

COMPANY REGISTRATION NUMBER 08303612

INLAND ZDP PLC

FINANCIAL STATEMENTS

FOR THE FIFTEEN MONTH PERIOD ENDED 30 SEPTEMBER 2019

INLAND ZDP PLC

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INLAND ZDP PLC

STRATEGIC REPORT

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

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.

Following the publication of a prospectus on 14 December 2012 and issue of 8,500,000 ZDP shares at 100p per share there has been a series of further placings of new ZDP Shares in successive years resulting in there being 16,430,790 ZDP shares in issue as at 30 September 2019. 3,986,590 new ZDP shares were issued during the 15-month period ended 30 September 2019. The proceeds of the ZDP share issues were lent to Inland Homes 2013 Limited for use in future investment opportunities.

Pursuant to a loan agreement between the Company and Inland Homes 2013 Limited, the Company has lent Inland Homes 2013 Limited the gross proceeds of its placings and all issue costs were borne by Inland Homes 2013 Limited. This loan is on terms requiring its repayment by Inland Homes 2013 Limited to the Company on the ZDP shares repayment date when the Company must be wound up. The ZDP repayment date was initially 10 April 2019, but this was extended by 5 years to 10 April 2024 by the passing of resolutions at general and class meetings on 13 August 2018.

Objective and investment policy

The objective of the Company is to make loans to Inland Homes 2013 Limited on terms which provide the final capital entitlement due to the holders of the ZDP shares at the repayment date of 10 April 2024.

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 Inland Homes 2013 Limited which is a wholly owned subsidiary of 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 retain or 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 finance for land acquisition. 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 2013 Limited.

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 of the financial statements.

INLAND ZDP PLC

STRATEGIC REPORT

FOR THE PERIOD ENDED 30 SEPTEMBER 2019


Key performance indicators

The key performance indicators used by the board to measure the Company's success are the cover ratio (which is described in detail in the chairman's statement), the accrued capital entitlement and the price of the ZDP shares.

	30 September 2019	30 June 2018
Asset value per ZDP share	159.42p	148.23p
Accrued capital entitlement per ZDP Share	159.12p	147.59p
ZDP share price (30 September/ 30 June)	161.50p	151.70p

The asset value and the accrued capital entitlement will continue to increase as the repayment date approaches. The book value of ZDP Shares in the financial statements is derived from the various issue prices using the effective interest method, whereas the accrued capital entitlement is based on the initial issue price (100p) and its accrual over time to the redemption price and is not affected by the prices of subsequent issues. As at the repayment date, the book value and accrued capital entitlement will be equal to one another.

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. Provided interest rates remain low, there will be a premium on the ZDP shares for as long as the return is higher than is generally available elsewhere. It is unlikely that the share price will exceed the ultimate repayment price, which was increased after the financial year end from 155.9p per share on 10 April 2019 to 201.4p on 10 April 2024.


By order of the Board
Nishith Malde

Director

30 January 2020

INLAND ZDP PLC

CHAIRMAN'S STATEMENT

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

I am pleased to present the Company's annual report and financial statements for the period ended 30 September 2019.

The Company is a wholly owned subsidiary of Inland Homes 2013 Limited which is a wholly owned subsidiary of Inland Homes plc ("Inland") and was established solely for the purpose of issuing ZDP shares and lending the proceeds to Inland Homes 2013 Limited.

As at 30 September 2019 the ZDP share price was 161.50p (30 June 2018: 151.70p), representing a premium of 1.50% (30 June 2018: 2.78%) over the accrued value per ZDP share of 159.12p (30 June 2018: 147.59p).

The original loan and contribution agreements between the Company and Inland Homes 2013 Limited contain certain protections for the Company which are intended to benefit its ZDP shareholders. These include first charges over pledged assets and pledged cash in a charged bank account. The pledged assets (such as property and interests property development joint ventures) 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 September 2019, the accrued amount due to ZDP shareholders was £26,144,183 (30 June 2018: £18,365,950), the pledged cash was £nil (30 June 2018: £nil) and the pledged assets had a book value of £38,722,990 (30 June 2018: £22,880,249), thereby satisfying this requirement.

