

INLAND ZDP PLC

Annual Report and Accounts for the year ended 30 June 2014

Company number 08303612

Contents

Strategic Report	1
Chairman's Statement	2
Board of Directors	3
Report of the Directors	4
Statement of Directors' Responsibilities	7
Independent Auditor's Report	8
Statement of Comprehensive Income	9
Statement of Financial Position	10
Statement of Changes in Equity	11
Statement of Cash Flow	12
Notes to the Accounts	13
Corporate Information	17

Strategic Report

The Company

Inland ZDP plc was incorporated on 22 November 2012 and has a capital structure comprising unlisted Ordinary Shares and Zero Dividend Preference Shares ('ZDP Shares') listed on the Official List and traded on the London Stock Exchange. The Company's Ordinary Share Capital is wholly owned by Inland Homes 2013 Limited which is a wholly owned subsidiary of Inland Homes plc ('Inland'), which has a principal activity of acquiring residential and mixed use sites and seeking planning consent for development. Inland develops a number of the plots for private sale and sells consented plots to housebuilders.

On 14 December 2012, the Company placed 8,500,000 ZDP Shares at 100p per share and this placing raised a total of £8.08m of net proceeds. A further placing of 849,900 ZDP Shares at 103p per share took place on 23 January 2013, raising £0.85m of net proceeds. On 14 March 2014, the company placed 934,900 ZDP shares at 118.5p per share, raising £1.06m of net proceeds. Pursuant to a loan agreement between the Company and Inland, the Company has lent Inland the gross proceeds of its placings and all issue costs were borne by Inland. This loan is on terms requiring its repayment by Inland to the Company on the ZDP Shares repayment date of 10 April 2019.

Investment Objective and Investment Policy

The objective of the Company is to provide the final capital entitlement of the Company's ZDP Shares to the holders of the ZDP Shares at the repayment date of 10 April 2019.

Principal Risks and Uncertainty and Risk Management

The Board believes that the principal risk faced by the Company is the credit risk associated with the loan made to its ultimate parent company, Inland Homes plc. The specific risks faced by Inland Homes plc are included within its financial statements and comprise: the inability to source, acquire, promote and dispose of land; the increased complexity in the planning process and the adoption of the Community Infrastructure Levy; a severe fall in the housing market in the regions in which the Group operates; inability to source high calibre and experienced staff; significant upward changes in interest rates; unexpected contamination being found on a site; changes in legislation; cost overruns, material shortages and construction delays; and the availability of bank funding. The Directors of the Company are also directors of the ultimate parent company and are therefore in a position to assess the recoverability of amounts due by Inland Homes plc.

The Company is also exposed to risks in relation to its financial instruments. Further details of these risks and the way in which they are managed are contained in note 9 to the financial statements.

Key Performance Indicators

The key performance indicators used by the Board to measure the Company's success are the accrued capital entitlement and the price of the ZDP Shares.

	2014 £000	2013 £000
Accrued capital entitlement per ZDP Share	111.34p	103.78p
ZDP share price	124.00p	109.75p

The accrued capital entitlement will continue to increase as the repayment date approaches.

It is anticipated that the ZDP share price will be higher than the accrued entitlement as it will reflect the fixed nature of the return. As interest rates remain low, there will be a premium on the ZDP shares as the return is higher than is generally available elsewhere. It is unlikely that the share price will exceed the ultimate repayment price of 155.9 pence per share.

By order of the Board

Nishith Malde

Director

23 October 2014

Chairman's Statement

I am pleased to present the Company's Annual Report and Accounts for the period ended 30 June 2014.

The Company is a wholly owned subsidiary of Inland and was established solely for the purpose of issuing and redeeming ZDP Shares. 8,500,000 and 849,900 ZDP Shares were issued on 14 December 2012 at 100 pence per share and 23 January 2013 at 103 pence per share respectively. A further issue of 934,900 ZDP Shares took place on 14 March 2014 at 118.5p per share. They will redeem on 10 April 2019 at a price of 155.9 pence per ZDP share giving a redemption yield of 7.3% per annum on the first placing, 6.92% per annum on the second and 5.57% per annum on the third. The proceeds of the ZDP Share issues were lent to Inland for use in future investment opportunities.

