[1]
Inland Strategic Land Limited	Real estate development	100%
Inland ZDP plc	Provision of finance	100%
Merrielands Crescent Dagenham LLP	Real estate development	100%
Poole Investments Limited	Real estate development	100%
Rosewood Housing Limited	Real estate development	100%
Wessex Hotel Developments Limited	Real estate development	100%
Wilton Park Developments Limited	Real estate development	100%
Interests in joint ventures		
10 Ant South Limited	Real estate development	50%
Bucknalls Developments Limited	Real estate development	50%
Centre Square Commercial Limited	Letting or operating of real estate	50%
Centre Square Lifestyle Limited	Letting or operating of real estate	50%
Cheshunt Lakeside Developments Limited	Real estate development	50%
Delamare Estate (Cheshunt) Limited	Real estate development	50%
Europa Park LLP	Real estate development	50%
Gardiners Park LLP	Real estate development	50%
High Wycombe Developments Limited	Real estate development	50%
Project Helix Holdco Limited	Holding company	20%
West Drayton Developments Limited	Real estate development	25%
Interest in associate		
Troy Homes Limited	Real estate development	25%

Inland Homes 2013 Limited is the only direct subsidiary of the Company and all others are indirect holdings.

All of the above entities are incorporated and domiciled in England and Wales, and are registered at the same registered office of the Company, with the exception of:

- Europa Park LLP and Gardiners Park LLP which are registered at Springfield Lodge, Colchester Road, Chelmsford, Essex, CM2 5PW
- Inland Helix Limited and Project Helix Holdco Limited which are registered at 2nd Floor, Regis House, 45 King William Street, London, EC4R 9AN
- Troy Homes Limited which is registered at 5 Technology Park, Colindeep Lane, Colindale, London, NW9 6BX

The joint ventures and associate listed above are accounted for using the equity method.

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

Additions of subsidiaries

During the year, the Group incorporated the following subsidiaries:

- Basildon Developments Limited
- Bulwark Properties Limited
- Chapel Riverside Lifestyle Limited
- Inland (Cressing) Limited (subsequently renamed Appletree Farm Cressing Limited)
- Inland Corporate Limited
- Inland Developments 01 Limited (subsequently renamed Inland Developments Limited)
- Inland Homes Land Development Limited

Disposal of subsidiaries

During the year ended 30 September 2020, the Group disposed of:

- Appletree Farm Cressing Limited (formerly Inland (Cressing) Limited). No profit or loss arose on this disposal.
- Gallions Developments Limited (formerly Inland Barking Limited). No profit of loss arose on this disposal.
- High Wycombe Developments Limited. A controlling interest was disposed of realising a loss of £2.0m. The entity is now operated in joint venture.
- Hounslow Property Development Limited (formerly Inland Developments Limited). No profit or loss arose on this disposal.
- Inland (Southern) Limited. No profit or loss arose from this disposal.

During the period ended 30 September 2019, the Group incorporated and disposed of Hillingdon Properties Limited (formerly Inland Developments Limited). No profit or loss arose on this disposal.

2. 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 accounting standards in conformity with the requirements of the Companies Act 2006 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 Parent Company financial statements have been prepared in accordance with FRS 101, Financial Reporting Standards Reduced Disclosure Framework.

On 6 June 2019, the Group and Company changed its accounting reference date from 30 June to 30 September so that the reporting timetable was more closely aligned to value recognition and the operational cycles of the business.

As a result of the change in the Group and Company's accounting reference date, the current period is a year in comparison to the prior period which is fifteen months. The current period is therefore not entirely comparable with the prior year.

The consolidated financial statements present the results of the Group as if it formed a single entity. Intercompany transactions and balances between Group companies are eliminated in full.

On 1 October 2019, the Group adopted the new accounting standard for the recognition of leases (see note 3). The new Standard has been applied using the modified retrospective approach. Accordingly, the Group is not required to present a third statement of financial position as at that date.

The consolidated financial statements are presented in GBP, which is also the Group and parent company's functional currency.

Disclosure exemptions adopted

In preparing the financial statements of the Parent Company, advantage has been taken of all disclosure exemptions conferred by FRS 101. 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; and
- 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 Company 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).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and does not present its own profit and loss account in these financial statements.

Going concern

The Directors have reviewed the performance of the Group and parent Company for the current year and forecasts for the period to 28 February 2022.

The Directors are required to assess the Group's and parent Company's abilities to continue as a Going Concern for a period of at least the next twelve months. Given the significant adverse impact of the COVID-19 crisis on the economy and the activities of the Group, a thorough review of the Going Concern assumption has been undertaken in preparing the Group and parent Company financial statements.

The Group's and parent Company's Going Concern assessment considers the Group's and parent Company's principal risks and is dependent on several factors, including its financial performance, continued access to borrowing facilities and the ability to operate within their respective financial covenants.

In response to the global COVID-19 pandemic, which quickly emerged in March 2020, the Group adopted stringent cash management procedures to conserve resources, a range of other measures undertaken to reduce the cost base and raised new equity of £9.4m, net of expenses, to strengthen the balance sheet and provide additional liquidity during this uncertain period.

In preparing the forecasts the Directors have considered the continued adoption of stringent cash management procedures, market disruptions already brought about by COVID-19, the possibility of future disruption in the Going Concern period which could potentially be caused by COVID-19 and other risks and uncertainties, including credit risk and liquidity risk, the present and possible future economic climate, the current and possible future demand for land with planning consent and the state of the housing market in the geographic areas where the Group operates.

The key risks faced by the Group are set out on pages 38 to 41. At the date of signing of the Group's and parent Company's accounts, the continued and prolonged impact of COVID-19 may result in further uncertainties that are not apparent at present.

There are contractual and anticipated cash inflows expected which ensure that the Group and parent Company have sufficient working capital for its requirements.

At the date of signing of this report, the Group has a total forward order book of £53.5m for private homes reserved or contracted, including two contracted block sales of 109 units and a contracted sale of a hotel and £73.9m for partnership housing contract income. In addition, the Group has contracted to sell a parcel of land for £14.0m (including payments for infrastructure works) subject to certain conditions being fulfilled.

The Group also has contracted annualised residential and commercial rental income of £2.3m.

As also disclosed in Note 42, the Group extended the following facilities during January 2021:

- A revolving credit facility for £15.4m to 31 December 2021.
- Two loan facilities amounting to £11.0m to 31 December 2021.
- Three bank loan facilities amounting to £41.3m to 30 April 2022.

The Group has three facilities totalling £26.4m falling due for repayment on 31 December 2021. The Directors are in advanced discussions with the provider of the revolving credit facility to renew the facility for a further five-year period. The Directors have positive relationships and have had constructive discussions with all their existing lenders and a number of other potential lenders; however, they do not as yet have a binding commitment to extend or refinance these facilities beyond 31 December 2021.

The Group has also negotiated a relaxation to the interest cover covenant test under the revolving credit facility with HSBC in respect of the December 2020 and March 2021 periods as proactive defence against any possible severe but plausible downside scenarios.

The Directors have performed detailed sensitivity analyses to test the Group's future liquidity and banking covenant compliance based on several scenarios. The Group has forecast land sales in the next twelve months in the normal course of its business. As part of their Going Concern review, the Directors have considered the impact of a delay of six months on each of these sales in isolation. They have also considered, again in isolation, a price reduction of 10% on all residential unit sales that have not been contracted and are forecast to complete after 31 March 2021. Finally, the Group considered a delay in residential unit sales by three months. None of these scenarios leads to an issue with either the Group's debt covenants or its liquidity.

The Directors have also considered the following severe, but plausible downside scenario:

- Only residential sales that have exchanged or reserved complete between now and 31 March
- After 31 March through to 28 February 2022 legal completions of residential units continue, but at a 50% reduction in volume and a 10% reduction in sales prices
- No land sales until the end of May 2021, other than a small scheduled sale where negotiations with the purchaser are in progress at the date of this report.

Additionally the Directors considered an even more severe scenario which mirrors the above, but assumes no residential unit sales for a period of three months from 1 April 2021 before returning to the assumptions in the Group's base case.

The Board's modelling choice of cessation of activity period for the severe, but plausible downside scenario is based on the market experiences of 2020, when the national housebuilders stopped purchasing land for a short period during national lockdown.

In making their assessment of the sensitivity tested above the Directors have considered the Stamp Duty Land Tax holiday which expires on 31 March 2021. The Directors are therefore confident that residential unit sales reserved or exchanged for completions due in the months of February 2021 and March 2021 are secure. The Directors have assumed that the current Stamp Duty Land Tax holiday window is not extended by the UK Government after 31 March 2021 in preparing their projections.

Under both severe, but plausible scenarios, the Directors would need to make strategic choices in the near term to delay both planning application activity, construction activity and identified but non-contractual purchases however there is no need for any further liquidity to be introduced into the Group or any need for any relaxation of the Group's financial covenants with its lenders.

Should the cessation of the land and planning activity and housebuilding activity discussed above, extend beyond the periods referred to above, then the Group may have to rely on the sale of property assets at lower than open market values to generate liquidity for the Group and parent Company to meet their obligations as they fall contractually due. Again, there would be no need for any relaxation of the Group's financial covenants with its lenders under such circumstances. Additionally, the Directors also have the option to access the capital and debt markets to raise further liquidity as may be needed.

The Strategy outlined above details our approach to the current situation but, the Directors are mindful that no one can forecast exactly how the global COVID-19 pandemic will play out and how this may affect the Group, industry and the wider economy for the foreseeable future. A significant worsening of the situation and a return to a strict national lockdown for a prolonged period longer than the severe, but plausible downside scenarios would have implications for the Group as it would for many other businesses. Such a situation would then require the Directors to re-examine the Group's financial position at the time and if necessary, report any significant adverse changes.

At the time of approving these financial statements and after making appropriate enquiries, the Directors have a reasonable expectation that the Group and parent Company have adequate resources to continue in operational existence for the foreseeable future. The Directors therefore consider it appropriate to prepare the financial statements on the Going Concern basis.

3. Changes in accounting policies

The principal accounting policies are described in note 5 and are consistent with those applied in the Group's financial statements for the year ended 30 September 2020 and the fifteen-month period to 30 September 2019, as amended to reflect the adoption of new standards, amendments and interpretations which became effective in the year as shown below.

New standards adopted during the year

The following standards, amendments and interpretations endorsed by the EU were effective for the first time for the Group's year ended 30 September 2020 and had no material impact on the financial statements.

- IFRIC 23 Uncertainty over Income Tax Treatments;
- IFRS 9 Prepayment Features with Negative Compensation (Amendments to IFRS 9);
- IAS 28 Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28);
- Annual Improvements to IFRS 2015-2017 Cycle; and
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

Standards in issue but not yet effective

The following new standards, amendments and interpretations to existing standards were in issue at the date of approval of these financial statements but are not yet effective for the current accounting year and have not been adopted early. Based on the Group's current circumstances the Directors do not anticipate that their adoption in future periods will have a material impact on the financial statements of the Group, however, the impact of standards in issue but not yet effective is currently being assessed by the Group.

- Amendments to References to the Conceptual Framework in IFRS Standards;
- IFRS 3 Definition of a Business (Amendments to IFRS 3)
- IAS 1 and IAS 8 Definition of Material (Amendments to IAS 1 and IAS 8);
- IFRS 9, IAS 38 and IFRS 7 Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 38 and IFRS 7); and
- IFRS 16 Leases Covid-19 Related Rent Concessions (Amendments to IFRS 16);
- IAS 1 Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Amendments to IFRS 3 Business Combinations*;
- Amendments to IAS 16 Property, Plant and Equipment*;
- Amendments to IAS 37 Provisions, Contingent Liabilities and Contingent Assets*;
- Annual Improvements (2018-2020 Cycle) IFRS 1, IFRS 9, IAS 41 and Illustrative Examples accompanying IFRS 16*; and
- IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Return Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)*

*Standards and amendments not yet endorsed by the EU.

4. Adoption of new accounting standards

In the year ended 30 September 2020, the Group has adopted IFRS 16 'Leases', which has resulted in the Group recognising a right-of-use asset and liability on the Statement of financial position at the present value of all future lease payments for any leases for which it is the lessee.

The impact on the Group's Statement of financial position at 1 October 2019 was to recognise a right-of-use asset and lease liability of £1.5m. The right-of-use asset relates to the Group's occupation of Burnham Yard, Beaconsfield, as a Head Office facility.

IFRS 16 – Leases

IFRS 16, 'Leases' replaces IAS 17, 'Leases' along with three Interpretations (IFRIC 3 ' Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases – Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease').

IFRS 16 eliminates the classification of leases for lessees as either operating leases or finance leases as per IAS 17, and introduces a single lessee accounting model. The adoption of this new Standard has resulted in the Group recognising a right-of-use asset and a related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than twelve months from the date of initial application.

The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised in equity as an adjustment to the opening balance of retained earnings for the current period. The adjustment to equity is immaterial and therefore, no adjustment has been made. Prior periods have not been restated.

For contracts in place at the date of initial application, the Group has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 14.

The Group has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 October 2019. At this date, the Group has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.

Instead of performing an impairment review on the right-of-use assets at the date of initial application, the Group has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of IFRS 16.

On transition, for leases previously accounted for as operating leases with a remaining lease term of less than twelve months and for leases of low-value assets, the Group has applied the optional exemptions to not recognise right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application.

On transition to IFRS 16 the weighted average incremental borrowing rate applied to lease liabilities recognised under IFRS 16 was 4.75%.

The treatment of leases where the Group is acting as a lessor is substantially unchanged from that currently applied under IAS 17.

Other than as described above, the same accounting policies, presentation and method of computation are followed in these financial statements as were applied in the previous audited financial statements.

IFRS 15 – Revenue from contracts with customers

As described on page 85, during the year the Group changed the method of accounting for contract income from the output method to the input method.

5. Significant accounting policies

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 September 2020. 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. Further information can be found in notes 1 and 24.

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.

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

In the previous fifteen-month period to 30 September 2019, the Group adopted IFRS 15 'Revenue from Contracts with Customers'. This establishes a principles based approach for revenue recognition and is based on the concept of recognising revenue for obligations only when they are satisfied and the control of goods or services is transferred.

The standard is applicable to sales of land and sales of reversionary freehold, sales of residential units, property construction services and management fees from management of sites owned by third parties but excludes rental income which is accounted for within the scope of IFRS 16 'Leases'.

To determine whether to recognise revenue, the Group follows a 5-step process:

1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognising revenue when/as performance obligations are satisfied.

The Group often enters into transactions with multiple performance obligations. In these cases, the total transaction price for a contract is allocated amongst the various performance obligations based on their relative stand-alone selling prices. The transaction price for a contract excludes any amounts collected on behalf of third parties.

Revenue is recognised either at a point in time or over time, when (or as) the Group satisfies performance obligations by transferring the promised goods or services to its customers.

The Group recognises contract liabilities for consideration received in respect of unsatisfied performance obligations and reports these amounts as other payables in the Statement of financial position (note 33). Similarly, if the Group satisfies a performance obligation before it receives the consideration, the Group recognises either a contract asset or receivable in the Statement of financial position, depending on whether something other than the passage of time is required before the consideration is due.

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.

Sales of land and sales of freehold

Revenue from the sale of land and reversionary freeholds is recognised at a point in time on legal completion. In some instances, payment terms are deferred, such balances are discounted if deferred terms are more than one year.

Sales of residential units

Revenue from the sale of residential units is recognised at a point in time on legal completion.