The loan agreement also contains a covenant relating to asset cover, which is shown below as at 30 September 2019. 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.inlandhomesplc.com/inland-zdp-plc. The definition of Financial Indebtedness excludes indebtedness which falls due more than 6 months after the final ZDP Repayment Date of 10 April 2024.

Asset cover:

Assets / Financial Indebtedness plus ZDP Final Redemption Liability = 2 times cover (30 June 2018: 17 times cover).

The asset cover should be at least 1.8 times, so this covenant, which is tested quarterly, was satisfied at 30 September 2019.

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.

Following consultations with certain ZDP Shareholders, the Board convened general and class meetings held on 13 August 2018 at which resolutions were passed approving (i) the continuation of the life of the ZDP Shares for an additional five years to 10 April 2024, (ii) an increase in the Final Capital Entitlement to 201.4 pence per ZDP Share, (iii) various amendments to the Loan Notes and Contribution Agreement between Inland Homes and ZDP Co, (iv) the adoption of new Articles of Association and (v) the ratification of a previous issue of ZDP Shares. The foregoing proposals were accompanied by a Tender Offer by Panmure Gordon (UK) Limited (as principal) to holders of ZDP Shares on the register of members at close of business on 18 July 2018 enabling those who preferred not to hold a longer dated ZDP Share to sell their ZDP Shares for 150.8 pence. Panmure Gordon (UK) Limited procured placing

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CHAIRMAN'S STATEMENT


FOR THE PERIOD ENDED 30 SEPTEMBER 2019

of members at close of business on 18 July 2018 enabling those who preferred not to hold a longer dated ZDP Share to sell their ZDP Shares for 150.8 pence. Panmure Gordon (UK) Limited procured placing commitments from investors willing to buy ZDP Shares at 150.8 pence. These were applied to pay for tendered ZDP Shares and to subscribe for 1,000,000 new ZDP Shares which were admitted to Listing and to trading on the main Market of the London Stock Exchange on 16 August 2018.

The passing of the resolutions at general and class meetings on 13 August 2018 resulted in amendments being made to the loan agreements between the Company and Inland Homes 2013 Limited and to other related documents. The changes included the removal of the gearing covenant. If these resolutions had been passed and other changes made prior to 30 June 2018, the Asset Cover as at that date would have been 4.2 times. As this is higher than 1.8 times, the asset cover test would have been satisfied.

The accrued value of a ZDP Share as at 13 August 2018, being the date when the resolutions were passed to change the Final Redemption Date to 10 April 2024, was 148.84 pence. This will accrue to 201.4 pence on 10 April 2024, which is an effective compound rate of 5.49 per cent. per annum.

The Board is pleased to note that the resolutions to approve the extension of the life of the ZDP Shares and related matters were approved by 99 per cent. of votes cast at the ZDP Class Meeting and the general meeting. The loans from the Company to Inland Homes 2013 Limited form an important component of the Inland Group's financing arrangements as its business evolves and grows. The Inland Group thanks ZDP Shareholders for their ongoing support


Nishith Malde
Chairman
30 January 2020

INLAND ZDP PLC

BOARD OF DIRECTORS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

The current directors of Inland ZDP PLC are:

Nishith Malde

Chairman

Mr Malde 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

Mr Wicks 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.

Gary Skinner

Director

Mr Skinner, who was appointed to the board on 8 May 2018, has over 30 years' experience in the housebuilding sector, having formerly been Operations Director at Willmott Dixon Housing, a privately-owned contracting and interior fit-out group, where he was responsible for the sourcing, planning and the commercial delivery of up to 1,000 units per year. Mr Skinner is also Managing Director of Inland Homes plc.

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

The operations of the Company are undertaken by staff employed by Inland Homes plc for which no charge is made.

INLAND ZDP PLC

DIRECTORS' REPORT

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

The directors submit the annual report and financial statements of the Company for the period ended 30 September 2019. On 6 June 2019, the Company changed its accounting reference date from 30 June to 30 September, in line with Inland Homes Plc. Consequently, the current period presented is 15 months and the comparative information is for 12 months throughout this report.

The financial statements 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 ('Inland'), 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 Homes 2013 Limited owns the entire issued ordinary share capital of the Company.

The Company's registration number is 08303612.