The results for the period are shown in the accounts on pages 9 to 16. As at 30 June 2014 the ZDP Share price was 124.00 pence (2013: 109.75 pence), representing a premium of 11.4% (2013: 5.8%) over the net asset value per ZDP Share of 111.34 pence (2013: 103.78 pence).

The loan and contribution agreements between the Company and Inland contain certain protections for the Company which are intended to benefit its ZDP Shareholders. These include first charges over Pledged Assets (property) and Pledged Cash in a charged bank account. The Pledged Assets must have a book value of at least 120% of the accrued value of the ZDP Shares net of the Pledged Cash. As at 30 June 2014, the accrued amount due to ZDP Shareholders was £11,451,154 (2013: £9,695,756), the Pledged Cash was £10,471,000 (2013: £12,161,465) and the Pledged Assets had a book value of £20,746,770 (2013: £7,402,328), thereby satisfying this requirement.

The loan agreement also contained two covenants relating to asset cover and gearing, both of which are shown below as at 30 June 2014. The definitions of Assets and Financial Indebtedness are set out in the Prospectus published in connection with the issue of the ZDP Shares which is available at www.inlandhomes.co.uk/inland-zdp-plc.

Asset Cover:

Assets / Financial Indebtedness plus ZDP Final redemption Liability £97.19m / £33.29m = 2.9 times cover
The Asset Cover should be at least 1.8 times, so this covenant, which is tested quarterly, was satisfied at 30 June 2014.

Gearing:

Financial Indebtedness plus ZDP accrued liability / Assets £28.71m / £97.19m = 29.5%
The gearing ratio should not exceed 40% so this covenant was also satisfied at 30 June 2014.

The Board believes that the use of book values is generally conservative, because a substantial proportion of the Group's assets are properties for which planning consents are sought. The planning process takes time and any progress towards reaching the stage when building can commence is not reflected in an increase in the book values beyond the costs attributable to the relevant sites, whereas any diminution in value is reflected by way of impairment provisions, such that planning gains are not generally recognised in Inland's financial statements until sales are contracted. If the covenant ratios were to be calculated by reference to the market values of the assets, the cover would be higher and the gearing lower.

The board is pleased to note that Morningstar included the Company's ZDP shares in its published financial statistics during the financial year ended 30 June 2014. These include cover ratio statistics which are generally calculated on a different basis from that used for the covenant tests, deducting prior charges from the gross assets and dividing the result by the final redemption liability of the ZDP shares. In Inland's case, the ZDP Shares benefit from first charges over some of the Group's assets. As at 30 June 2014, Inland's Gross Assets of £126.63m (2013: £85.49m) divided by the final redemption liability of the ZDP Shares of £16.03m (2013: £14.58m) results in a cover ratio of 7.9 times (2013: 5.86 times).

Nishith Malde

Chairman

23 October 2014

Board of Directors

Nishith Malde

Chairman

qualified as a Chartered Accountant in 1985 with KPMG and specialised in advising owner managed businesses. He left KPMG in 1989 to set up a consultancy firm which later merged with an audit practice where he was the partner responsible for the affairs of Country & Metropolitan plc. Mr Malde joined Country & Metropolitan plc as finance director and company secretary in 1998. He was actively involved in the preparation for the flotation of Country & Metropolitan plc in December 1999 and its further development until it was acquired by Gladedale Holdings plc in April 2005. Mr Malde is on the board of Energiser Investments plc and is the Finance Director of Inland Homes plc.

Stephen Wicks

Director

was the founding shareholder and chief executive of Country & Metropolitan plc, which floated on the main market of the London Stock Exchange in December 1999 with a market capitalisation of £6.9m. He directed the growth of Country & Metropolitan plc until its disposal in April 2005 to Gladedale Holdings plc for approximately £72m. Mr Wicks has worked in the construction and housebuilding sector all of his working life and has extensive knowledge of local and national policies on both greenfield and brownfield sites. He is also the Chief Executive of Inland Homes plc.