Contract income
On reviewing the accounting policy for contract income adopted by the Group for the fifteen-month period ended 30 September 2019, the Board have concluded that the policy is not appropriate and that adopting the input method faithfully depicts the transfer of goods and services. Additionally, the Directors made an accrual for costs of sales associated with contract income that were yet to be incurred. The impact of these errors is not material. Further details of the accounting policy for contract income are set out below.

Contract income relates to where the Group is providing construction services to third parties, resulting in a completed developed property, on land that is not controlled by the Group during the development phase.

Revenue is recognised over time, with reference to the stage of completion of the contract. The stage of completion is determined using an input method that reflects the development cost incurred as a proportion of the total expected development cost as it is considered proportionate to the satisfaction of the underlying performance obligation. These contracts are typically for a fixed cash consideration received on a monthly cycle over the course of the construction services contract.

Management planning and land management services
For each planning and land management services contract there are a number of milestones, which vary from contract to contract, but in all cases include a planning and a disposal obligation. The Directors must exercise judgement over whether each milestone constitutes a distinct performance obligation. In doing so they consider whether each milestone has a single commercial objective, whether any of the milestones are interdependent on any other milestone, and whether the service or goods being provided represents a single performance obligation. In determining the number of performance obligations, the Directors also consider the level of integration between the milestones.

Once the number of performance obligations has been determined, the Directors will exercise further judgement to allocate the consideration to each obligation, which is based on the stand-alone selling price of each performance obligation agreed by the customer. Once the Group considers that the outcome of the contract can be reliably estimated then revenue and profit is recognised based on the proportion of the contract that is completed. There is also judgement in considering whether the obligations have been satisfied, and whether the revenue is recognised at a point in time or over time. This is assessed on a performance obligation by performance obligation basis. In general, the Directors have assessed that any management of construction obligations are satisfied over time, given that Inland Homes' work enhances an asset controlled by the customer. The planning and disposal obligations have been assessed to be recognised at a point in time. Refer to note 9.

Overages
Any variable consideration on overages is estimated at the point of sale taking into consideration the time to recover overage amounts as well as other factors which may give rise to variability. It is only recognised to the extent that it is highly probable that there will not be a significant reversal in the future and is reassessed throughout the duration of the sales contracts.

Golden brick income
Sales of land where title transfers prior to construction beginning (or at 'golden brick') are considered to be a distinct performance obligation.

Revenue from land sales is recognised at a point in time, being the completion of contracts usually achieved at 'golden brick'. The separate construction element of the contract is recognised over time in accordance with the Group's policy above for construction contracts.

Administrative expenses
Operating expenses are recognised in the Group Statement of Comprehensive Income upon utilisation of the service as it is incurred.

Employee benefits
Defined contribution retirement benefit scheme
The Group operates a defined contribution retirement benefit scheme pension and costs charged against operating profits are the contributions payable to the scheme in respect of the accounting period.

Equity-settled share-based payment
All share-based payment arrangements are recognised in the Group and Company 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.

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 or LTIPs expected to vest.

Estimates are subsequently revised if there is any indication that the number of share options or 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 or LTIPs ultimately exercised are different to that estimated on vesting.

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

5. Significant accounting policies continued

Taxation

Tax expense recognised in the Group Statement of Comprehensive Income comprises the sum of current tax and deferred tax not recognised in other comprehensive income or directly in equity.

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.

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 investment property under construction 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. Investment properties are valued by the Directors based on up to date market information.

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 is 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 management changes its intentions and there is evidence of the change in use, such as the cessation of future rental income.

When a partial disposal or transfer is made, the proportion relating to the disposal or transfer is derecognised.

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.

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 applicable are:

Fixtures and fittings	– 20% to 25%
Office equipment	– 25%
Motor vehicles	– 25%
Modular housing	– Over useful economic life estimated at 40 years

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

Leased assets

As described in note 3, the Group has applied IFRS 16 using the modified retrospective approach and therefore comparative information has not been restated. This means comparative information is still reported under IAS 17 and IFRIC 14.

The Group as a lessee

For any new contracts entered into on or after 1 October 2019, the Group considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition, the Group assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group
- The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- The Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Group recognises a right-of-use asset and a lease liability on the balance sheet date. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Group, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Group depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Group also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guaranteed and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Group has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term. Right-of-use assets have been recognised as a non-current asset and lease liabilities have been included as a liability.

The Group as a lessor

The Group's accounting policy under IFRS 16 has not changed from the comparative period.

As a lessor the Group classifies its leases as either operating or finance leases.

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and is classified as an operating lease if it does not.

The Group earns rental income from operating leases of its investment properties. Rental income is recognised on a straight-line basis over the lease term.

Intangible assets

Intangible assets, comprising costs incurred in the development phase of new business models and associated set-up costs, are stated at cost less provisions for both amortisation and impairments. Development phase costs relating to new business models either separately acquired or acquired as part of a business combination are amortised over their estimated useful lives, generally not exceeding 20 years, using the straight-line basis, from the time they are available for use. The estimated useful lives for determining the amortisation charge considers the expected business model life. Asset lives are reviewed, and where appropriate adjusted, annually.

Research costs are recognised in the Income Statement as incurred.

The rates generally applicable are:

Enterprise Resource Planning system	– 10%
Development costs	– 25%
Website costs	– 25%
Other computer software	– 25%

Joint ventures and associate

Joint ventures are entities in which the Group has shared control with another entity, established by contractual agreement. 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. Joint ventures and associates are initially recorded in the Group Statement of Financial Position at cost and are accounted for using the equity method. All subsequent changes to the share of interest in the equity of joint ventures and associates are recognised in the Group's carrying amount of the investment. Changes resulting from the profit or loss generated are recognised in the Group's carrying amount of the investment and in 'share of profit of joint ventures' for joint ventures and 'share of profit of associate' for associates 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 and associates are eliminated to the extent of the Group's investment in joint ventures and associates. 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 and associates are consistent with those of the Group.

The Company's investments in joint ventures are held at cost.

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 of completion and estimated costs to sell.

Deferred income

Deferred income is recognised where the Group receives cash from customers in advance of achieving the performance obligation under IFRS 15 'Revenue'. Deferred income arise in the contract income and housebuilding segments.

Shared ownership sales

Shared ownership is where initially a long lease on a property is granted through a sale to the occupier, in return for an initial payment (the First Tranche).

First Tranche sales are included within revenue and the related proportion of the cost of the asset recognised as cost of sales.

5. Significant accounting policies continued

Shared ownership properties are split proportionately between Inventories and Investment Properties based on the current element relating to First Tranche sales. The split is made at the point of completion of the sale to the third party. The assumptions on which the First Tranche proportion has been based include, but are not limited to, matters such as the affordability of the shared ownership properties, local demand for shared ownership properties, and general experience of First Tranche shared ownership sales within the wider social housing sector. As at 30 September 2020, the average First Tranche sales percentage assumed for vacant shared ownership properties is 40%. If there is a change in percentage used, this will affect the proportion of inventory and investment property recognised with a higher assumed First Tranche sales percentage resulting in a higher inventory value and a lower investment property value.

Shared Owners have the right to acquire further tranches and any surplus or deficit on such subsequent sales are recognised in the Group income statement as a part disposal of investment properties.

Assets held for sale

Non-current assets are classified as held for sale when:

- they are available for immediate sale;
- management is committed to a plan to sell;
- it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn;
- an active programme to locate a buyer has been initiated;
- the asset or disposal group is being marketed at a reasonable price in relation to its fair value; and
- a sale is expected to complete within 12 months from the date of classification.

Non-current assets classified as held for sale are measured at the lower of:

- their carrying amount immediately prior to being classified as held for sale in accordance with the Group's accounting policy; and
- fair value less costs of disposal.

Following their classification as held for sale, non-current assets are not depreciated.

The results of assets disposed during the year are included in the consolidated statement of comprehensive income in the appropriate segment, up to the date of disposal.

Financial assets

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises amounts due from joint ventures (refer to note 25) where the terms of the loan are inconsistent with a basic lending agreement and are therefore not solely payments of principal and interest. This balance is carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of comprehensive income in the finance income or expense line. Other than amounts due from joint ventures, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Amortised cost

These assets arise principally from the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for all other receivables are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and amounts due from joint ventures (other than those held at fair value through profit and loss) and associates in the consolidated statement of financial position.

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.

Fair value through other comprehensive income

The Group has investments which are not accounted for as subsidiaries, associates or joint ventures. For those investments, the Group has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Group considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

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 initially recognised at fair value net of any transaction costs. Subsequently they 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, cancelled or expires.

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, which the Group interprets to be over twelve months. The majority of the Group's sites involve the development of large volumes of properties in a repetitive manner. The Group therefore expenses borrowing costs relating to such developments 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. Currently, the Group capitalises borrowing costs only in relation to the site at Wilton Park. Additionally, the Group's joint venture, Cheshunt Lakeside Developments Limited, also capitalises borrowing costs. These are the only sites where borrowing costs are directly attributable to the production of qualifying asset and where construction occurs over a significant period of time.

Guarantees

All guarantees are deemed to be insurance contracts. A financial guarantee is recognised where a contract requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Share capital and other equity reserves

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share premium represents amounts subscribed for share capital in excess of nominal value less directly attributable issue costs.

Employee benefit trust represents the purchase of the Company's own shares which are deducted from total equity until they are issued to employees under the Deferred Bonus Plan.

Special Reserve represents the capitalisation of the Parent Company's reserves to allow for the possibility of distributions in the future. A copy of this resolution is available from Companies House.

Treasury Reserve represents the purchase of the Company's own shares which are deducted from total equity until they are issued to employees under the share option plan.

Retained earnings represents cumulative net gains and losses recognised in the Group income statement together with other items such as dividends and share-based payments.

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 and Company 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.

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.

Segmental reporting

The Group has a number of operating segments. In identifying these operating segments, management generally follows the Group's service lines representing its main activities. Each of these operating segments is managed separately.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. This primarily relates to the Group's headquarters.

Government grants furlough

Grants for revenue expenditure are netted against the cost incurred by the Group. Where retention of a government grant is dependent on the Group satisfying certain criteria, it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to the consolidated statement of comprehensive income.

Land options

The Group holds a number of land options that were bought for the potential to exercise the option and either develop the land or sell with planning permission. The land options are initially capitalised at cost and considered for any impairment indication annually. The impairment review includes consideration of the resale value of the option, likelihood of achieving planning consent and current recoverable value as determined by the Directors.

Investment in subsidiaries (Company only)

Subsidiaries are entities in which the company has control. Investments in subsidiaries are held in the Company's Statement of Financial Position at cost less impairment.

6. Significant judgements, key assumptions and estimates

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates and judgements. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The Group's significant accounting policies are stated in note 5. Not all of these accounting policies require management to make difficult, subjective or complex judgements or estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates. The following is intended to provide an understanding of the policies that management consider critical because of the level of complexity, judgement or estimation involved in their application and their impact on the financial statements.

Key sources of estimation uncertainty

Cost of and net realisable value of inventories (note 28)

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. The uncertainty relates to both land and work in progress. Cost which requires estimation includes the cost of acquisition of sites, the cost of infrastructure and construction works, allocation of site wide costs 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. The critical judgement in respect of receipt of planning consent (see below) further increases the level of estimation uncertainty in this area.

Fair value of investment properties (note 19)

The fair value of materially completed investment property is determined by independent valuation experts using the highest and best 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. See note 19 for information about valuation methodology and assumptions made.

Deferred consideration on transfer of beneficial interest in Cheshunt Lakeside Developments Limited (notes 25 and 36)

The Group discounts deferred consideration payable or receivable using the discounted cash flow method; the Group considers the expected timing of payments and receipts and uses the third party cost of debt capital as the most appropriate discount rate and these are considered to be significant estimates.

The Group sold its beneficial interest of 50% of Cheshunt Lakeside Developments Limited on deferred terms during the fifteen-month period ended 30 September 2019 and estimated a discount to present value calculated from the date of disposal. At 30 September 2020, this is shown as an other receivable of £20.7m (2019: £19.9m) disclosed in note 29. Further details of Cheshunt Lakeside Developments Limited are provided in note 25.

The impact of a change in the discount rates by one percent up on the receipt would be a reduction in the receivable of £0.8m and the impact of a change in the discount rates by one percent down on the receipt would be an increase in the receivable of £1.6m.

Management do not envisage a timing opportunity where the receipt of the receivable could be brought forward. The impact of a delay in receipt of twelve months, at the current discount rate, would be a reduction in the receivable of £0.7m.

Significant judgements

Timing and recoverability of repayment – amounts due from joint ventures and associate (notes 25 and 26)

Certain amounts due from the joint ventures are contractually repayable on demand and the amounts due from the associate are repayable over the term of the underlying development. At each balance sheet date the Directors review the forecasts of the underlying developments and make a judgement as to the likely timing of the recoverability of each loan and whether they will be recovered within the normal operating cycle of the business. Amounts are then disclosed as either due in less than one year or greater than one year accordingly. The recoverability of receivables are dependent on the future profitability of land and development sales. The judgements involved are the same as outlined above for inventories.

Likelihood of achieving planning – inventories (note 28)

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 Directors believe that, based on the Group's experience, planning consent will be given. If planning consent was not achieved then a provision may be required against inventories. The cost value is based on actual costs incurred at the date of signing the financial statements taking account of an estimation of costs to complete. The judgement of costs to complete is based on the Directors' experience and if actual plus projected costs are higher than net realisable value then a provision would be required against inventories. £3.3m (fifteen-month period ended 30 September 2019: £0.4m) of inventories are held at net realisable value. A provision of £2.1m (fifteen-month period ended 30 September 2019: £0.2m) was recognised during the year.

Capitalisation of borrowing costs (note 32)

The Group capitalises borrowing costs where there is a qualifying asset. The Directors must assess each site held within inventories each year in order to judge whether or not the site is a qualifying asset in line with the requirements of IAS 23 Borrowing Costs. In the opinion of the Directors, sites are judged to be qualifying assets if they necessarily take a substantial period of time to be developed or become ready for sale. This has resulted in borrowing costs related to such sites to be capitalised in the current and prior periods. During the year, the Group capitalised £0.9m (fifteen-month period ended 30 September 2019: £1.3m) of borrowing costs. For non-qualifying sites the Group expenses borrowing costs due to the quantity and repetitive nature of the process adopted. In many cases, such developments may take longer than 12 months. The Directors are therefore required to exercise judgement as to whether or not a site represents a qualifying asset.

Management fee income (note 9)

The Group recognises revenue in respect of management services equal to the amounts entitled. The management fee formula in the contract reflects progress at any given time of the satisfaction of the contract's underlying performance obligations, which involves judgement.

There were a number of material management service contracts that were either ongoing or commenced in the period. For each management service contract there are a number of milestones and obligations. The Directors had to make significant judgements for each contract based on:

- whether each milestone constituted a distinct performance obligation;
- whether the obligations have been satisfied;
- whether the revenue is recognised at a point in time or over time;
- whether the achievement of a successful planning outcome is highly probable in the context of the scheme; and
- whether it is highly probable the third party asset with planning produces a suitable economic return for the Group to recover its management fee in full.

The Directors have a number of judgements to consider in recognising revenue from management service contracts which are if revenue:

- should be recognised over time or at a point in time. The Directors recognise management fee income when the customer benefits only once the obligation is met.
- meets all of the criteria to be recognised under IFRS 15.
- is highly probable that a significant reversal will not occur. In making that decision the Directors have to consider whether there is sufficient certainty that they will get planning permission and whether that permission will be for a scheme that generates sufficient value to ensure the Group recovers management services fees due.