Share capital

Ordinary shares

The issued ordinary share capital of the Company at 30 September 2019 amounted to 50,000 ordinary shares of £1 each (30 June 2018: 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 September 2019 there were a total of 16,430,790 ZDP shares of 10p each in issue (30 June 2018: 12,444,200).

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 6. 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 financial statements for the period ended 30 September 2019.

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DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

Board of directors (continued)

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.

None of the directors receive a salary and accordingly it is appropriate that no remuneration report is included within the financial statements.

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.

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.

Corporate governance statement

As a Company whose preference shares have been admitted to a standard listing on the Official List, Inland ZDP Plc is not obliged to comply with the UK Corporate Governance Code and does not do so.

Inland ZDP Plc is a special purpose Company formed solely to issue the ZDP Shares and lend the proceeds to Inland Homes 2013 Limited. Its costs are all borne by Inland Homes 2013 Limited pursuant to the Contribution Agreement such that it has no transactions or cash flows of its own; except for and until cash is paid to it when (or shortly prior to) cash falls due to be paid to ZDP

INLAND ZDP PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

Shareholders. The Company has no business and no employees or executive directors and all the voting rights attaching to its shares are held by Inland Homes 2013 Limited, save in certain circumstances relating to the rights attributable to the ZDP Shares where ZDP Shareholders' prior approval will be required. Its only assets are its rights pursuant to the Loan Note and Contribution Agreement. Accordingly, the only risk to which it is subject is the risk that Inland Homes 2013 Limited fails to comply with its obligations under the Loan Note and Contribution Agreement.

In the opinion of the Company Directors, the interests of the Company and ZDP Shareholders are be adequately covered by the governance procedures and diversity policies applicable to its holding Company (Inland) save for certain specific responsibilities of the Company's Board who receive no remuneration from the Company. For example, Inland's audit committee considers the financial reporting procedures for the Group as a whole and the Company Directors see no benefit in convening a separate audit committee for Inland ZDP Plc. The remit of the audit committee of Inland covers all its subsidiaries including Inland ZDP Plc and the risk management procedures applied by Inland cover the risk of Inland being unable to comply with its obligations under the Loan Note and Contribution Agreement.

The Board considers the adequacy of the Pledged Assets and compliance with the other terms of the Loan Note, the Contribution Agreement and security documentation, the interim and annual reports and accounts and any other matters which may arise, for example to consider any proposals for the substitution of Pledged Assets. As the Company has no employees all decisions are taken by the Board.

None of the Directors are independent by virtue of their roles as Inland Directors and employees. The explanation for the Company not having any independent directors is that its Board considers that, in the context of the Company having no business, strategy or cash flows, the only matters requiring Board decisions can be properly addressed by non-independent directors, who have due regard to the interests of ZDP Shareholders.

The Company's whole board considers its annual and interim reports and financial statements, which do not require any significant financial reporting judgements (due to the fact that the Company has no cash flows, transactions or business) save for any judgement required as to "going concern". As Inland Homes 2013 Limited is responsible for all of the Company's liabilities including its obligations to ZDP Shareholders, pursuant to the Loan Note and Contribution Agreement, the Directors rely on Inland's own assessment that it is a going concern has been properly conducted and reviewed by Inland's audit committee.

INLAND ZDP PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

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 Homes plc documenting the loan from the Company to Inland Homes plc of the proceeds of the ZDP share placing, the loan will be on terms requiring its repayment by Inland Homes plc to the Company immediately prior to the ZDP repayment date, being 10 April 2024. These funds are to be managed in accordance with the investment policy of Inland Homes plc.

Post Balance Sheet Events

Further details of events that happened post balance sheet are disclosed in note 13 to the financial statements.

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.

Auditor

UHY Hacker Young LLP resigned as auditors during the period ended 30th September 2019. BDO LLP were subsequently appointed as auditors. A resolution to reappoint BDO LLP as auditor for the ensuing year will be proposed at the AGM in accordance with section 489 of the Companies Act 2006.



By order of the Board

Nishith Malde

Director

30 January 2020

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

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 are required 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 of the Company and of the profit or loss for 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 they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;
- prepare a director's report and a strategic report which comply with the requirements of the Companies Act 2006.