Paul Brett

Director

has been involved in the housing sector all of his working life, acquiring and master planning brownfield sites at Country & Metropolitan plc for ten years during which time he was promoted to Land Director of its Southern Region. He has extensive experience in identifying brownfield land and the necessary knowledge of the complexities of the planning system. Mr Brett joined the Inland Group in August 2005 and was appointed to the Board of Inland Homes plc in October 2011.

All the Directors are also directors of the Company's ultimate parent company, Inland Homes plc.

Report of the Directors

Results and Dividends

The Directors submit the Annual Report and Accounts of the Company for the year ended 30 June 2014.

The accounts have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the EU. There was no profit available for dividends for the period.

Principal Activity and Status

The Company is a wholly owned subsidiary of Inland Homes 2013 Limited which is a wholly owned subsidiary of Inland Homes plc, incorporated in England & Wales, which has a principal activity of acquiring residential and mixed use sites and seeking planning consent for development. Inland develops a number of the plots for private sale and sells consented plots to housebuilders. Inland owns the entire issued ordinary share capital of the Company.

The Company's registration number is 8303612.

Share Capital

Ordinary Shares

The issued ordinary share capital of the Company at 30 June 2014 amounted to 50,000 Ordinary Shares of £1.00 each (2013: 50,000).

On a winding up of the Company, after satisfying all liabilities, including obligations to the holders of ZDP Shares, Ordinary shareholders are entitled to receive the surplus assets of the Company available for distribution. Ordinary shareholders have the right to receive notice of, and attend and vote at any general meetings of the Company.

Zero Dividend Preference Shares

At 30 June 2014 there were a total of 10,284,800 ZDP Shares of 10 pence each in issue (2013: 9,349,900).

In accordance with the Company's Articles of Association, the ZDP Shares carry no entitlement to any dividends or other distributions or to participate in the revenue or any other profits of the Company. The ZDP shareholders have no right to receive notice of, or to attend or vote at, any general meeting of the Company except in those circumstances set out in the Company's Articles of Association, which would be likely to affect their rights or general interests. The final capital entitlement for the ZDP Shares is not guaranteed should Inland's net assets be insufficient on the repayment date. The security provided to the Company, from which ZDP shareholders benefit, and the covenants that Inland must adhere to are detailed in the Chairman's Statement.

Board of Directors

The Board of Directors is responsible for the overall stewardship of the Company including investment and dividend policies, corporate strategy, corporate governance and risk management. Biographical details of all the Directors, all of whom are non-executive, can be found on page 3. All Directors are also directors of the Company's parent company, Inland Homes plc.

None of the Directors has had any interest in the Ordinary Shares or the ZDP Shares of the Company at any time during the period. The Directors' interests in the shares of Inland, the Company's ultimate parent company, are shown in Inland's Annual Report and Accounts for the year ended 30 June 2014.

Directors will retire where they have been a Director at each of the two preceding Annual General Meetings (AGM) but have not been appointed or re-elected in any of those two AGMs. As Mr Stephen Wicks, Mr Nishith Malde and Mr Paul Brett all retired and were re-elected at the previous AGM, no Directors will be retiring this year.

The Board has carefully considered the independence of each Director and, notwithstanding the cross-directorships detailed above, has concluded that each Director is wholly independent as none of the Directors hold a beneficial interest in the Company and none are ZDP shareholders. The Directors believe that the Board has an appropriate balance of skills and experience, independence and knowledge of the Company to enable it to provide effective strategic leadership and proper governance of the Company.

Given the nature of the Company's business and the number of directors, the Directors have not established separate committees of the Board but deal with all business themselves.

The Board confirms that the performance of each of the Directors continues to be effective, which is illustrated by the compliance with the covenants at each quarter end, and demonstrates commitment to the role. The Board therefore believes that it is in the interest of shareholders that these Directors remain in office.