The Directors were required to exercise judgement in respect of revenue recognition for the following contracts as set out below. For all of the following management contracts a key judgement is an assessment of the collectability of management fees on achieved planning and the eventual sale price of the site which is based on the assessment of value of the land once planning is achieved.

The significant judgements made were in relation to the following contracts:

Hillingdon Gardens:

For the contract at Hillingdon Gardens, it was determined that there were a number of distinct performance obligations of which no further performance obligations were satisfied in the year to 30 September 2020. The contract was entered into in the prior period where five performance obligations were satisfied in the fifteen-month period to 30 September 2019. It was concluded that these were distinct on the basis the customer benefited from each of the milestones and that these milestones were considered separable in the context of the contract. Planning obligations are considered to be one milestone achieved when the grant of planning is awarded. The performance obligations recognised were considered satisfied in the period as control of the relating service was transferred to the customer before the year end. For the remaining performance obligations still to be satisfied, it was determined by the Directors that they will be recognised in future periods at a point in time, given they all meet the criteria to be recognised at a point in time.

Walthamstow:

For the contract at Walthamstow, it was determined that there were a number of distinct performance obligations of which three were satisfied in the year to 30 September 2020. The contract was entered into in January 2020. It was concluded that these were distinct on the basis that the customer benefits from each of the milestones as they are actioned. Planning obligations are considered to be one milestone achieved when the grant of planning is awarded. The performance obligations recognised were considered satisfied in the period as control of the related service was transferred to the customer before the year end. For the remaining performance obligations still to be satisfied, it was determined by the Directors that they will be recognised in future periods at a point in time, given they all meet the criteria to be recognised at a point in time.

Hounslow:

For the contract at Hounslow, it was determined that there were a number of distinct performance obligations of which one was satisfied in the year to 30 September 2020. The contract was entered into in August 2020. It was concluded that these were distinct on the basis that the customer benefits from each of the milestones as they are achieved. Planning obligations are considered to be one milestone achieved when the grant of planning is awarded. The performance obligations recognised were considered satisfied in the period as control of the related service was transferred to the customer before the year end. For the remaining performance obligations still to be satisfied, it was determined by the Directors that they will be recognised in future periods at a point in time, given they all meet the criteria to be recognised at a point in time.

Bucknalls

For the contract at Farrier's Wood, the Directors concluded the milestones in the scheme were not distinct from one another in the context of the contract. It was therefore concluded that there was a single performance obligation, to manage the scheme on behalf of their joint venture. Management considered that there was a significant level of integration between the various stages and the overall objective of the contract was to sell the development for maximum value. They further concluded that the income in relation to this contract should be recognised over time, given that the management of the project is over an agreed period, and the customer is receiving and consuming the benefits to their asset over the length of the contract.

6. Significant judgements, key assumptions and estimates continued

Accounting for the investment in Cheshunt Lakeside Developments Limited and the associated put and call option arrangement (note 25)

In addition to a direct holding in Cheshunt Lakeside Developments Limited (CLDL) (see note 25), the Group held a put and call option over the other joint venture partner's 50% share. Certain conditions were attached to the options which needed to be met in order for either side of the option to be exercised. The Directors determined that the acquisition date of CLDL was 6 June 2019 given that this was considered to be the date where there were no conditions outside of Inland's control and therefore Inland had full control to exercise their option. It was therefore considered that from this date the Group had the ability to control CLDL and it should be consolidated as a subsidiary from this date.

Further judgement was exercised by the Directors as to whether CLDL constituted a business in determining the correct treatment for the acquisition. The Directors considered whether CLDL meets the definition of a business and therefore whether it should be accounted for as a business combination. It was determined that CLDL did not meet the definition of a business as the entity did not include significant inputs, outputs and processes that were capable of being managed together for providing a return to investors. The transaction was therefore treated as an asset acquisition.

Assets held for sale (note 30)

At 30 September 2020, the Directors' intention was to sell some investment properties over the year ending 30 September 2021. These assets have been reclassified to assets held for sale at the expected disposal value after allowing for costs of disposal. The Directors have made a judgement that the properties will sell within the next twelve months.

Overages

Estimates are involved when determining how much revenue to recognise in relation to variable consideration where Inland Homes is entitled to an overage in relation to future sales at a site sold by Inland Homes to a customer. When determining how much of the variable revenue to recognise at the point of sale, the Directors estimate the amount that they would expect to receive based on market evidence for current house prices. They then consider the risk of a significant reversal of this revenue in future periods and constrain it accordingly.

Land and house building sales margins

There are significant estimates involved in determining the appropriate profit margin to recognise on land and residential sales. Assumptions are required to be made as to future costs to complete and future sales prices to be achieved on the remaining units. The Directors use detailed project appraisals for each development to determine the appropriate profit margin to recognise, which forecasts the costs to complete on such developments and the anticipated sales prices and which have been determined based on the type, specification and location of the property. The financial outturn in both the current year and prior period relating to land and house building sales margins is disclosed in note 10.

Other financial liabilities (Note 36)

During the year, the Group transferred legal title of land to a third party with a contract that contains a put and call option and did not recognise any revenue. At 30 September 2020, the Group had a put and call option over the land with a third party which can be triggered in certain circumstances where planning is achieved or after a certain elapsed time period by either party.

There is significant judgement involved as to whether or not this transaction should be accounted for as revenue or as a financing arrangement on the initial transfer of legal title of the land and in determining whether the put and call option could be exercised, on what grounds and at what time. The Directors consider that it is highly probable either they or the third party will trigger the option in greater than one year and therefore under IFRS 15, have accounted for the options as an other financial liability and this relates to a financing agreement and not a land sale.

7. Financial instruments

Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk; liquidity risk; interest rate risk and price 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's significant concentrations of credit risk are its loans to joint ventures and the associate and deferred receipts on disposal of investment in subsidiaries and joint ventures and management fees which are adequately covered by the underlying values of the assets within the joint ventures and associate or legal charges over the land within the vehicle disposed of or from where management fees are due. Further information can be found in notes 24, 25, 26 and 29. It has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

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:

	As at 30 September 2020 £m	As at 30 September 2019 £m
Classes of financial assets – carrying amounts		
Investment in quoted companies	**0.5**	1.1
Cash and cash equivalents	**15.7**	10.9
Amounts due from joint ventures in less than one year	**42.2**	34.8
Amounts due from joint ventures in more than one year	**–**	1.0
Amounts due from associates in less than one year	**3.1**	3.3
Receivables due in more than one year	**22.3**	21.8
Trade and other receivables	**63.8**	44.4
	147.6	117.3

The Group's policy is to only deal with creditworthy counterparties. A creditworthy counterparty is defined by the Group as a counterparty that carries a minimal risk that the counterparty in a transaction cannot honour its obligation to the Group.

Counterparties are assessed on contract inception through externally available information where legal charges are not available over the underlying asset and are reviewed periodically to determine if there are any changes in creditworthiness or other circumstances that may bring the financial viability of the counterparty into some doubt.

All new contracting and management service contracts entered into are with reputable parties and are subject to acceptance procedures which include detailed creditworthiness checks. This procedure ensures that collectability is probable (i.e. more likely than not), prior to commencement of the contract. In this regard no instances have been identified in the past where the collectability of the sales consideration has been considered improbable at the time of contract commencement.

In any instance where part of all the consideration is deferred, the Group endeavours to seek and secure a legal charge over underlying property assets held until such time that all elements of the deferred consideration have been fully received at which point that legal charge is released.

The Group has assessed loans and advances due from joint ventures and associate and have concluded there is a minimal risk of default. Default is defined and assessed as a risk of missed payment of interest and/or principal or a failure to honour the financial terms in place between the Group and the joint ventures and associate in question.

The assessment of credit risk for amounts due from joint ventures are based on a consideration of known future cash flows which have been sensitised, based on the most likely, the worst case and mid-case scenarios. These cash flows are reviewed against what is due and expected to be paid and analysis made of whether this is sufficient to repay monies based on the financial terms in place between the Group and the joint ventures in question.

The assessment of credit risk for amount due from the associate are based on net valuations. The valuation of properties has been sensitised based on the most likely, the worst case and a mid-case scenario downturn in valuations. These valuations are reviewed against what is due and expected to be paid and analysis made of whether this is sufficient to repay monies based on the financial terms in place between the Group and associate in question.

Loans to joint ventures and associates are secured via charge over either the underlying asset, the future dividends of or the future profits generated by the relevant entity based on the agreement between the joint venture or associate in question. The Group does not rely on this collateral in taking its position of reviewing and/ or recognising an expected credit loss.

At the balance sheet date there are no financial assets that are credit impaired.

7. Financial instruments continued

Management has determined there has not been a significant increase in credit risk on loans to subsidiaries from the parent company and loans to joint ventures and associates for the Group during the year ended 30 September 2020 or the prior fifteen-month period ending 30 September 2019.

A majority of current trade and other receivables will be paid within 30-59 days of the balance sheet date. Due to the short term nature, the Group does not anticipate any material default and the Directors do not consider the macro economic environment conditions (inflation, exchange rates and property prices) to substantially change in the short term.

The vast majority of trade and other receivable balances relate to property transactions and are short term in nature. As a housing developer, the risk of not receiving settlement on sales or services are low and as such no trade and other receivables are deemed credit impaired.

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 financial assets have expected credit losses. Further information on the concentration of credit risk can be found in note 29.

Other forms of credit risk are for liquid funds and other short term financial assets but these are considered negligible, since the counterparties are reputable banks with high quality credit ratings.

Credit ratings of the financial institutions holding the Group's cash deposits as at 30 September 2020 are shown below:

Financial institution	Long-term credit rating – Fitch	Long-term credit rating – Moody's	Cash at bank £m
HSBC	AA-	A1	11.0
Lloyds Bank	A+	A1	4.7
Barclays	A+	A1	–
Aldermore Bank	Unquoted	Unquoted	–
Metro Bank	B+	Unquoted	–

Aldermore Bank is privately owned so no credit rating is provided.

Credit ratings of the financial institutions holding the Group's cash deposits as at 30 September 2019 are shown below:

Financial institution	Long-term credit rating – Fitch	Long-term credit rating – Moody's	Cash at bank £m
HSBC	AA-	A1	–
Barclays	A+	A1	9.7
Lloyds Bank	A+	A1	1.2

(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.

See note 32 for the maturity analysis of borrowings and details of the undrawn committed borrowing facilities at the year-end.

(c) Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate due to changes in interest rate.

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 as outlined in the table in note 32. The Group does not use hedging arrangements to limit the interest rate risk.

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.

	As at 30 September 2020 £m	As at 30 September 2019 £m
0.5 per cent increase in interest rates		
Interest on borrowings	**(0.8)**	(0.6)
Interest on cash deposits	**0.1**	0.1
Total impact on pre-tax profit and equity – loss	**(0.7)**	(0.5)
0.5 per cent decrease in interest rates		
Interest on borrowings	**0.8**	0.6
Interest on cash deposits	**(0.1)**	(0.1)
Total impact on pre-tax profit and equity – gain	**0.7**	0.5

The interest rate risk profile of financial assets and liabilities of the Group at 30 September 2020 was as follows:

	Floating rate financial assets £m	**Fixed rate financial assets £m**	**Financial assets on which no interest is earned £m**	**Total £m**
Total financial assets	**15.7**	**45.3**	**86.6**	**147.6**

	Floating rate financial liabilities £m	**Fixed rate financial liabilities £m**	**Financial liabilities on which no interest is earned £m**	**Total £m**
Total financial liabilities	**85.0**	**70.2**	**45.3**	**200.5**

The interest rate risk profile of financial assets and liabilities of the Group at 30 September 2019 was as follows:

	Floating rate financial assets £m	Fixed rate financial assets £m	Financial assets on which no interest is earned £m	Total £m
Total financial assets	10.9	39.1	67.3	117.3

	Floating rate financial liabilities £m	Fixed rate financial liabilities £m	Financial liabilities on which no interest is earned £m	Total £m
Total financial liabilities	116.1	47.1	51.3	214.5

(d) Price risk

The Group's price risk arises from the market value of land and house prices. These are affected by credit availability, employment levels, interest rates, consumer confidence and the supply of land. Whilst it is not possible for the Group to fully mitigate such risks on a macroeconomic basis, the Group does focus its operations in areas that have a favourable supply/demand ratio and ensures that planning permissions gained are for units of the type and price point which are less easily affected by any downturns in the housing market. The Group enters into construction contracts with housing associations which involve the bulk, forward selling of residential units and has less risk than private house building.

7. Financial instruments continued

Financial assets and liabilities

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

	As at 30 September 2020 £m	As at 30 September 2019 £m
Amortised cost		
Other assets – non-current	**22.3**	22.8
Other assets – current	**109.1**	78.5
Cash and cash equivalents	**15.7**	10.9
Fair value through other comprehensive income		
Other assets – non-current	**0.5**	1.1
Fair value through profit and loss		
Other assets – current	**–**	4.0
	147.6	117.3
Financial liabilities		
Financial liabilities measured at amortised cost:		
– borrowings	**123.8**	137.3
– Zero Dividend Preference shares	**30.2**	25.9
– other liabilities – current	**38.8**	51.3
– other liabilities – non-current	**7.7**	–
	200.5	214.5

Other assets – non current includes investments, amounts due from associate in note 26 and joint ventures shown in note 25 and amounts shown as trade and other receivables in note 29 due in more than one year.

Other assets – current includes amounts due from joint ventures and associate shown in notes 25 and 26 and all amounts shown as trade and other receivables due in less than one year in note 29 except prepayments of £0.3m (30 September 2019: £1.0m). Amounts due from Bucknalls Developments Limited is split between amortised cost and fair value through profit and loss.

Other liabilities – current includes purchase consideration of £nil (30 September 2019: £4.1m) shown in note 36 and all amounts shown as trade and other payables in note 33 except sales and social security taxes of £0.5m (30 September 2019: £0.5m). All amounts are non-interest bearing and are due within one year.

Other liabilities – non-current contains an other financial arrangement of £6.8m (30 September 2019: £nil) at an implied rate of interest tied to the triggering of the put and call options in place. Refer to page 92 for further details.

Borrowings consist of loans which attract interest at varying rates and there is a variety of fixed and variable rates (see table in note 32). The ZDP shares are carried at their accrued value of 167.83p per share (30 September 2019: 159.12p). Their closing price on the main market of the London Stock Exchange on 30 September 2020 was 156.00p (30 September 2019: 161.50p). The ZDP shares attract an interest rate of between 4.96% and 5.49%. The interest rates disclosed for the ZDP preference shares were the rates disclosed before the changes in August 2018.

8. Capital management policies and procedures

The Group's objectives when managing capital are:

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

This is achieved through ensuring sufficient bank and other facilities are in place; further details are given in notes 31 and 32 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 Board at 40% and an outturn metric scoring higher than this amount is considered to be a good performance against the target. Further commentary on the level of borrowing, overall financing strategy and expected future direction is contained in the Group Finance Director's review.

	As at 30 September 2020 £m	As at 30 September 2019 £m
Equity	**173.3**	162.2
Less: cash and cash equivalents	**(15.7)**	(10.9)
Capital	**157.6**	151.3
Equity	**173.3**	162.2
Bank loans	**85.4**	130.1
Other loans	**38.4**	7.2
Zero Dividend Preference shares	**30.2**	25.9
Loans from joint ventures	**3.1**	–
Other financial liabilities	**6.8**	–
Borrowings	**163.9**	163.2
Overall financing (Capital plus Borrowings)	**337.2**	325.4
Capital to overall financing	**46.7%**	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 asset cover 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.inlandhomesplc.com.