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.

Website publication

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

INLAND ZDP PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

Directors' responsibilities pursuant to DTR4

The directors confirm to the best of their knowledge:

- The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and give a true and fair view of the assets, liabilities, financial position and profit and loss of the Company.
- The annual report includes a fair review of the development and performance of the business and the financial position of the Company, together with a description of the principal risks and uncertainties that they face.



On behalf of the Board

Nishith Malde

Director

30 January 2020

INLAND ZDP PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF INLAND ZDP PLC FOR THE PERIOD ENDED 30 SEPTEMBER 2019

Opinion

We have audited the financial statements of Inland ZDP Plc ("the Company") for the fifteen month period ended 30 September 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of cash flows and the statement of changes in equity, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2019 and of its result for the period 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.

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 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, 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 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 judgment, 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) that 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.

INLAND ZDP PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF INLAND ZDP PLC FOR THE PERIOD ENDED 30 SEPTEMBER 2019

Going Concern (note 1.1)	
Key audit matter	How we addressed the key audit matter
Inland ZDP Plc is reliant on Inland Homes Plc the Inland group ("Group") to repay the zero dividend preference shares at the redemption date through the receipt of funds from the intercompany receivable. Therefore, it is important to consider the going concern of the wider Group as if Inland Homes Plc is not considered a going concern, Inland ZDP Plc would not be able to continue as a going concern. The Group has two facilities that fall due for repayment during 2020. Given the existence of facilities that fall due for payment in the next 12 months we consider there to have been an increase in going concern risk.	<p>We evaluated the Directors' going concern assessment of the Group and Company by performing the following procedures:</p> <ul style="list-style-type: none">• We assessed the appropriateness of the Group's cash flow forecasts in the context of the Group's 2019 financial position, the expected land and house sales and other contractual revenue and evaluated the Directors' downside sensitivities against these forecasts.• 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 alternative 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 reperformed the Directors' forecast covenant compliance to 31 September 2021.• 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.• We also reviewed the disclosures provided relating to the going concern basis of preparation.• We considered the recoverability of the intercompany receivable in Inland ZDP Plc and assessed the covenant compliance of the zero dividend preference shares. <p><u>Key observations</u></p> <p>We did not identify any indicators to suggest that it is inappropriate to prepare the financial statements on a going concern basis.</p>

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INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF INLAND ZDP PLC

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

Recoverability of intercompany receivable (notes 1.5, 9 and 11)	
Key audit matter	How we addressed the key audit matter
<p>Inland ZDP Plc has an intercompany receivable from Inland Homes 2013 Ltd which will cover the repayment of the capital and interest at the revised repayment date. The recovery of this receivable is based on the profitability of the underlying developments in the Inland Homes Plc group.</p> <p>Recoverability of intercompany receivable is considered to be significant risk and key audit matter because of the material nature of the receivable and the dependence of the recoverability on Inland Homes Plc.</p>	<p>Our audit work assessed the recoverability of the intercompany receivable from Inland Homes 2013 Ltd. The ability of Inland Homes 2013 Ltd to make this payment is dependent on the profitability of Inland Homes Plc which is underpinned by its ability to continue as a going concern (see above) and the profitability of the Group's development sites. Our work included ensuring Inland Homes 2013 Ltd is in a net asset position and considering the profitability of Inland Homes Plc.</p> <p><u>Key observations</u></p> <p>We did not identify any indicators to suggest that the intercompany receivable in Inland ZDP Plc is not recoverable.</p>

INLAND ZDP PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF INLAND ZDP PLC FOR THE PERIOD ENDED 30 SEPTEMBER 2019

Our application of materiality

We consider materiality to be the magnitude by which misstatements, individually or in aggregation, could reasonably be expected to influence the economic decisions of the users of the financial statements.

We determined that total assets would be the most appropriate basis for materiality as we consider this to be one of the principal considerations in assessing the financial performance of the Company. As such, materiality was determined to be £262,000, which represents 2% of the total assets.

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 our judgement was that performance materiality for the Group should be 75% of overall materiality. As such, performance materiality was set at £196,500.