Report of the Directors (continued)

Directors' Indemnities

As at the date of this report, indemnities are in force between Inland and each of its Directors under which the Company has agreed to indemnify each Director, to the extent permitted by law, in respect of certain liabilities incurred as a result of carrying out his or her role as a Director of Inland and the Company. The Directors are also indemnified against the costs of defending any criminal or civil proceedings or any claim by Inland or the Company or a regulator as they are incurred provided that where the defence is unsuccessful, the Director must repay those defence costs to the Company. The indemnities are qualifying third party indemnity provisions for the purposes of the Companies Act 2006. A copy of each deed of indemnity is available for inspection at the Company's registered office during normal business hours.

Conflicts of Interest

Under the Companies Act 2006 a Director must avoid a situation where he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict with the Company's interests. The requirement is very broad and could apply, for example, if a Director becomes a director of another company or a trustee of another organisation. The Companies Act 2006 allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the Articles of Association contain a provision to approve such situations.

The Company maintains a register of Directors' conflicts of interest which have been disclosed and approved by the other Directors. This register is kept up to date and the Directors are required to disclose to the Board of Directors any changes to conflicts or any potential new conflicts.

Compliance with Corporate Governance

The Company is committed to high standards of corporate governance and the Board is accordingly accountable to the Company's shareholders for good governance. However, as the Company has only ZDP Shares listed, it is not required to comply with the UK Corporate Governance Code but is committed to appropriately high standards of corporate governance.

Further detailed disclosures relating to the corporate governance procedures of the Group can be found in the Annual Report of the ultimate parent company, Inland Homes plc, which is available on Inland's website (www.inlandhomes.co.uk).

Community, Employee and Environmental Issues

In carrying out its activities and in its relationships with the community, the Company aims to conduct itself responsibly, ethically and fairly. The Company has no employees and the Board is comprised entirely of non-executive Directors.

Going Concern

The Directors believe that the Company has the ability to meet its financial obligations as they fall due for a period of at least twelve months from the date of approval of the financial statements. Accordingly the financial statements have been prepared on a going concern basis.

Financial Instruments

The Company's financial instruments comprise debtors and creditors that arise directly from its operations. The financial risk management objectives and policies arising from its financial instruments and the exposure of the Company to risk are disclosed in note 9 to the financial statements.

Significant Agreements

Pursuant to the intra-group loan agreement between the Company and Inland documenting the loan from the Company to Inland of the proceeds of the ZDP Share placing, the loan will be on terms requiring its repayment by Inland to the Company immediately prior to the ZDP repayment date, being 10 April 2019. These funds are to be managed in accordance with the investment policy of Inland.

Disclosure of Information to Auditors

The Directors confirm that, so far as each of them are aware, there is no relevant audit information of which the Company's auditors are unaware and the Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Report of the Directors (continued)

Auditor

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

By order of the Board

Nishith Malde

Director

23 October 2014

Statement of Directors' Responsibilities

Statement of Directors' Responsibilities in Relation to the Financial Statements

The Directors are responsible for preparing 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 year. Under that law the Directors have elected to prepare financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 and profit or loss of the Company for that period. 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 applicable IFRSs have been followed in relation to the Company accounts, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Responsibility Statements under the Disclosure and Transparency Rules

Each of the Directors confirms that to the best of his knowledge:

- the financial statements, prepared in accordance with IFRS as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- The Strategic Report and the Report of the Directors includes a fair review of the development and performance of the business and the position of the Company together with a description of the principal risks and uncertainties it faces.

On behalf of the Board

Nishith Malde

Director

23 October 2014

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

We have audited the financial statements of Inland ZDP plc for the year ended 30 June 2014 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 June 2014 and of its result for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Strategic Report and the Report of the Directors for the financial period for which the Company financial statements are prepared is consistent with the Company financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches visited by us; or
- the 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.