9. Revenue from contracts with customers

The Group has disaggregated revenue into various categories in the following tables which is intended to:

- Depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic date; and
- Enable users to understand the relationship with revenue segment information provided in note 10.

Year ended 30 September 2020	**Land sales £m**	**Management fees £m**	**Contract income £m**	**House building £m**	**Total £m**
Point in time	**21.7**	**21.4**	**–**	**23.8**	**66.9**
Over time	**–**	**3.0**	**51.8**	**–**	**54.8**
Total	**21.7**	**24.4**	**51.8**	**23.8**	**121.7**

Fifteen-month period ended 30 September 2019	Land sales £m	Management fees £m	Contract income £m	House building £m	Total £m
Point in time	29.2	16.7	–	34.5	80.4
Over time	–	1.9	62.6	–	64.5
Total	29.2	18.6	62.6	34.5	144.9

All revenue is earned in the United Kingdom.

Included within 'Land sales' are land sales to housing associations which include construction works to 'Golden Brick'. Subsequent construction works to completion are included within 'Contract income'.

Included within 'House building' are the sales of reversionary freehold reversions and customers' extras that arise as a by-product of house building activity.

Rental income and investment properties income is not disclosed in the table above as these revenue sources do not fall under the IFRS 15 accounting standard.

During the year, transactions with three customers each accounted for more than 10% of revenue from contracts with customers (fifteen-month period to 30 September 2019: no transactions). One customer was in the 'Land sales' segment (revenue of £20.2m) and two customers were in the 'Contract income' segment (revenue of £23.9m and £23.7m).

Contract assets and contract liabilities are included within the Group Statement of Financial Position. The timing of work performed and revenue recognised, billing profiles and cash collection results in trade receivables (amounts billed to date and unpaid), contract assets (unbilled amounts where revenue has been recognised) and contract liabilities (amounts relating to contracts where work is yet to be performed and the performance obligation achieved) being recognised on the Group Statement of Financial Position.

The reconciliation of the opening to closing contract balances is shown below:

	Contract assets £m	**Contract liabilities £m**
At 30 September 2019	5.0	–
Transfer to trade receivables	(5.0)	–
Excess of revenue recognised over invoiced	2.1	–
Invoiced in advance of performance	–	(12.1)
At 30 September 2020	**2.1**	**(12.1)**

Contract assets are recognised in prepayments and accrued income (note 29). Contract liabilities are recognised in accruals (note 33).

10. Segmental 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, investments, investment properties, management fees and other income. These segments are based on the information reported to the chief operating decision maker (which in the Group's case is the Operating Board comprising the three Executive Directors and four senior managers) and represent the activities which generate significant revenues, profits and use of resources within the Group. These operating segments are monitored and strategic decisions are made on the basis of segment operating results. Note 1 provides further information relating to each segment.

Segmental analysis by activity

Year ended 30 September 2020	**Land sales £m**	**Management fees £m**	**Contract income £m**	**House building £m**	**Rental income £m**	**Investment properties £m**	**Central support £m**	**Total £m**
Revenue from contracts with customers	**21.7**	**24.4**	**51.8**	**23.8**	**–**	**–**	**–**	**121.7**
Other revenue	**–**	**–**	**–**	**–**	**1.4**	**0.9**	**–**	**2.3**
Cost of sales	**(19.7)**	**(3.0)**	**(52.9)**	**(22.7)**	**(0.4)**	**(0.5)**	**–**	**(99.2)**
Expected credit loss	**(2.8)**	**–**	**–**	**–**	**–**	**–**	**–**	**(2.8)**
Gross profit/(loss)	**(0.8)**	**21.4**	**(1.1)**	**1.1**	**1.0**	**0.4**	**–**	**22.0**
Administrative expenses	**–**	**–**	**–**	**–**	**–**	**–**	**(12.6)**	**(12.6)**
Share of profit of joint ventures	**–**	**–**	**–**	**2.0**	**–**	**–**	**–**	**2.0**
Share of loss of associate	**–**	**–**	**–**	**(0.2)**	**–**	**–**	**–**	**(0.2)**
Revaluation of assets held for sale	**–**	**–**	**–**	**–**	**–**	**2.0**	**–**	**2.0**
Loss on sale of controlling interest in subsidiary	**–**	**–**	**–**	**(2.0)**	**–**	**–**	**–**	**(2.0)**
Revaluation of investment property	**–**	**–**	**–**	**–**	**–**	**0.6**	**–**	**0.6**
Operating profit/(loss)	**(0.8)**	**21.4**	**(1.1)**	**0.9**	**1.0**	**3.0**	**(12.6)**	**11.8**
Finance cost	**(4.5)**	**(0.3)**	**(0.1)**	**(2.0)**	**–**	**(0.5)**	**(1.8)**	**(9.2)**
Finance income	**0.8**	**0.1**	**–**	**0.2**	**–**	**–**	**–**	**1.1**
Profit/(loss) before tax	**(4.5)**	**21.2**	**(1.2)**	**(0.9)**	**1.0**	**2.5**	**(14.4)**	**3.7**
Net tax charge	**0.1**	**(0.8)**	**–**	**(0.6)**	**(0.1)**	**(0.1)**	**0.1**	**(1.4)**
Total profit/(loss)	**(4.4)**	**20.4**	**(1.2)**	**(1.5)**	**0.9**	**2.4**	**(14.3)**	**2.3**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**(0.6)**	**(0.6)**
Total profit and comprehensive income/(loss)	**(4.4)**	**20.4**	**(1.2)**	**(1.5)**	**0.9**	**2.4**	**(14.9)**	**1.7**

Fifteen-month period to 30 September 2019	Land sales £m	Management fees £m	Contract income £m	House building £m	Rental income £m	Investment properties £m	Central support £m	Total £m
Revenue from contracts with customers	29.2	18.6	62.6	34.5	–	–	–	144.9
Other revenue	–	–	–	–	1.5	1.5	–	3.0
Cost of sales	(24.3)	(2.5)	(57.1)	(30.6)	(0.9)	–	–	(115.4)
Gross profit	4.9	16.1	5.5	3.9	0.6	1.5	–	32.5
Administrative expenses	–	–	–	–	–	–	(15.7)	(15.7)
Gain on sale of joint venture interest		–	–	12.6	–	–	–	12.6
Share of profit of joint ventures	–	–	–	2.0	–	–	–	2.0
Share of profit of associate	–	–	–	0.2	–	–	–	0.2
Revaluation of investment property	–	–	–	–	–	1.1	–	1.1
Operating profit/(loss)	4.9	16.1	5.5	18.7	0.6	2.6	(15.7)	32.7
Net finance (cost)/income	(1.5)	0.7	–	(4.8)	–	(1.8)	(0.3)	(7.7)
Profit/(loss) before tax	3.4	16.8	5.5	13.9	0.6	0.8	(16.0)	25.0
Tax (charge)/credit	(0.1)	(0.3)	(0.1)	(0.2)	–	–	0.3	(0.4)
Total profit/(loss)	3.3	16.5	5.4	13.7	0.6	0.8	(15.7)	24.6
Other comprehensive income	–	–	–	–	–	–	(0.4)	(0.4)
Total profit and comprehensive income/(loss)	3.3	16.5	5.4	13.7	0.6	0.8	(16.1)	24.2

10. Segmental information continued

30 September 2020	Land sales £m	Management fees £m	Contract income £m	House building £m	Rental income £m	Investment properties £m	Central support £m	Total £m
ASSETS								
Non-current assets								
Investment properties	–	–	–	–	–	43.5	–	43.5
Property, plant and equipment	–	–	–	–	4.7	–	0.9	5.6
Right-of-use asset	–	–	–	–	–	–	1.2	1.2
Intangible assets	–	–	–	–	0.2	–	–	0.2
Investments in quoted companies	–	–	–	–	–	–	0.5	0.5
Investment in joint ventures	–	–	–	8.8	–	–	–	8.8
Investment in associate	–	–	–	1.1	–	–	–	1.1
Other receivables	–	–	1.6	20.7	–	–	–	22.3
Total non-current assets	–	–	1.6	30.6	4.9	43.5	2.6	83.2
Current assets								
Inventories	72.1	4.0	–	97.5	–	–	–	173.6
Trade and other receivables	15.8	36.8	8.0	–	–	–	0.3	60.9
Assets held for sale	–	–	–	–	–	12.5	–	12.5
Amounts due from associate	–	–	–	3.1	–	–	–	3.1
Amounts due from joint ventures	–	–	–	42.2	–	–	–	42.2
Cash and cash equivalents	–	–	–	–	–	–	15.7	15.7
Total current assets	87.9	40.8	8.0	142.8	–	12.5	16.0	308.0
Total assets	87.9	40.8	9.6	173.4	4.9	56.0	18.6	391.2
LIABILITIES								
Current liabilities								
Bank loans	(14.2)	–	–	–	(0.3)	(27.0)	–	(41.5)
Other loans	(25.3)	–	–	–	–	–	–	(25.3)
Trade and other payables	(15.8)	–	(11.4)	(4.2)	(0.1)	(1.3)	–	(32.8)
Deferred income	–	–	(10.0)	–	–	–	–	(10.0)
Amounts owed to joint ventures	–	–	–	(6.2)	–	–	–	(6.2)
Lease liabilities	–	–	–	–	–	–	(0.3)	(0.3)
Corporation tax	–	–	–	–	–	–	(3.1)	(3.1)
Total current liabilities	(55.3)	–	(21.4)	(10.4)	(0.4)	(28.3)	(3.4)	(119.2)
Non-current liabilities								
Bank loans	–	–	–	(42.4)	(0.3)	(1.2)	–	(43.9)
Other loans	–	–	–	(13.1)	–	–	–	(13.1)
Deferred income	–	–	–	(2.1)	–	–	–	(2.1)
Lease liabilities	–	–	–	–	–	–	(0.9)	(0.9)
Other financial liabilities	(6.8)	–	–	–	–	–	–	(6.8)
Zero Dividend Preference shares	–	–	–	(30.2)	–	–	–	(30.2)
Deferred tax	–	–	–	–	–	(2.4)	0.7	(1.7)
Total non-current liabilities	(6.8)	–	–	(87.8)	(0.3)	(3.6)	(0.2)	(98.7)
Total liabilities	(62.1)	–	(21.4)	(98.2)	(0.7)	(31.9)	(3.6)	(217.9)
Net assets/(liabilities)	25.8	40.8	(11.8)	75.2	4.2	24.1	15.0	173.3

30 September 2019	Land sales £m	Management Fees £m	Contract income £m	House building £m	Rental income £m	Investment properties £m	Central support £m	Total £m
ASSETS								
Non-current assets								
Investment properties	–	–	–	–	–	49.3	–	49.3
Property, plant and equipment	–	–	–	–	5.2	–	1.1	6.3
Intangible assets	–	–	–	–	0.3	–	–	0.3
Investments	–	–	–	–	–	–	1.1	1.1
Investment in joint ventures	–	–	–	8.0	–	–	–	8.0
Amounts due from joint ventures	–	–	–	1.0	–	–	–	1.0
Investment in associate	–	–	–	1.3	–	–	–	1.3
Other receivables	1.7	–	0.2	19.9	–	–	–	21.8
Total non-current assets	1.7	–	0.2	30.2	5.5	49.3	2.2	89.1
Current assets								
Inventories	77.2	–	–	115.2	–	–	–	192.4
Trade and other receivables	11.8	15.7	14.9	1.0	–	–	2.0	45.4
Assets held for sale	–	–	–	–	–	4.7	–	4.7
Amounts due from associate	–	–	–	3.3	–	–	–	3.3
Amounts due from joint ventures	–	–	–	34.8	–	–	–	34.8
Cash and cash equivalents	–	–	–	–	–	–	10.9	10.9
Total current assets	89.0	15.7	14.9	154.3	–	4.7	12.9	291.5
Total assets	90.7	15.7	15.1	184.5	5.5	54.0	15.1	380.6
LIABILITIES								
Current liabilities								
Bank loans and overdrafts	(48.0)	–	–	–	–	–	–	(48.0)
Trade and other payables	(16.8)	–	(14.3)	(13.1)	–	(1.2)	(2.3)	(47.7)
Corporation tax	–	–	–	–	–	–	(2.2)	(2.2)
Other financial liabilities	(4.1)	–	–	–	–	–	–	(4.1)
Total current liabilities	(68.9)	–	(14.3)	(13.1)	–	(1.2)	(4.5)	(102.0)
Non-current liabilities								
Bank loans	(1.1)	–	–	(53.0)	–	(28.0)	–	(82.1)
Other loans	–	–	–	(7.2)	–	–	–	(7.2)
Zero Dividend Preference shares	–	–	–	(25.9)	–	–	–	(25.9)
Deferred tax	–	–	–	–	–	(1.2)	–	(1.2)
Total non-current liabilities	(1.1)	–	–	(86.1)	–	(29.2)	–	(116.4)
Total liabilities	(70.0)	–	(14.3)	(99.2)	–	(30.4)	(4.5)	(218.4)
Net assets	20.7	15.7	0.8	85.3	5.5	23.6	10.6	162.2

11. Expenses by nature

	Year ended 30 September 2020 £m	Fifteen-month period to 30 September 2019 £m
Depreciation – property, plant and equipment	**1.0**	0.7
Depreciation – right-of-use asset	**0.3**	–
Amortisation	**0.1**	–
Operating lease rentals – properties	**–**	0.4
Fees paid to BDO LLP in respect of:		
– audit of the company and consolidated accounts		
– current year/period	**0.2**	0.3
– prior year/period	**–**	0.1
Advertising expenses	**0.2**	0.6

Non-audit services fees, relating to review of the interim report, for the year were £nil (fifteen-month period to 30 September 2019: £18,000).

12. Employee costs

The Directors of the Company who served during the period are considered to be key management personnel in both the current year and prior fifteen-month period.

The Remuneration Report on pages 59 to 63 is produced for information purposes, in order to give shareholders and other users of financial statements greater transparency about the way in which the Directors are remunerated.

Total employee costs (including Directors) during the year were as follows:

	Year ended 30 September 2020 £m	Fifteen-month period to 30 September 2019 £m
Wages and salaries	**12.3**	15.0
Social security costs	**1.6**	1.7
Pension costs – defined contribution plans	**0.5**	0.4
Share-based payments	**–**	0.3
	14.4	17.4
Amount capitalised to inventories (note 28)	**(5.7)**	(8.1)
Total employee cost	**8.7**	9.3

During the year, the Group received reimbursement of payroll costs of £0.6m (fifteen-month period to 30 September 2019: £nil) in respect of the UK Government's Coronavirus Job Retention Scheme. This is shown as a credit to gross wages and salary costs of £12.9m, to give wages and salaries costs of £12.3m.

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

	Year ended 30 September 2020 Number	Fifteen-month period to 30 September 2019 Number
Key management personnel	**3**	3
Administration	**156**	135
Total	**159**	138

There were no employee or employee benefit expenses in the Company in the current year or prior fifteen-month period.