We have reported all identified misstatements above the clearly trivial level, which was set at £5,200. We also reported any other differences that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The scope of our audit was determined by obtaining an understanding of the nature of the Company, the system of internal controls and assessing the risks of material misstatements. We have addressed the risk of management override of internal controls by considering where the Directors make subjective judgements and the potential for bias by the Directors that may have represented a risk of material misstatement due to fraud.

Audit work to respond to the assessed risks was performed directly by the audit engagement team.

Capability of the audit to detect irregularities, including fraud

We gained an understanding of the legal and regulatory framework applicable to the entity and the industry in which it operates and considered the risk of acts by the Company which were contrary to applicable laws and regulations, including fraud. These included but were not limited to the Companies Act 2006, the DTR rules and IFRS accounting standards.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion.

We considered compliance with this framework through discussions with the board and performed audit procedures on these areas as considered necessary. Our procedures involved enquiry with the board, review of the reporting to the Directors and review of board meeting minutes.

There are inherent limitations in an audit of financial statements and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. As in all of our audits we also addressed the

INLAND ZDP PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED) TO THE MEMBERS OF INLAND ZDP PLC FOR THE PERIOD ENDED 30 SEPTEMBER 2019

risk of management override of internal controls, including testing journals and evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Financial Statements, 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 Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and 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 Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and Director's 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, or returns adequate for our audit have not been received from branches not 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.

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.

INLAND ZDP PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF INLAND ZDP PLC

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

In preparing the financial statements, the Directors are responsible for assessing the 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 Company or to cease operations, or have no realistic alternative but to do so.

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 the 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 at the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the audit committee, we were appointed by the Directors on 10 January 2020 to audit the financial statements for the period ending 30 September 2019 and subsequent financial periods.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

INLAND ZDP PLC

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF INLAND ZDP PLC
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

Use of our report

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.

BDO LLP

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

30/01/20

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

INLAND ZDP PLC

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 30 SEPTEMBER 2019

		Fifteen month period ended 30 September 2019 £000	Year ended 30 June 2018 £000
Continuing operations	Note		
Revenue			
Interest income	2	1,523	1,156
Total income		1,523	1,156
Expenditure			
Expenses	3	-	-
Total expenditure		-	-
Profit before finance costs and taxation		1,523	1,156
Finance costs	4	(1,523)	(1,156)
Profit before tax		-	-
Income tax	5	-	-
Profit for the period/ year and total comprehensive income		-	-
Earnings per share for profit attributable to the equity holders of the company during the period/ year	6	0.0p	0.0p

The accompanying accounting policies and notes on pages 24-32 form an integral part of these financial statements.

INLAND ZDP PLC**STATEMENT OF FINANCIAL POSITION****AS AT 30 SEPTEMBER 2019**

	Note	30 September 2019 £000	30 June 2018 £000
Non-current assets			
Intercompany receivable	9,11	-	-
		-	-
Current assets			
Intercompany receivable	9,11	26,194	18,497
		26,194	18,497
Current liabilities			
Zero Dividend Preference Shares	7	-	(18,447)
		-	(18,447)
Non-current liabilities			
Zero Dividend Preference Shares	7	(26,144)	-
		(26,144)	-
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 30 January 2020 and signed on their behalf by:


Nishith Mande
Chairman

The accompanying accounting policies and notes on pages 24-32 form an integral part of these financial statements.

INLAND ZDP PLC

STATEMENT OF CHANGES IN EQUITY AS AT 30 SEPTEMBER 2019

	Share capital £000	Total £000
At 1 July 2017	50	50
Result and total comprehensive income for the year	-	-
At 30 June 2018	50	50
Result and total comprehensive income for the period	-	-
At 30 September 2019	50	50

The accompanying accounting policies and notes on pages 24–32 form an integral part of these financial statements.

INLAND ZDP PLC**STATEMENT OF CASHFLOWS****FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

	Period ended 30 September 2019 £000	Year ended 30 June 2018 £000
Cash flow from operating activities		
Profit for the period before tax	—	—
Adjustments for:		
– interest expense	1,523	1,156
– interest and similar income	(1,523)	(1,156)
Net cash flow from operating activities	—	—
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 on pages 24-32 form an integral part of these financial statements.