Nicholas Watson

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Reading

23 October 2014

Statement of Comprehensive Income

For the year to 30 June 2014

	Note	Year ended 30 June 2014	£000	Period from 22 November 2012 to 30 June 2013
Continuing operations				
Revenue				
Interest income	2	723	346	
Total income		723	346	
Expenditure				
Expenses	3	—	—	
Total expenditure		—	—	
Profit before finance costs and taxation		723	346	
Finance costs	4	(723)	(346)	
Profit before tax		—	—	
Income tax	5	—	—	
Profit for the year and total comprehensive income		—	—	
Earnings per share for profit attributable to the equity holders of the Company during the year	6	0.0p	0.0p	

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

Statement of Financial Position

At 30 June 2014

	Note	2014 £000	2013 £000
Non-current assets			
Intercompany receivable	9,11	11,602	9,771
		11,602	9,771
Creditors: amounts falling due after more than one year			
Zero Dividend Preference Shares	7	(11,552)	(9,721)
		(11,552)	(9,721)
Net assets		50	50
Equity			
Ordinary share capital	8	50	50
Shareholders' funds		50	50

The financial statements were approved and authorised for issue by the Board of Directors on 23 October 2014 and signed on their behalf by:

Nishith Malde

Chairman

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

Statement of Changes in Equity

At 30 June 2014

	Share capital £000	Total £000
At 1 July 2012	—	—
Issue of equity	50	50
Result and total comprehensive income for the period from 22 November 2012 to 30 June 2013	—	—
At 30 June 2013	50	50
Result and total comprehensive income for the year	—	—
At 30 June 2014	50	50

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

Statement of Cashflows

For the year ended 30 June 2014

	Year ended 30 June 2014 £000	Period from 22 November 2012 to 30 June 2013 £000
Cash flow from operating activities		
Profit for the period before tax	—	—
Adjustments for:		
– interest expense	723	346
– interest and similar income	(723)	(346)
Net cash flow from operating activities	—	—
Cash flow from investing activities		
Loan to ultimate parent company	(1,108)	(9,375)
Net cash outflow from investing activities	(1,108)	(9,375)
Cash flow from financing activities		
Proceeds on issue of ZDP Shares	1,108	9,375
Net cash inflow from financing activities	1,108	9,375
Net increase in cash and cash equivalents	—	—
Net cash and cash equivalents at beginning of period	—	—
Net cash and cash equivalents at the end of period	—	—

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

Notes to the Accounts

For the year ended 30 June 2014

1. Accounting policies

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

Basis of preparation

The financial information has been prepared in accordance with the Companies Act 2006 and International Financial Reporting Standards ('IFRS') as adopted by the European Union. The financial information comprises the Statement of Financial Position as at 30 June 2014 and, for the year ended 30 June 2014, the related Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and related notes hereinafter referred to as 'financial information'. The principal accounting policies adopted by the Company are set out below.

The accounting policies that have been applied in the opening Statement of Financial Position have also been applied throughout all periods presented in these financial statements. These accounting policies comply with each IFRS that is mandatory for accounting periods ending on 30 June 2014. IFRS13 Fair Value Measurement became mandatory for the first time for the financial year beginning 1 July 2013 but has had no material impact on the results of the Company for the year ended 30 June 2014.

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

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

Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company's financial statements.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Company

- IFRS10 Consolidated Financial Statements
- IFRS11 Joint Arrangements
- IFRS12 Disclosure of Interests in Other Entities
- IAS27 (Revised) Separate Financial Statements
- IAS28 (Revised) Investments in Associates and Joint Ventures

Standards in issue but not yet effective

- IFRS9 Financial Instruments (effective 1 January 2018)
- IFRS15 Revenue from Contracts with Customers (effective 1 January 2017)
- IAS19 Employee Benefits (Revised June 2011) (effective 1 January 2014)
- Disclosures — Offsetting Financial Assets and Financial Liabilities — Amendments to IFRS7 (effective 1 January 2014)
- Offsetting Financial Assets and Financial Liabilities — Amendments to IAS32 (effective 1 January 2014)

None of the standards above are expected to have an impact on the Company's financial statements.

Revenue

Interest income is recognised in revenue using the effective interest method on an accruals basis.

Expenses

All expenses are borne by the Company's parent company, Inland Homes plc.