13. Share-based payments

Group – equity-settled option scheme

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 members of staff awarded the options are still employed by the Company at the time of the options being exercised. Good leavers can exercise options for a period of up to six months from the date of leaving. This unapproved share option scheme is separate to the long term incentive plan (LTIP) for the Executive Directors, further details of which can be found in the Remuneration Committee report on pages 59 to 63.

A summary of the outstanding options under this equity-settled option scheme is as follows:

Year of grant	Exercise Price p	Date from which exercisable	Expiry date	Outstanding at 1 October 2019	Issued	Exercised	Lapsed	Outstanding at 30 September 2020	Exercisable
For the year ended 30 September 2020									
2009	**16.50**	**17/12/2012**	**16/12/2019**	**180,000**	**–**	**(180,000)**	**–**	**–**	**–**
2010	**18.25**	**22/11/2013**	**22/11/2020**	**1,500,000**	**–**	**–**	**–**	**1,500,000**	**1,500,000**
2012	**17.50**	**25/06/2015**	**24/06/2022**	**170,000**	**–**	**(10,000)**	**–**	**160,000**	**160,000**
2013	**32.50**	**18/06/2016**	**17/06/2023**	**390,000**	**–**	**(10,000)**	**–**	**380,000**	**380,000**
2015	**70.25**	**22/06/2018**	**21/06/2025**	**290,000**	**–**	**(25,000)**	**(25,000)**	**240,000**	**240,000**
2018	**67.00**	**17/07/2021**	**16/07/2028**	**1,420,000**	**–**	**–**	**(35,000)**	**1,385,000**	**–**
2019	**61.30**	**18/03/2022**	**17/03/2029**	**500,000**	**–**	**–**	**–**	**500,000**	**–**
				4,450,000	**–**	**(225,000)**	**(60,000)**	**4,165,000**	**2,280,000**

The weighted average exercise price of share options exercised and lapsed was 75.50p (2019: 16.50p) and 68.35p (2019: 67.88p) respectively. The exercise price of options outstanding at 30 September 2020 ranged between 17.50p and 70.25p (2019: 16.50p and 70.25p) and their weighted average contractual life was 6.7 years (2019: 6.7 years).

The weighted average share price (at the date of exercise) of options exercised during the year was 75.50p (2019: 51.20p).

The weighted average fair value of each option granted during the year was nil p (2019: 61.30p).

The fair value of the options granted is calculated using the Black-Scholes option pricing model. The following information is relevant in the determination of the fair value:

		30 September 2019	
Grant date	**30 September 2020**	Grant 2	Grant 1
Share price at date of grant	–	61.0p	67.0p
Volatility	–	21%	32%
Option life	–	4 years	4 years
Dividend yield	–	3.30%	4.00%
Risk-free investment rate	–	0.40%	0.90%
Fair value per option at grant date	–	3.0p	5.0p
Exercisable price at date of grant	–	61.0p	67.0p

On 4 November 2020, Nishith Malde, an executive director of the Company, exercised options over ordinary shares of 10 pence each under the unapproved share option scheme. Nishith Malde exercised a total of 1,500,000 options and sold 1,000,000 ordinary shares to cover the exercise price and the tax liability arising from the exercise of these options. Following the above transactions, Nishith Malde holds an interest in 11,496,792 Ordinary Shares representing approximately 5.0% of the Company's issued share capital Following issue of these shares, the Company had a total of 229,841,045 Ordinary Shares in issue.

13. Share-based payments continued

Volatility was calculated with reference to historical share price information using the closing prices on each business day over the period since the shares have been listed.

The share-based payment charged to the Group statement of comprehensive income for the year ended 30 September 2020 is £nil (fifteen-month period ended 30 September 2019: £0.3m) with a corresponding deferred tax asset at that date of £nil (fifteen-month period ended 30 September 2019: £0.1m). £nil of this charge (fifteen-month period ended 30 September 2019: £0.3m) relates to the Directors.

No Growth Shares were issued in the current year or prior period. At 30 September 2020, there were 2,285,076 (30 September 2019: 2,285,076) 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 Committee report on pages 59 to 63.

The Executive Directors receive 50% of bonuses in shares which are purchased by the Employee Benefit Trust and the remaining 50% in cash. The shares will be vested to the Directors three years after the award date. The amount of the bonus awarded each year is explained in the Remuneration Committee report on pages 59 to 63.

14. Finance costs

	Year ended 30 September 2020 £m	Fifteen-month period to 30 September 2019 £m
Interest expense:		
– bank loan borrowings	**4.1**	3.9
– other loan borrowings	**2.1**	3.6
– amortisation of loan arrangement and other fees	**2.3**	1.7
– Zero Dividend Preference shares	**1.5**	1.5
Gross finance costs	**10.0**	10.7
Finance costs capitalised (see note 28)	**(0.8)**	(1.3)
Finance costs	**9.2**	9.4

Finance costs of £0.8m (fifteen-month period to 30 September 2019: £1.3m) have been capitalised on inventories in the period in accordance with IAS23 Borrowing Costs (see note 28), using the Group's cost of borrowing for that loan specific to the development in question.

In the year ended 30 September 2020, the average capitalisation interest rate for interest expense in the cost of inventories was 5.25% (fifteen-month period to 30 September 2019: 5.25%).

15. Finance income

	Year ended 30 September 2020 £m	Fifteen-month period to 30 September 2019 £m
Interest from loans to joint ventures and associate	**0.2**	0.7
Other interest receivable	**0.1**	0.3
Notional interest income	**0.8**	0.7
Finance income	**1.1**	1.7

16. Tax charge

An analysis of the tax charge in the year is as follows:

	Year ended 30 September 2020 £m	Fifteen-month period to 30 September 2019 £m
Current tax charge		
Current tax on profits for the year/period	**1.0**	2.1
Adjustment for under provision in prior periods	**(0.1)**	(1.0)
Total current tax charge	**0.9**	1.1
Deferred tax charge/(credit)		
Origination and reversal of temporary differences	**0.4**	(0.7)
Effect of tax rate change on opening balances	**0.1**	–
Total deferred tax charge/(credit)	**0.5**	(0.7)
Total tax expense	**1.4**	0.4

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:

	Year ended 30 September 2020 £m	Fifteen-month period to 30 September 2019 £m
Profit before tax	**3.7**	25.0
Expected tax charge based on the standard rate of corporation tax in the UK of 19% (2019: 19.0%)	**0.7**	4.8
Expenses not deductible for tax purposes	**0.7**	0.1
Zero Dividend Preference share interest not deductible for tax purposes	**0.3**	0.3
Capital losses	**0.2**	(0.2)
Adjustments to tax charge in respect of previous periods	**(0.1)**	(0.5)
Income not deductible for tax purposes	**–**	(2.4)
Prior year capital losses now recognised	**–**	(1.6)
Other items	**(0.4)**	(0.1)
Tax expense	**1.4**	0.4

The tax credit relating to revaluation of quoted investments within other comprehensive income in the year ended 30 September 2020 is £0.1m (fifteen-month period ending 30 September 2019: £0.1m).

The Group's share of tax expense in its joint ventures and associate is £0.1m (2019: £nil).

17. Earnings per share

Number of shares

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the parent company, i.e. no adjustments to profit were necessary in 2020 or 2019.

The reconciliation of the weighted average number of shares for the purposes of diluted earnings per share to the weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

	Earnings per share Weighted average	
	Year ended 30 September 2020 '000	Fifteen-month period to 30 September 2019 '000
For use in basic measures	**214,361**	205,285
Dilutive effect of:		
– share options	**1,323**	1,500
– deferred bonus shares	**1,694**	1,823
– growth shares	**2,285**	2,397
For use in diluted measures	**219,663**	211,005

The Group's Employee Benefit Trust (EBT) purchased 650,000 shares on 29 October 2014, 377,500 shares on 20 December 2015 and a further 600,000 shares on 16 December 2016 in Inland Homes plc under the terms of the Long Term Incentive Plan. These total 1,627,500 shares and have been deducted from the weighted average number of ordinary shares in issue and also from the shares in issue at the year end.

In several transactions in October and November 2017, the Group purchased 1,000,000 of its own shares to be held in treasury. On 18 January 2018, 175,000 shares were transferred from the treasury reserve to satisfy employee share options exercised within the terms of the Company's share option scheme.

During the fifteen-month period ended 30 September 2019, the Group purchased 200,000 shares. On 24 October 2018, 849,241 shares were transferred from the treasury reserve to satisfy employee share options exercised within the terms of the Company's share option scheme. In several transactions during August and September 2019, the Group sold 175,779 shares. At 30 September 2019, no shares were held in treasury.

Amounts included for the growth shares are those where the performance conditions have been satisfied. On 19 July 2018, Stephen Wicks transferred 248 vested LTIP shares to the Company in exchange for the issue of 2,814,924 shares in the Company as referred to in the Remuneration Committee report on pages 59 to 63.

Basic and diluted EPS

	Year ended 30 September 2020	Fifteen-month period to 30 September 2019
Profit attributable to equity shareholders (£m)	**1.7**	24.2
Earnings per share	**0.79p**	11.79p
Diluted earnings per share	**0.77p**	11.47p

18. Dividends

Dividends are not paid to the shares owned by the Employee Benefit Trust.

On 30 March 2020, in response to the global COVID-19 pandemic, the Board cancelled the second interim dividend of 2.25p per share that was due to be paid on 12 June 2020. There were no dividends declared in relation to the year ended 30 September 2020.

Details of dividends in the prior fifteen-month period to 30 September 2019 are as follows:

	Payment date	Dividend per share p	Fifteen-month period to 30 September 2019 £m
2018 final dividend	25 January 2019	1.55	3.2
2019 interim dividend	03 July 2019	0.85	1.8
Distribution of prior period profit and dividends as reported in the Group Statement of Changes in Equity			5.0

During the year, dividends of £7.5m were received by the Company from its subsidiaries (fifteen-month period to 30 September 2019: £nil).

19. Investment properties

	Commercial properties £m	Residential properties £m	Development land £m	Assets under construction £m	Total £m
Fair value					
At 30 June 2018	–	47.5	5.3	–	52.8
Additions	2.5	0.2	0.5	1.2	4.4
Fair value adjustment	0.1	0.3	0.7	–	1.1
Transfer (to)/from inventories	–	(6.3)	2.0	–	(4.3)
Transfer to assets held for sale	–	(4.7)	–	–	(4.7)
At 30 September 2019	2.6	37.0	8.5	1.2	49.3
Additions	–	1.6	–	0.1	1.7
Disposals	(1.4)	–	–	–	(1.4)
Fair value adjustment	(0.3)	0.9	–	–	0.6
Transfer between classes	–	1.3	–	(1.3)	–
Transfer (to)/from inventories	–	(0.9)	–	–	(0.9)
Transfer to assets held for sale	(0.9)	(4.9)	–	–	(5.8)
At 30 September 2020	**–**	**35.0**	**8.5**	**–**	**43.5**

Valuation techniques

Residential properties

The Group's residential investment properties were valued by the Directors on the basis of 'open market value'. In arriving at their view of open market value the Directors had regard to the following, the accommodation offered, the square footage and the condition of each property. They then considered the above in light of the local market and prices achieved in recent transactions in consultation with a local property agent.

19. Investment properties continued

Development land

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 in the local area. 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 £8.5m (2019: £8.5m). The Directors are of the opinion that developing the site reflects the highest and best use of this asset.

Commercial properties

The Group's commercial properties were valued by the Directors on the basis of 'open market value'. In arriving at their view of open market value the Directors had regard to the following, the accommodation offered, the square footage and the condition of each property. They then considered the above in light of the local market and yields achieved in recent transactions following consultation with a local property agent.

These techniques use significant unobservable inputs such that the fair value measurement of investment properties has been classified as Level 3 in the fair value hierarchy as set out by IFRS 13 Fair Value Measurement. There were no transfers between Levels 1 and 2 or between 2 and 3 in the fair value hierarchy during the year ended 30 September 2020 (fifteen-month period to 30 September 2019: None).

There has been no change in valuation techniques of Level 3 fair value measurements in the year. The fair value is based on the above items' highest and best use, which does not differ from their actual use.

The key inputs to the strategic property valuations valued for EPRA purposes include house prices, rental values and development costs.

The impact of sensitising these inputs on the financial statements are as follows:

			Increase/(decrease)	
Sensitivity analysis	Variable	Variation	**2020 £m**	2019 £m
Commercial properties	Rental values	+5%	**–**	0.1
		–5%	**–**	(0.1)
Residential properties	House prices	+5%	**1.8**	1.9
		–5%	**(1.8)**	(1.9)
Development land	House prices	+5%	**2.2**	1.6
		–5%	**(2.2)**	(1.3)
	Development costs	+5%	**(1.1)**	(1.1)
		–5%	**1.1**	0.9

Where investment properties are valued on a yield basis the impact of sensitising of the yield would be immaterial.

Income and expense

During the year ended 30 September 2020, £0.9m (fifteen-month period ended 30 September 2019: £1.5m) rental and ancillary income from investment properties was recognised in the Group statement of comprehensive income. Direct operating expenses, including repairs and maintenance, arising from investment property that generated rental income amounted to £0.5m (fifteen-month period ended 30 September 2019: £0.3m). The Group did not incur any direct operating expenses arising from investment properties that did not generate rental income (year ended 30 September 2019: £nil).

Restrictions and obligations

At 30 September 2020 there were no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal (fifteen-month period ended 30 September 2019: None). There are no obligations (fifteen-month period ended 30 September 2019: None) to construct or develop the Group's residential or development land investment property. At 30 September 2020 contracted obligations to purchase investment properties amounted to £nil (fifteen-month period ended 30 September 2019: £nil).

At 30 September 2020, the historical cost of the Group's investment properties was £11.9m (fifteen-month period ended 30 September 2019: £18.3m). Certain of the investment properties have been pledged as security against the Group's borrowings. For details see note 32.

The modular housing, which forms part of property, plant and equipment (see note 20), has been pledged as security against a borrowing of the Group. For details see note 32.

20. Property, plant and equipment

Group	Modular housing £m	Office equipment £m	Fixtures and fittings £m	Motor vehicles £m	Total £m
Cost					
At 30 June 2018	0.8	0.6	0.6	0.4	2.4
Additions	4.7	0.7	0.3	–	5.7
Disposals	–	–	–	(0.1)	(0.1)
At 30 September 2019	5.5	1.3	0.9	0.3	8.0
Additions	–	0.3	–	–	0.3
Disposals	–	(0.5)	(0.4)	(0.2)	(1.1)
At 30 September 2020	**5.5**	**1.1**	**0.5**	**0.1**	**7.2**
Depreciation					
At 30 June 2018	–	0.4	0.4	0.3	1.1
Depreciation charge	0.3	0.2	0.1	0.1	0.7
Disposals	–	–	–	(0.1)	(0.1)
At 30 September 2019	0.3	0.6	0.5	0.3	1.7
Depreciation charge	0.5	0.3	0.2	–	1.0
Disposals	–	(0.5)	(0.4)	(0.2)	(1.1)
At 30 September 2020	**0.8**	**0.4**	**0.3**	**0.1**	**1.6**
Net book value					
At 30 September 2020	**4.7**	**0.7**	**0.2**	**–**	**5.6**
At 30 September 2019	5.2	0.7	0.4	–	6.3
At 30 June 2018	0.8	0.2	0.2	0.1	1.3

21. Right-of-use asset

On adoption of IFRS 16 on 1 October 2019, the Group has recognised a right-of use asset. This has been presented in the Statement of Financial Position as follows:

Group	Leasehold property £m
Cost	
At 1 October 2019	–
Transition to IFRS 16	1.6
At 30 September 2020	**1.6**
Depreciation	
At 1 October 2019	–
Transition to IFRS 16	0.1
Depreciation charge	0.3
At 30 September 2020	**0.4**
Net book value	
At 30 September 2020	**1.2**
At 30 September 2019	–

The right-of-use asset relates to the Group's occupation of Burnham Yard, Beaconsfield as a Head Office facility. Right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset, if this is judged to be shorter. See note 34 for further details.