Zero Dividend Preference Shares

Zero Dividends Preference Shares are recognised as liabilities in the Statement of Financial Position in accordance with IAS 32 Financial Instruments: Presentation. After initial recognition, these liabilities are measured at amortised cost, which represents the initial proceeds of the issuance plus the accrued entitlement to 30 June 2014.

Intercompany Receivable

Intercompany receivables are recognised as assets in the Statement of Financial Position in accordance with IAS 32 Financial Instruments: Presentation. After initial recognition they are measured at amortised cost which represents the initial loan plus the accrued interest receivable at the reporting date.

Notes to the Accounts

For the year ended 30 June 2014

1. Accounting policies (*continued*)

Finance Costs

Finance costs are calculated as the difference between the proceeds on the issue of Zero Dividend Preference Shares and the final liability and are charged as finance costs over the term of the life of these shares using the effective interest method.

Taxation

The charge for taxation is based on the taxable profits for the period. Taxable profit differs from profit before tax as reported in the Statement of Comprehensive Income because it excludes items of income or expenses that are never taxable or deductible. The Company's liability for tax is calculated using rates that have been enacted or substantively enacted by the reporting date.

Deferred taxation

Taxation deferred or accelerated can arise due to temporary differences between treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all temporary differences that have arisen, but not reversed, by the reporting date.

Equity

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

- 'Share capital' represents the nominal value of equity shares.

Key estimates and assumptions

Estimates and judgements used in preparing the financial statements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed reasonable. The resulting estimates will, by definition, seldom equal the related actual results.

The Company has entered into two agreements with its parent company, an interest free loan note agreement and an asset contribution agreement covering the final repayment of external ZDP liabilities. The directors consider that to correctly reflect the substance of the transactions these should be accounted for as one financial instrument.

Segment information

In accordance with IFRS8, information is disclosed to enable the users of financial statements to evaluate the nature and financial effects of the business activities in which the Company engages. The Board has identified that the sole operating segment is to provide the final capital entitlement of the Company's ZDP Shares to the holders of the ZDP Shares at the repayment date of 10 April 2019. Consequently, all information presented in these financial statements relate to that segment.

2. Income

	Year ended 30 June 2014 £000	Period from 22 November 2012 to 30 June 2013 £000
Other interest	723	346

3. Expenses

Administration expenses of £nil were suffered during the period (2013: £nil). All administration expenses, including auditor's remuneration, during the period were borne by the ultimate parent company, Inland Homes plc. Directors' remuneration was borne by a fellow subsidiary undertaking, Inland Limited.

4. Finance costs

	Year ended 30 June 2014 £000	Period from 22 November 2012 to 30 June 2013 £000
ZDP Share interest costs	723	346

Notes to the Accounts

For the year ended 30 June 2014

5. Taxation

	Year ended 30 June 2014 £000	Period from 22 November 2012 to 30 June 2013 £000
Profit before tax	—	—
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 22.5% (2013: 24.0%)	—	—
ZDP Share interest costs disallowed	163	83
Group relief	(163)	(83)
Tax charge	—	—

6. Earnings per Ordinary Share

The calculation of earnings per share is based on a profit after tax figure for the period of £nil (2013: £nil) and the weighted average number of 50,000 Ordinary Shares in issue during the period. The basic and diluted earnings per share are the same.

7. Zero Dividend Preference Shares

	2014 No. £000	2014 £000	2013 No. £000
ZDP shares			
Opening ZDP shares	9,349,900	9,721	—
Issued during the period	934,900	1,108	9,349,900
ZDP Share interest cost	—	723	346
	10,284,800	11,552	9,349,900
			9,721

Details of the terms of the issue of the ZDP Shares can be found in the Chairman's Statement on page 2.

8. Ordinary share capital

	2014 No. £000	2014 £000	2013 No. £000
Opening Ordinary Shares	50,000	50	—
Issued during the period	—	—	50,000
50,000 issued Ordinary Shares of £1 each	50,000	50	50,000
			50

All Ordinary Shares are owned by the Company's parent company, Inland Homes 2013 Limited.

Each Ordinary Share is entitled to one vote at a general meeting.

In addition to receiving any income distributed by way of dividend, the ordinary shareholders will be entitled to all surplus assets after payment of all debts, including the ZDP Shares.

9. Financial instruments

The Company's financial instruments comprise fixed interest creditors classified as financial liabilities at amortised cost and loans and receivables.

The main risks arising from the Company's financial instruments are liquidity risk and funding risk and credit risk.

Liquidity and funding risk

This is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities.

Liquidity risk is considered to be significant as the Company is reliant upon repayment from its ultimate parent company. Details of how the liquidity risk of the ultimate parent company is managed are contained within the financial statements of the ultimate parent company.

Contractual maturity analysis for financial liabilities

	2014 £000	2013 £000
ZDP Shares final redemption figure	ZDP Shares final redemption figure	
More than one year and less than five	16,034	—
Over five years	—	14,576
	16,034	14,576

Notes to the Accounts

For the year ended 30 June 2014

9. Financial instruments (*continued*)

Credit risk

This is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered with the Company.

At the reporting date, the Company's financial assets exposed to credit risk amounted to the following:

Loans and receivables

	2014 £000	2013 £000
Amounts due from ultimate parent company	11,602	9,771

The Directors consider the carrying amounts to be a reasonable approximation of fair value.

The following table presents the fair value of financial liabilities that are carried at amortised cost in the Statement of Financial Position in accordance with the fair value hierarchy. This hierarchy groups financial liabilities into three levels based on the significance of inputs used in measuring the fair value of the financial liabilities. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the liability that are not based on observable market data (unobservable inputs).

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

If the financial liabilities were measured at fair value in the Group Statement of Financial Position they would be grouped into the fair value hierarchy as follows:

	Level 1 £000	Level 2 £000	Level 3 £000	Total £000
Net fair value at 1 July 2013	10,262	—	—	10,262
Additions	1,108	—	—	1,108
Fair value movements during the year	1,383	—	—	1,383
Net fair value at 30 June 2014	12,753	—	—	12,753

The ZDP shares are carried at their accrued value of 111.34p per share (2013: 103.78p) however their closing price on the main market of the London Stock Exchange on 30 June 2014 was 124.00p (2013: 109.75p). During the year 934,900 shares were issued at a price of 118.5p per share.

10. Capital management policies and procedures

The Company's objectives when managing capital are:

- to safeguard its ability to continue as a going concern; and
- to ensure sufficient liquid resources are available to meet the funding requirement of its ZDP shareholders.

The Directors consider that the capital management policies and procedures of the ultimate parent company will enable the Company to meet its objectives. Further details of the policies and procedures of Inland Homes plc can be found within its financial statements and include a target capital to overall financing ration of over 50%.

11. Related party transactions

The loan to Inland Homes plc is interest free and is repayable on the ZDP repayment date (see the Strategic Report on page 2) or immediately upon an event of default. At 30 June 2014, the loan to the ultimate parent company was £11,602,000 (2013: £9,771,000).

12 Holding company

The Company is a wholly owned subsidiary of Inland Homes 2013 Limited which is a wholly owned subsidiary of Inland Homes plc, a listed company whose shares are traded on the AIM market of the London Stock Exchange. Copies of its accounts for the year ended 30 June 2014 will shortly be available to view on Inland's website (www.inlandhomes.co.uk).

Corporate Information

Company registration number	08303612
Registered office and website	Decimal Place Chiltern Avenue Amersham Buckinghamshire HP6 5FG Telephone: 01494 762 450 Website: www.inlandhomes.co.uk/inland-zdp-plc
Guarantor	Inland Homes plc Chiltern Avenue Amersham Buckinghamshire HP6 5FG Telephone: 01494 762 450
Registrars	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen B63 3DA Telephone: 0121 585 1131
Auditors	Grant Thornton UK LLP Chartered Accountants Statutory Auditor 1020 Eskdale Road IQ Winnersh Wokingham Berkshire RG41 5TS
Bankers	Barclays Bank plc Fourth Floor Apex Plaza Forbury Road Reading Berkshire RG1 1AX