22. Intangible assets

Group	Development costs £m
Cost	
At 1 October 2019 and 30 September 2020	0.3
Amortisation	
At 1 October 2019	–
Charge for the year	0.1
At 30 September 2020	**0.1**
Net book value	
At 30 September 2020	**0.2**
At 30 September 2019	0.3

Intangible assets relate to development costs of the Hugg Homes brand capitalised under IAS 38 'Intangible assets'.

23. Investments in quoted companies

Group	Quoted investments £m
Cost and carrying value	
At 30 September 2019	1.1
Revaluation	(0.6)
At 30 September 2020	**0.5**

Investments of quoted securities is measured at fair value through other comprehensive income. The fair value is based on published market prices.

24. Investments in subsidiaries

At 30 September 2020, the Group, directly or indirectly, held interests in equity in various subsidiary undertakings. Details of these have been included in note 1.

25. Investments in joint ventures

At 30 September 2020, the Group held interests in equity in various joint ventures. A summary of the investments in joint ventures is as follows:

	Bucknalls Developments £m	Cheshunt Lakeside Developments £m	Europa Park £m	High Wycombe Developments £m	Gardiners Park £m	Total £m
Cost						
At 1 July 2018	–	0.4	–	–	–	0.4
Share of profit after tax	0.7	0.3	1.0	–	–	2.0
Receipts from joint ventures	–	–	(1.0)	–	–	(1.0)
Exercise of call option*	–	13.8	–	–	–	13.8
Disposal of 50% beneficial interest*	–	(7.2)	–	–	–	(7.2)
Movement during the period	0.7	6.9	–	–	–	7.6
At 30 September 2019	0.7	7.3	–	–	–	8.0
Share of profit after tax	1.6	(1.0)	1.0	–	0.4	2.0
Receipts from joint ventures	–	–	(0.8)		(0.4)	(1.2)
Movement during the period	1.6	(1.0)	0.2	–	–	0.8
At 30 September 2020	**2.3**	**6.3**	**0.2**	**–**	**–**	**8.8**

* See further details later in this note under Cheshunt Lakeside Developments Limited.

Amounts due from/(to) joint ventures

		As at 30 September 2020 £m	As at 30 September 2019 £m
Amounts owed by joint ventures, due within one year			
Bucknalls Developments Limited	*held at carrying value*	**–**	(2.0)
	held at fair value through profit and loss	**–**	4.0
		–	2.0
Cheshunt Lakeside Developments Limited	*held at carrying value*	**28.6**	32.8
High Wycombe Developments Limited	*held at carrying value*	**13.6**	–
		42.2	34.8
Amounts owed by joint ventures, due in greater than one year			
Gardiners Park LLP	*held at carrying value*	**–**	1.0
		–	1.0
Amounts due from joint ventures		**42.2**	35.8
Amounts owed to joint ventures, due in within one year			
Bucknalls Developments Limited	*held at carrying value*	**(6.2)**	–
Amounts owed to joint ventures		**(6.2)**	–
Amounts due from/(to) joint ventures		**36.0**	35.8

The Directors considered and concluded in the prior year that the classification of the amounts due from Bucknalls Developments Limited at 30 September 2019 was £4.0m classified as amounts due from joint ventures as assets held at fair value through profit and loss due to the Perpetual Annuity Bond interest. All other amounts above are held at carrying value. During the year ended 30 September 2020, the Perpetual Annuity Bond was repaid in full.

The measurement uses significant unobservable inputs to measure fair value and is based on Directors' valuation given there is no readily available market information. These amounts have been classified as Level 3 in the fair value hierarchy as set out by IFRS 13 Fair Value Measurement. There have been no transfers between levels in the fair value hierarchy during the year ended 30 September 2020 or fifteen-month period ended 30 September 2019.

Apart from interest, which is charged on amounts due from Bucknalls Developments Limited held at fair value through profit and loss, all other amounts are interest free and repayable on demand.

The Group applies a forward looking expected credit loss model to measure any credit loss provision for amounts due from joint ventures. Both the expected credit loss provision and the incurred loss provision in the current period and prior year are immaterial.

Summarised financial information has been included for material joint ventures and follows.

25. Investments in joint ventures continued

Bucknalls Developments Limited

In December 2015, the Group entered into a joint venture with two private individuals to purchase land, obtain planning permission and develop the homes in Garston, Hertfordshire. During the year ended 30 June 2017 outline planning consent was obtained for 100 residential units. Under the terms of the joint venture, the Group is obliged to fund 50% of the costs of the site and is entitled to receive 50% of the returns.

Summarised statement of total comprehensive income

	Year ended 30 September 2020 £m	Fifteen-month period to 30 September 2019 £m
Revenue	**17.3**	16.6
Cost of sales and operating expenses	**(14.1)**	(13.3)
Interest receivable/(payable)	**0.6**	(0.9)
Tax payable	**(0.7)**	(0.4)
Total comprehensive income	**3.1**	2.0

Summarised statement of financial position

	As at 30 September 2020 £m	As at 30 September 2019 £m
Current assets		
Cash and cash equivalents	**–**	0.3
Other current assets	**6.3**	12.3
Total current assets	**6.3**	12.6
Current liabilities		
Financial liabilities (excluding trade payables and provisions)	**(0.4)**	(10.0)
Other current liabilities	**(1.4)**	(1.2)
Total current liabilities	**(1.8)**	(11.2)
Net assets	**4.5**	1.4

Cheshunt Lakeside Developments Limited
In June 2016, the Group entered into a joint venture whose purpose was to acquire a site in Cheshunt, obtain planning permission and ultimately sell the land.

During the fifteen-month period ended 30 September 2019, planning consent was granted for 1,253 residential plots and 4,905sqm of retail space. Additionally, the joint venture acquired a wholly owned subsidiary, Delamare Estate (Cheshunt) Limited, during the period. Delamare Estate (Cheshunt) Limited and CLDL have entered into short-term leases with various tenants to maximise revenue in the short term.

Acquisition and subsequent disposal of interests in joint venture in the prior fifteen-month period
At the start of the prior fifteen-month period, Inland Limited held a 50% interest in the joint venture. In addition to the direct holding, the Group held a put and call option over the other joint venture partner's 50% share. Certain conditions were attached to the options which needed to be met for either side of the option to be exercised.

By taking into account the Group's ability to exercise its option, the Group considered that together the 50% direct holding and put and call option gave the Group control over the company from 6 June 2019. As a consequence, the Group ceased to equity account for its interest in the company from this date and instead consolidated 100% of the company.

The nature of the company led the Group to conclude that the step acquisition would be most appropriately accounted for as an asset acquisition. Therefore, the carrying value of the equity accounted investment at 6 June 2019 in addition to the fair value of the option price together represented the cost of net assets acquired.

On 22 September 2019, the Group exercised its option to acquire the 50% share capital of the company under the option agreement. The option price was payable in October 2019 and was included within other payables at the balance sheet date of the prior fifteen-month period (see note 33).

At the same time, the Group entered into a contract with a third party to sell its existing 50% beneficial interest in the company. As a result, the Group lost full control of the company and as at the balance sheet date has joint control under the new joint venture agreement.

The disposal proceeds are payable by the new joint venture partner once the joint venture has sold the developed asset. The proceeds payable are £28.5m, and on a discounted basis are estimated to be £20.7m as included within other receivables due in more than one year (see note 29) (30 September 2019: £19.9m).

The Group has accounted for its loss of control as if it were a disposal of an asset, given that the company's activities are not considered to constitute a business. The Group has therefore de-recognised the net assets of the company and 50% of the previous carrying value has been attributed to the Group's continuing investment in the joint venture, which is now once again equity accounted.

The profit on sale of the Group's 50% holding in the prior fifteen-month period resulted in a gain recognised in the Income Statement of £12.6m, being the fair value of the disposal proceeds (£20m) less 50% of the previous carrying amount (£7.4m).

25. Investments in joint ventures continued

Summarised statement of total comprehensive income

	Year ended 30 September 2020 *Accounted as a joint venture under IAS 28* £m	Period from 1 July 2018 to 5 June 2019 *Accounted as a joint venture under IAS 28* £m	Period from 6 June 2019 to 30 September 2019 *Accounted as a subsidiary* £m
Revenue	**15.9**	1.9	0.5
Cost of sales and operating expenses	**(16.5)**	(1.2)	(0.4)
Interest payable	**(1.9)**	–	–
Tax receivable	**0.5**	–	–
Total comprehensive (expense)/income	**(2.0)**	0.7	0.1

Summarised statement of financial position

	As at 30 September 2020 £m	As at 30 September 2019 £m
Non-current assets		
Property, plant and equipment	**0.3**	–
Total non-current assets	**0.3**	–
Current assets		
Other current assets	**66.9**	74.6
Total current assets	**66.9**	74.6
Total assets	**67.2**	74.6
Current liabilities		
Financial liabilities (excluding trade payables and provisions)	**(68.0)**	(69.5)
Other current liabilities	**(0.3)**	(0.9)
Total current liabilities	**(68.3)**	(70.4)
Non-current liabilities		
Financial liabilities (excluding trade payables and provisions)	**–**	(3.1)
Total non-current liabilities	**–**	(3.1)
Total liabilities	**(68.3)**	(73.5)
Net (liabilities)/assets	**(1.1)**	1.1

Europa Park LLP

In December 2017, the Group entered into a joint venture which acquired a site in Ipswich, Suffolk from the Group which has planning permission for 94 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. During the year ended 30 September 2020, the site is under construction and the company has sold the bulk of all the residential units constructed.

Summarised statement of total comprehensive income

	Year ended 30 September 2020 £m	Fifteen-month period to 30 September 2019 £m
Revenue	**9.2**	10.1
Cost of sales and operating expenses	**(7.0)**	(8.0)
Interest payable	**(0.1)**	(0.2)
Total comprehensive income	**2.1**	1.9

Summarised statement of financial position

	As at 30 September 2020 £m	As at 30 September 2019 £m
Current assets		
Cash and cash equivalents	**0.4**	–
Other current assets	**0.6**	3.2
Total current assets	**1.0**	3.2
Current liabilities		
Other current liabilities	**(0.5)**	(0.7)
Total current liabilities	**(0.5)**	(0.7)
Non-current liabilities		
Financial liabilities (excluding trade payables and provisions)	**–**	(2.5)
Total non-current liabilities	**–**	(2.5)
Total liabilities	**(0.5)**	(3.2)
Net assets	**0.5**	–

25. Investments in joint ventures continued

Gardiners Park LLP

In November 2016, the Group entered a joint venture with Constable Homes to develop a site in Basildon, Essex with 30 private and 13 Housing Association units. 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. During the year ended 30 September 2020, construction completed and the company has exchanged and completed on a number of residential units.

Summarised statement of total comprehensive income

	Year ended 30 September 2020 £m	Fifteen-month period to 30 September 2019 £m
Revenue	**9.8**	2.0
Cost of sales and operating expenses	**(8.7)**	(1.8)
Interest payable	**(0.1)**	(0.1)
Total comprehensive income	**1.0**	0.1

During the fifteen-month period to 30 September 2019, the Group provided an additional amount of £1m to Gardiners Park LLP which has been classified as a long-term receivable in the annual accounts of Inland Homes plc but has been treated as equity in the financial statements of Gardiners Park LLP.

Summarised statement of financial position

	As at 30 September 2020 £m	As at 30 September 2019 £m
Current assets		
Cash and cash equivalents	**0.2**	0.5
Other current assets	**–**	5.2
Total current assets	**0.2**	5.7
Current liabilities		
Other current liabilities	**(0.1)**	(0.9)
Total current liabilities	**(0.1)**	(0.9)
Non-current liabilities		
Financial liabilities (excluding trade payables and provisions)	**–**	(2.8)
Total non-current liabilities	**–**	(2.8)
Total liabilities	**(0.1)**	(3.7)
Net assets	**0.1**	2.0

High Wycombe Developments Limited

In December 2019, the Group disposed of a 50% controlling interest in High Wycombe Developments Limited for consideration of £5,000.

Summarised statement of total comprehensive income

	Period from 27 December 2019 to 30 September 2020 £m	Period from 1 October 2019 to 26 December 2019 £m	Fifteen-month period to 30 September 2019 £m
	Accounted as a joint venture under IAS 28	*Accounted as a subsidiary*	
Revenue	**29.4**	**6.9**	–
Cost of sales and operating expenses	**(28.5)**	**(6.2)**	–
Interest payable	**(1.1)**	**(0.3)**	–
Tax payable	**(0.1)**	**–**	–
Total comprehensive (expense)/income	**(0.3)**	**0.4**	–

Summarised statement of financial position

	As at 30 September 2020 £m	As at 30 September 2019 £m
Non-current assets		
Property, plant and equipment	**4.3**	–
Total non-current assets	**4.3**	–
Current assets		
Cash and cash equivalents	**0.1**	–
Other current assets	**20.8**	–
Total current assets	**20.9**	–
Total assets	**25.2**	–
Current liabilities		
Financial liabilities (excluding trade payables and provisions)	**(24.4)**	–
Other current liabilities	**(2.1)**	–
Total current liabilities	**(26.5)**	–
Total liabilities	**(26.5)**	–
Net (liabilities)/assets	**(1.3)**	–

26. Investment in associate

In October 2015, the Group acquired 25% of Troy Homes Limited (Troy Homes), a premium housebuilder, and is entitled to 25% of the net returns.

At 30 September 2020, the Company continued to hold equity in its associate. A summary of the investment in the associate is as follows:

	Total £m
Cost	
At 1 July 2018	1.1
Share of profit after tax	0.2
Movement during the period	0.2
At 30 September 2019	1.3
Share of loss after tax	(0.2)
Movement during the period	(0.2)
At 30 September 2020	**1.1**

Amounts due from associate

	As at 30 September 2020 £m	As at 30 September 2019 £m
Current		
Other receivables	**–**	0.2
Loans	**3.1**	3.1
Total amounts due from associate	**3.1**	3.3

The above loans are repayable on demand. Interest is charged on the loan amounts.

Summarised financial information has been included for the associate, as follows.

Troy Homes Limited

For the year ended 30 September 2020, Troy Homes made a loss before tax of £0.4m (fifteen-month period ended 30 September 2019: profit of £0.5m).

Summarised statement of total comprehensive income

	Year ended 30 September 2020 £m	Fifteen-month period ended 30 September 2019 £m
Revenue	**16.0**	29.0
Cost of sales and operating expenses	**(15.0)**	(26.2)
Interest payable	**(1.5)**	(2.1)
Income tax payable	**0.1**	(0.2)
Total comprehensive (expense)/income	**(0.4)**	0.5

Summarised statement of financial position

	As at 30 September 2020 £m	As at 30 September 2019 £m
Non-current assets		
Investments	**0.1**	–
Total non-current assets	**0.1**	–
Current assets		
Cash and cash equivalents	**0.7**	3.0
Other current assets	**34.0**	32.3
Total current assets	**34.7**	35.3
Total assets	**34.8**	35.3
Current liabilities		
Financial liabilities (excluding trade payables and provisions)	**(21.3)**	(18.1)
Other non-current liabilities	**(0.9)**	(3.8)
Total current liabilities	**(22.2)**	(21.9)
Non-current liabilities		
Financial liabilities (excluding trade payables and provisions)	**(9.0)**	(9.4)
Other non-current liabilities	**–**	–
Total non-current liabilities	**(9.0)**	(9.4)
Total liabilities	**(31.2)**	(31.3)
Net assets	**3.6**	4.0

27. Deferred tax

Group	Revaluation gain £m	Capital losses recognised on revaluation gain £m	Share-based payments £m	Total £m
At 1 October 2019	6.3	(4.3)	(0.8)	1.2
Charged/(credited) to income statement	0.4	0.2	(0.1)	0.5
At 30 September 2020	**6.7**	**(4.1)**	**(0.9)**	**1.7**

Company				
At 1 October 2019	–	–	(0.8)	(0.8)
Credited to income statement	–	–	0.1	0.1
At 30 September 2020	**–**	**–**	**(0.7)**	**(0.7)**

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.

No deferred tax asset is recognised in respect of realised or unrealised capital losses if there is uncertainty over future recoverability.

In the Spring Budget 2020, the Government announced that from 1 April 2020 the corporate tax rate would remain at 19% (rather than reducing to 17%, as previously enacted). This new law was substantively enacted on 17 March 2020, and so this new rate has been applied to deferred tax balances (2019: 19%).

28. Inventories

	As at 30 September 2020 £m	As at 30 September 2019 £m
At 1 October/At 1 July	**192.4**	136.2
Additions	**111.7**	154.6
Disposal on sale of controlling interest in subsidiary undertakings	**(36.2)**	–
Capitalisation of finance costs (Note 14)	**0.8**	1.3
Capitalisation of employee costs (Note 12)	**5.7**	8.1
Charged to income statement	**(99.6)**	(111.9)
Transferred from investment property (Note 19)	**0.9**	4.3
Impairment	**(2.1)**	(0.2)
At 30 September	**173.6**	192.4

Analysis of inventories

	As at 30 September 2020 £m	As at 30 September 2019 £m
Work in Progress	**101.5**	115.2
Land	**72.1**	77.2
	173.6	192.4

Certain of the inventories are secured against the Group's borrowings. For details see note 32.

29. Trade and other receivables

	Group		Company	
	As at 30 September 2020 £m	As at 30 September 2019 £m	**As at 30 September 2020 £m**	As at 30 September 2019 £m
Trade receivables from contract revenue with customers	**18.9**	14.7	**–**	–
Prepayments and accrued income	**30.8**	18.9	**–**	–
Other receivables	**11.2**	11.8	**0.1**	1.6
Amounts owed by Group undertakings	**–**	–	**59.9**	38.6
Trade and other receivables due in less than one year	**60.9**	45.4	**60.0**	40.2
Other receivables due in more than one year	**22.3**	21.8	**–**	–
	83.2	67.2	**60.0**	40.2

Materially, all of the trade receivables are receivables from contract revenue with customers.

The carrying value of trade and other receivables classified at amortised cost is considered a reasonable approximation of fair value.

Within prepayments and accrued income is £2.1m (30 September 2019: £5.0m) relating to income accrued on a construction contract.

Included within other receivables due in greater than one year is £20.7m (30 September 2019: £19.9m) in relation to the sale of the Group's beneficial interest of 50% in Cheshunt Lakeside Developments Limited. See note 25 for further details.

Included in prepayments and accrued income due in less than one year is £10.6m treated as short term as it represents the normal operating cycle of business but is not expected to be retained until greater than one year.

The Group does not hold any collateral as security.

As is outlined in note 5, the Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9 for trade receivables. The Group applies the general approach to providing for expected credit losses prescribed by IFRS 9 for other receivables. The expected credit loss provision in the current year and prior period are immaterial. The incurred loss provision in the current year was £2.8m (fifteen-month period ending 30 September 2019: nil).

Other receivables

	Group	
	As at 30 September 2020 £m	As at 30 September 2019 £m
Due in less than one year		
Sale of subsidiary	**–**	2.9
Sale of interest in joint venture	**–**	2.1
Loan facility	**7.9**	4.2
Other	**3.3**	2.6
	11.2	11.8
Due in more than one year		
Sale of interest in joint venture	**20.7**	19.9
Other	**1.6**	1.9
	22.3	21.8

Within other receivables due in more than one year is £1.6m (30 September 2019: £1.7m) relating to retentions receivable from construction contracting clients.

Loan facility includes amounts as follows.

	As at 30 September 2020 £m	As at 30 September 2019 £m	**Repayment status**	**Interest status**
Hillingdon Properties Limited	**4.1**	4.1	Repayable on demand	Non-interest bearing
Inland (Southern) Limited	**2.8**	0.1	Repayable on demand	Interest rate of 4%
Gallions Developments Limited	**0.7**	–	Repayable on demand	Non-interest bearing
Brook Street Properties Limited	**0.3**	–	Repayable on demand	Interest rate of 4%
	7.9	4.2		

30. Assets held for sale

The assets held for sale relate to surplus existing investment properties at Wilton Park which will not be developed and one commercial property. The assets were transferred based on a Directors' valuation as shown in the table below. Management expect disposal of these assets to occur within 12 months of the balance sheet date and post balance sheet disposals are disclosed in Note 42. The properties held as assets held for sale in the prior year were unsold during the year due to the impact of Covid-19 which disrupted the housing market temporarily.

	Year ended 30 September 2020 £m	Fifteen-month period ended 30 September 2019 £m
At 1 October/1 July	**4.7**	–
Transfer from investment properties	**5.8**	4.7
Fair value adjustment	**2.0**	–
Total	**12.5**	4.7

31. Cash and cash equivalents

	Group		**Company**	
	As at 30 September 2020 £m	As at 30 September 2019 £m	**As at 30 September 2020 £m**	As at 30 September 2019 £m
Cash at bank	**15.7**	10.9	**8.2**	7.1

Included in cash at bank is a restricted amount of £4.7m (2019: £1.3m) held on behalf of Homes England.

32. Borrowings

	< 1 year £m	**1 to 2 years £m**	**2 to 3 years £m**	**3 to 4 years £m**	**4 to 5 years £m**	**> 5 years £m**	**Total £m**
At 30 September 2020							
Secured bank loans	41.5	0.8	42.4	–	–	0.7	85.4
Secured other loans	25.3	–	–	13.1	–	–	38.4
Borrowings	66.8	0.8	42.4	13.1	–	0.7	123.8
Zero Dividend Preference shares	–	–	–	30.2	–	–	30.2
Loans from joint ventures	3.1	–	–	–	–	–	3.1
Other financing arrangements	–	6.8	–	–	–	–	6.8
Gross debt	**69.9**	**7.6**	**42.4**	**43.3**	**–**	**0.7**	**163.9**
Cash and cash equivalents	(15.7)	–	–	–	–	–	(15.7)
Net debt	**54.2**	**7.6**	**42.4**	**43.3**	**–**	**0.7**	**148.2**
At 30 September 2019							
Secured bank loans	26.8	51.3	1.2	29.6	–	–	108.9
Secured other loans	21.2	–	–	–	7.2	–	28.4
Borrowings	48.0	51.3	1.2	29.6	7.2	–	137.3
Zero Dividend Preference shares	–	–	–	–	25.9	–	25.9
Gross debt	48.0	51.3	1.2	29.6	33.1	–	163.2
Cash and cash equivalents	(10.9)	–	–	–	–	–	(10.9)
Net debt	37.1	51.3	1.2	29.6	33.1	–	152.3
Undrawn committed bank facilities							
Secured bank loans	–	–	22.6	–	–	–	22.6
Secured other loans	20.0	–	–	3.2	–	–	23.2
At 30 September 2020	**20.0**	**–**	**22.6**	**3.2**	**–**	**–**	**45.8**
At 30 September 2019	–	0.4	0.1	14.8	5.3	–	20.6

At 30 September 2020, the bank loans were secured over £34.9m (30 September 2019: £47.9m) of investment property and assets held for sale and £105.5m (30 September 2019: £147.3m) of inventories. The other loans were secured over £8.5m (30 September 2019: £7.0m) of investment property, £4.7m (30 September 2019: £nil) of property, plant and equipment and £35.9m (30 September 2019: £38.1m) of inventories. The Zero Dividend Preference shares were secured against loans to joint ventures and associates of £32.9m (30 September 2019: £38.7m) and £7.7m of unrestricted cash (30 September 2019: £7.0m).

32. Borrowings continued

Zero Dividend Preference shares

The Zero Dividend Preference shares carry no entitlement to any dividends or other distributions or to participate in the revenue or any other profits of the Company. The Zero Dividend Preference 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 Zero Dividend Preference plc's Articles of Association, which would be likely to affect their rights or general interests. At 30 September 2020, there were 18,101,857 Zero Dividend Preference shares in issue (30 September 2019: 16,430,790). An explanation of the fair value of the Zero Dividend Preference shares is included in note 7. In August 2018, the Zero Dividend Preference shareholders agreed to rollover and extend the facility and will now be repaid on or before 10 April 2024. This was accounted for as a substantial modification due to the significant extension to the term of the debt, the change to the covenants and the substantial change in interest rate. This resulted in no gain or loss being recognised in the Income Statement.

IFRS 7 'Financial liabilities: Disclosure', requires disclosure of the maturity of the Group's remaining contractual financial liabilities. The table below shows the contractual undiscounted cash outflows arising from the Group's gross debt which is split between fixed rate and variable rate borrowings.

	< 1 year £m	1 to 2 years £m	2 to 3 years £m	3 to 4 years £m	4 to 5 years £m	> 5 years £m	Total £m
At 30 September 2020							
Variable rate borrowings	41.2	7.3	–	43.3	–	–	91.8
Fixed rate borrowings	28.7	0.3	42.4	–	–	0.7	72.1
Gross debt	69.9	7.6	42.4	43.3	–	0.7	163.9
Interest on gross debt	3.3	2.6	1.5	1.4	0.6	0.1	9.5
Gross loan commitments	**73.2**	**10.2**	**43.9**	**44.7**	**0.6**	**0.8**	**173.4**
At 30 September 2019							
Variable rate borrowings	26.8	51.3	1.2	29.6	7.2	–	116.1
Fixed rate borrowings	47.1	–	–	–	–	–	47.1
Gross debt	73.9	51.3	1.2	29.6	7.2	–	163.2
Interest on gross debt	5.9	3.6	1.4	0.8	0.2	–	11.9
Gross loan commitments	79.8	54.9	2.6	30.4	7.4	–	175.1

33. Trade and other payables

	Group		Company	
	As at 30 September 2020 £m	As at 30 September 2019 £m	**As at 30 September 2020 £m**	As at 30 September 2019 £m
Trade payables	**17.0**	19.5	**0.2**	0.1
Other payables	**3.9**	14.8	**–**	0.1
Sales and social security taxes	**0.5**	0.5	**–**	–
Provisions	**0.2**	0.2	**–**	–
Accruals	**11.2**	12.7	**0.6**	0.4
Total	**32.8**	47.7	**0.8**	0.6

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

Included within trade payables is £9.1m (30 September 2019: £7.1m) relating to amounts payable in relation to construction contracts in the contract income segment and £4.3m (30 September 2019:£7.2m) in relation to construction contracts in the housebuilding segment.

Included within other payables is £nil (30 September 2019: £13.7m) in relation to the option liability payment for the purchase of 50% of Cheshunt Lakeside Developments Limited.

34. Lease liabilities

IFRS 16 'Leases' was adopted on 1 October 2019 without restatement of comparative figures. On adoption, lease liabilities were measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease which in the Group's case was the Group's incremental borrowing rate on commencement of the lease.

The Group has a lease for the Head Office facility at Burnham Yard, Beaconsfield. This has been presented on the Statement of Financial Position as a right-of-use asset and a lease liability. Short-term leases and leases of low-value underlying assets have been excluded, as is permitted by IFRS 16.

The lease imposes a restriction that the right-of-use asset can only be used by the Group and is non-cancellable for six years from the commencement of the lease. Further, the Group is prohibited from selling or pledging the underlying leased asset as security and the Group must keep the property in a good state of repair and return the property in its original condition at the end of the lease. The lease is secured by the related underlying asset.

34. Lease liabilities continued

The Group has elected not to recognise a lease liability for short term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

	Year ended 30 September 2020 £m
At 1 October 2019	–
On adoption of IFRS16 'Leases'	1.4
Interest	0.1
Lease payments	(0.3)
At 30 September 2020	**1.2**

Leases are presented in the Statement of Financial Position as follows:

	As at 30 September 2020 £m	As at 30 September 2019 £m
Current	**0.3**	–
Non-current	**0.9**	–
Total	**1.2**	–

Future minimum lease payments at 30 September 2020 were as follows:

	<1 year £m	**1-2 years £m**	**2-3 years £m**	**3-4 years £m**	**Total £m**
Lease liabilities secured against right-of-use asset	0.3	0.3	0.3	0.3	1.2
Total	**0.3**	**0.3**	**0.3**	**0.3**	**1.2**

The expense relating to payments not included in the measurement of the lease liability is immaterial.

35. Commitments and leases

Operating lease commitments where the Group is the lessor

The Group leases houses, commercial properties, modular homes 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 are as follows:

	As at 30 September 2020 £m	As at 30 September 2019 £m
Due in less than one year	**1.1**	1.5
Due later than one year and not later than five years	**0.6**	1.8
Due later than five years	**0.4**	0.9
Total	**2.1**	4.2

There were no other significant leasing arrangements where the Group is lessor at either 30 September 2020 or 30 September 2019.

36. Other financial liabilities

Other financial liabilities, falling due within one year, of £nil (30 September 2019: £4.1m) relate to purchase consideration on inventories falling due within one year. Other financial liabilities, falling due greater than one year, of £6.8m (30 September 2019: £nil) relate to the recognition of another financial liability as described on page 92.

37. Deferred income

	As at 30 September 2020 £m	As at 30 September 2019 £m
Deferred income, due in less than one year	**10.0**	–
Deferred income, due in greater than one year	**2.1**	–

The deferred income greater than one year, has arisen on receipt of a deposit relating to the sale of completed units. These are currently under construction.

The deferred income due within one year arises due to the differences between customer certification of contract income recognised under the input method of IFRS 15 and amounts billed to customers.

38. Contingencies

Subsidiary guarantees of bank loans and other loans

The Company has guaranteed the obligations of certain subsidiaries with regards to bank loans and other loans as follows:

	As at 30 September 2020 £m	As at 30 September 2019 £m
Chapel Riverside Developments Limited	**8.6**	7.2
High Wycombe Developments Limited	**–**	2.2
Hugg Homes Limited	**0.7**	–
Inland Commercial Property Limited	**0.5**	1.3
Inland Homes Developments Limited	**42.8**	30.3
Inland Limited	**4.0**	4.0
Inland Property Finance Limited	**14.3**	17.2
Inland (STB) Limited	**17.2**	8.8
Rosewood Housing Limited	**0.7**	–
Total	**88.8**	71.0

All of the above subsidiaries are going concerns.

Subsidiary guarantees of payment of subcontractors

The Group has guaranteed the obligations of certain subsidiaries with regards to the payments of subcontractors. No guarantees were considered significant at either 30 September 2020 or 30 September 2019.

Subsidiaries guarantees of build performance obligations

Inland Homes plc has guaranteed the build performance obligations of Inland Partnerships Limited on its contracts with housing associations. The Directors do not consider that these guarantees would be called up.

Associate guarantee to Troy Homes Limited

Inland Homes plc has guaranteed the obligations of Poole Investments Limited on its commitments to its associate company, Troy Homes Limited. Further information regarding the associate can be found in note 26.

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

Joint ventures and associate

Unless otherwise noted, the Group has no commitments to its joint ventures or associate.

For Bucknalls Developments Limited, the Group is committed to contributing 50% of all costs not funded by external borrowings and no further costs are expected.

For Cheshunt Lakeside Developments Limited, the Group is committed to contributing all costs not funded by external borrowings together with its joint venture partner.

For Europa Park LLP, the Group is committed to contributing 50% of all costs not funded by external borrowings and no further costs are expected.

For Gardiners Park LLP, the Group is committed to contributing 50% of all costs not funded by external borrowings and no further costs are expected.

For High Wycombe Developments Limited, the Group is committed to contributing all assets not funded by external borrowings together with its joint venture partner.

For Troy Homes Limited, the Group acquired 25% of Troy Homes Limited and is entitled to 25% of the net returns.

39. Share capital and reserves

Group and Company

The Group and Company has two classes of share capital and five types of reserves organised as follows:

Ordinary shares

Except for the shares held in the Employee Benefit Trust and the Treasury reserve, 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. Ordinary shares issued after the balance sheet date but prior to the date of this report are disclosed in note 42. On 30 April 2020, the Group announced the successful Placing and Subscription for New Ordinary Shares to raise a total of approximately £9.9 million (before expenses) by the issue of 20,750,000 ordinary shares at an Issue Price of 47.5 pence per share.

39. Share capital and reserves continued

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.

The movement in the number of shares in issue is shown in the table below.

	Authorised, issued and fully paid			
	10p ordinary shares		10p deferred shares	
	Number	£m	Number	£m
At 30 June 2018	204,551,121	20.5	9,980	–
Issued on exercise of LTIP	2,814,924	0.2	–	–
At 30 September 2019	207,366,045	20.7	9,980	–
Issued on exercise of LTIP	225,000	–	–	–
Issued on placing and subscriptions for new ordinary shares	20,750,000	2.1	–	–
At 30 September 2020	**228,341,045**	**22.8**	**9,980**	**–**

	10p ordinary shares Number
Total voting shares[1]	
At 30 June 2018	202,098,621
At 30 September 2019	205,738,545
At 30 September 2020	**226,713,545**

1 Ordinary shares in issue less shares held in the Employee Benefit Trust and the Treasury reserve.

Reserves

The following describes the nature and purpose of each reserve within shareholders' equity:

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value less directly attributable issue costs.
Employee benefit trust	This represents the purchase of the Company's own shares and are deducted from total equity until they are issued to employees under the Deferred Bonus Plan. At 30 September 2020 this reserve holds 1,627,500 shares (30 September 2019: 1,627,500 shares).
Special reserve	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.
Treasury reserve	This represents the purchase of the Company's own shares which deducted from total equity until they are issued to employees under the share option plan. At 30 September 2020, this reserve holds nil shares (30 September 2019: nil).
Retained earnings	Cumulative net gains and losses recognised in the Group income statement together with other items such as dividends and share-based payments.

	10p ordinary shares	
	Number	£m
Employee Benefit Trust		
At 30 June 2018, 30 September 2019 & 30 September 2020	**1,627,500**	**(1.1)**
Treasury reserve		
At 30 June 2018	825,000	(0.5)
Purchase of own shares	200,000	(0.1)
Exercise of share options	(1,025,000)	0.6
At 30 September 2019 and 30 September 2020	**–**	**–**

40. Cash flow information

Net debt reconciliation

	As at 30 September 2019 £m	Cash flows £m	Cash flows: Proceeds £m	Cash flows: Repayments £m	Non-cash movements: Amounts derecognised on disposal of controlling interest in subsidiary undertaking £m	Non-cash movements: Movement in accrued liability £m	**As at 30 September 2020 £m**
Secured bank loans	108.9	–	31.6	(30.4)	(23.6)	(1.1)	**85.4**
Other secured loans	28.4	–	13.1	(3.0)	–	(0.1)	**38.4**
Borrowings	137.3	–	44.7	(33.4)	(23.6)	(1.2)	**123.8**
Zero Dividend Preference shares	25.9	–	2.7	–	–	1.6	**30.2**
Loans from joint ventures	–	–	3.1	–	–	–	**3.1**
Other financing arrangements	–	–	6.6	–	–	0.2	**6.8**
Gross debt	163.2	–	57.1	(33.4)	(23.6)	0.6	**163.9**
Cash and cash equivalents	(10.9)	(4.8)	–	–	–	–	**(15.7)**
Net debt	152.3	(4.8)	57.1	(33.4)	(23.6)	0.6	**148.2**
Net assets							
IFRS	162.2						**173.3**
Net gearing							
IFRS	93.9%						**85.5%**

	As at 30 June 2018 £m	Cash flows £m	Non-cash movements: Amortisation of loan arrangement fees £m	Non-cash movements: Non-cash receivable settlement £m	Non-cash movements: Movement in accrued liability £m	**As at 30 September 2019 £m**
Secured bank loans	67.4	38.5	1.7	1.3	–	**108.9**
Other secured loans	34.3	(5.9)	–	–	–	**28.4**
Borrowings	101.7	32.6	1.7	1.3	–	**137.3**
Zero Dividend Preference shares	18.4	6.2	–	–	1.3	**25.9**
Gross debt	120.1	38.8	1.7	1.3	1.3	**163.2**
Cash and cash equivalents	(40.4)	29.5	–	–	–	**(10.9)**
Net debt	79.7	68.3	1.7	1.3	1.3	**152.3**
Net assets						
IFRS	142.4					**162.2**
Net gearing						
IFRS	56.0%					**93.9%**

41. Related party transactions

Nishith Malde is a non-executive Director of Troy Homes Limited, an associate of the Group. Please see note 26 for balances outstanding from the associate and contractual terms of the debtors at 30 September 2020 and as at 30 September 2019.

The Group has interests in several joint ventures, all of which are considered to be material. Further information including the Group's share of the net assets and net results of these joint ventures as well as outstanding loan amounts, interest and distributions received can be found in note 25.

For details of compensation paid to the Directors and key management please see the Remuneration Committee report on pages 59 to 63 and note 12. For Directors' shareholdings in the Company, please see the Directors' report on pages 65 to 66.

42. Post balance sheet events

On 1 October 2020, Terry Roydon, non-executive Chairman, purchased 150,000 ordinary shares. On the same day, the R&H Trust Co Limited as a Trustee of The Leon Roydon Foundation sold 150,000 ordinary shares. Terry Roydon is a beneficiary of the Leon Roydon Foundation and therefore interested in those shares. Following the transfer, Terry Roydon continues to hold an interest in 357,500 ordinary shares.

On 28 October 2020, the Group's joint venture, Cheshunt Lakeside Developments Limited, renewed its bond with Beaufort Ventures II (Jersey) Limited for a period of one further year to 28 October 2021.

On 4 November 2020, Nishith Malde, an executive director of the Company, exercised options over ordinary shares of 10 pence each under the unapproved share option scheme. Nishith Malde exercised a total of 1,500,000 options and sold 1,000,000 ordinary shares to cover the exercise price and the tax liability arising from the exercise of these options. Following the above transactions, Nishith Malde holds an interest in 11,496,792 Ordinary Shares representing approximately 5.0% of the Company's issued share capital Following issue of these shares, the Company will have a total of 229,841,045 Ordinary Shares in issue.

On 9 October 2020, the Group reacquired all of the ordinary share capital of Appletree Farm Cressing Limited. The acquired entity holds land with planning permission for housebuilding in Cressing, Essex which the Group plans to develop out.

On 8 January 2021, the Group extended its revolving credit facility of £15.4m from a fund to 31 December 2021.

On 9 January 2021, the Group disposed of Inland Commercial Property Limited to a third party. The legal entity contained a commercial property asset that was accounted for as an asset held for sale at 30 September 2020 and the sale achieved the value of the asset.

On 13 January 2021, it was confirmed that the planning application for Hillingdon Gardens at the former Master Brewer site will not be called in by the Secretary of State for Housing, Communities and Local Government. The site has been the subject of third-party requests to call in for determination by the Secretary of State but it has been decided that the application for 514 homes can be determined at a local level by the Greater London Authority. The site was approved by the Mayor of London in September 2020 and will now be subject to signing of a Section 106 agreement which is expected to be signed during 2021.

On 15 January 2021, the Group exchanged conditional contracts with Bewley Homes PLC for the sale of 53 units at Wilton Park, Beaconsfield.

On 15 January 2021, the Group also extended bank facilities amounting to £41.3m to 30 April 2022 on existing terms.

On 18 January 2021, the Group extended two facilities amounting to £11.0m from a lender to 31 December 2021 on existing terms.

Five year summary (unaudited)

Year ended 30 September

	2020[3] £m	2019[2] £m	2018[1] £m	2017[1] £m	2016[1] £m
Revenue	**124.0**	147.9	147.4	90.7	101.9
Profit before tax	**3.7**	25.0	19.3	19.6	33.7
Inventories	**173.6**	192.4	136.2	139.9	148.4
Cash	**15.7**	10.9	40.4	26.5	16.7
Gross debt	**163.9**	163.2	120.1	94.5	71.3
Net debt	**148.2**	152.3	79.7	68.0	54.6
Net gearing (%)					
IFRS	**85.5**	93.9	56.0	52.1	46.9
EPRA	**62.9**	65.1	38.6	35.0	29.3
Net assets					
IFRS	**173.3**	162.2	142.4	130.6	116.3
EPRA	**235.7**	233.9	206.7	194.4	184.7
Earnings per share (p)					
Basic	**0.79**	11.79	7.64	7.82	14.01
Diluted	**0.77**	11.47	7.30	7.46	13.38
Dividend per share (p)					
IFRS	**–**	3.10	1.85	1.40	1.10
Distribution of year's earnings	**–**	2.40	2.20	1.70	1.30
Net asset value per share (p)					
IFRS	**76.45**	78.84	70.46	64.62	57.66
EPRA – diluted	**101.59**	110.55	98.03	91.88	88.22
EPRA – undiluted	**103.97**	113.69	102.28	96.22	92.34

	Number	Number	Number	Number	Number
Private housing units sold	**226**	202	275	188	147
Land plots sold	**107**	532	837	780	425
Land bank plots	**11,045**	7,796	6,870	6,776	6,681
Plots with planning permission and resolution to grant planning consent	**2,470**	2,956	1,708	2,105	1,163
Plots without planning permission	**8,575**	4,840	5,162	4,671	5,518

[1] Twelve-month reporting period ended 30 June.
[2] Fifteen-month reporting period ended 30 September.
[3] Twelve-month reporting period ended 30 September.

List of definitions

Accident Frequency Rate (AFR)
The Accident Frequency Rate is a way of measuring the accidents we have based on a category of accident which is reportable to the Health and Safety Executive under RIDDOR.

Affordable Housing
Social rented and intermediate housing provided to specified eligible households whose needs are not met by the market, at a cost low enough for them to afford, determined with regard to local incomes and local house prices.

Brownfield site
Land which has been previously used or built upon.

Community Infrastructure Levy (CIL)
The CIL is a levy payable by developers to local authorities in England and Wales to help deliver infrastructure to support the development of the area.

Diluted figures
Reported results adjusted to include the effects of potential dilutive shares issuable under the Group's share option plans, LTIPs and deferred bonus schemes.

Earnings/earnings per share (EPS)
Earnings represent the profit or loss for the year attributable to equity shareholders and are divided by the weighted average number of ordinary shares in issue during the financial year to arrive at earnings per share.

European Public Real Estate Association (EPRA)
A not-for-profit association with a membership of Europe's leading property companies, investors and consultants which strives to establish best practices in accounting, reporting and corporate governance and to provide high-quality information to investors. EPRA published its latest Best Practices Recommendations in November 2016. This includes guidelines for the calculation of the following performance measures which the Group has adopted:

- EPRA net asset value per share

  NAV adjusted to include land and properties and other investment interests at fair value and to exclude certain items not expected to crystallise in a long term investment property business model.

- EPRA triple net asset value per share

  EPRA NAV adjusted to include the fair values of (i) financial instruments, (ii) debt and (iii) deferred taxes on revaluations, where applicable.

Forest Stewardship Council (FSC)
FSC runs a global forest certification system with two key components, forest management and chain of custody. This system allows consumers to identify, purchase and use wood, paper and other forest products produced from well-managed forests and/or recycled materials. FSC's "tick tree" logo is used to indicate that products are certified under the FSC system.

Golden brick
The 'golden brick' is the first brick laid above the foundation level. At this point, the house builder can zero rate the sale of land that will form the site of a building provided a building is clearly under construction.

Headroom
This is the amount left to draw under the Group's loan facilities (i.e. the total loan facilities less amounts already drawn).

Help to Buy
The Help to Buy equity loan scheme is a government scheme which provides equity loans to both first-time buyers and home movers on newly constructed homes worth up to £600,000 in England. Buyers have to contribute at least 5% of the property price as a deposit and obtain a mortgage of up to 75% and the government provides a loan for up to 20% of the price. The Help to Buy mortgage guarantee scheme helps people to buy a home worth up to £600,000 in the UK with a 5% deposit to obtain a 95% mortgage. The government gives a guarantee to the lender of up to 15% of the value of the property.

Key Performance Indicators (KPIs)
Activities and behaviours, aligned to both business objectives and individual goals, against which the performance of the Group is annually assessed. Performance measured against them is referenced in the Annual Report.

Net asset value (NAV) per share
Equity shareholders' funds divided by the number of ordinary shares in issue at the balance sheet date.

Net debt
Borrowings plus accrued ZDP liability less cash and cash equivalents.

Net gearing/EPRA net gearing
Loans and accrued ZDP liability less cash as a proportion of IFRS and EPRA net asset value respectively.

Programme for the Endorsement of Forest Certification (PEFC)

The Programme for the Endorsement of Forest Certification (PEFC) is an international non-profit, non-governmental organisation dedicated to promoting sustainable forest management through independent third-party certification. It works throughout the entire forest supply chain to promote good practice in the forest and to ensure that timber and non-timber forest products are produced with respect for the highest ecological, social and ethical standards. Its eco-label means customers and consumers are able to identify products from sustainably managed forests.

Planning permission

Usually granted by the local planning authority, this permission allows a plot of land to be built on, change its use or, for an existing building, be redeveloped or altered. Permission is either 'outline' when detailed plans are still to be approved, or 'detailed' when detailed plans have been approved.

Profit before tax

Profit before tax after excluding any revaluation gains or losses.

Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR)

RIDDOR refers to the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013. The regulations require an employer to report any absence by an employee of seven days or more caused by an accident at work to the Health and Safety Executive.

Section 106 planning agreements (s106)

These are legally-binding agreements or planning obligations entered into between a landowner and a local planning authority, under section 106 of the Town and Country Planning Act 1990. These agreements are a way of delivering or addressing matters that are necessary to make a development acceptable in planning terms. They are increasingly used to support the provision of services and infrastructure, such as highways, recreational facilities, education, health and affordable housing.

Social housing

Housing that is let at low rents and on a secure basis to people with housing need. It is generally provided by councils and organisations such as housing associations.

Shareholder notes

Advisers and Company information

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5482990

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