All proceeds from share issues are paid directly to Inland Homes 2013 Limited from the Company bank account, represented by the intercompany receivable on the Statement of Financial Position.

INLAND ZDP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

1 Accounting policies

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

1.1 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 September 2019 and, for the period ended 30 September 2019, 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 financial statements are prepared in sterling, which is the functional currency of the Company. Monetary amounts in these financial statements are rounded to the nearest £'000.

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 September 2019.

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.

The Company's business activities principal risks and uncertainty, and risk management are set out in the Strategic Report on page 2. The Company is reliant on the ability of Inland Homes Plc to continue as a going concern as detailed in the strategic report. Further disclosures regarding the Company's financial instruments and exposure to credit and liquidity risk are set out in note 9 of the Financial Statements.

Given the dependency on the Group, details regarding the going concern assumptions for the Group are given below.

The Board has reviewed the Group's projected business activities, corresponding cash flow forecasts to 30 September 2021, available borrowing facilities and related covenant compliance. The Group currently has facilities totalling £48m that fall due for repayment in the 12 months from the date of signing these financial statements. It has also assessed sensitivity analysis based on the following downside scenarios:

- possible delay in significant land disposal by two or three months; and
- and a fall in house prices by 10% from the Group's budget prices.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

As part of the Group's normal operations, it has secured a loan facility which could be drawn down in May 2020, should management conclude this is in the best interests of the business. This facility mitigates all downside scenarios referred to above.

The forecasts assume significant management fees receivable which are dependent on the sales of certain parcels of land. These receipts will be used to repay a revolving credit facility which expires in August 2020. The lender has confirmed that they expect this facility to be renewed upon expiry in any event.

Where the Group proposes to provide deferred consideration terms to potential purchasers of land, it would consider the credit worthiness of the counter-party and where ever possible procure security or a promissory note which could be discounted with a lender.

The Directors have considered the present economic climate, the current demand for land with planning consent and the state of the housing market in the geographic areas where the Group operates. The Group has significant forward sales of its residential homes under construction as well as a substantial order book for its partnership housing activity. It is also in negotiations for the sale of certain land assets within its land bank and expects to make sufficient disposals in the foreseeable future to ensure it has sufficient working capital for its requirements.

After making appropriate enquiries, the Directors have a reasonable expectation that Inland Homes Plc and Inland ZDP Plc 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.

Standards in issue but not yet effective

- Amendments to IFRS 9: Financial Instruments
- Annual Improvements to IFRSs (2015-2017 Cycle)
- Amendments to References to the Conceptual Framework in IFRS Standards*

*Standards and amendments not yet endorsed by the EU.

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

1.2 Income

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

1.3 Expenses

All expenses are borne by the Company's parent Company, Inland Homes 2013 Limited.

1.4 Zero dividend preference shares

Zero dividend preference shares are recognised as liabilities in the Statement of Financial Position in accordance with IFRS 9: Financial Instruments. After initial recognition, these liabilities are measured at amortised cost, which represents the initial proceeds of the issuance plus the accrued entitlement to 30 September 2019.

With the modification of the zero dividend preference shares, which occurred during the period, the revised terms have been considered as to whether they constitute a substantial modification. Subsequently it has been ensured that the treatment is in line with IFRS 9.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

1.5 Intercompany receivable

Intercompany receivables are recognised as assets in the Statement of Financial Position in accordance with IFRS 9: Financial Instruments. After initial recognition they are measured at amortised cost which represents the initial loan plus the accrued interest receivable at the reporting date. Directors have assessed intercompany receivables to meet the requirements under the business model test and SPPI test. The objective of the business model is to hold financial assets to collect their contractual cash flows. The cash flows are solely payments of principal and interest on the principal amounts outstanding.

The Company applies the general approach to providing for expected credit losses prescribed by IFRS 9 for intercompany receivables. The expected credit loss provision in the current period and prior year have been assessed as nil.

Pursuant to a loan agreement between the Company and Inland Homes 2013 Limited, the Company has lent Inland Homes 2013 Limited the gross proceeds of its placings. This loan is on terms requiring its repayment by Inland Homes 2013 Limited to the Company on the ZDP shares repayment date when the company must be wound up. In August 2018, the ZDP 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 in the term of the loan agreement between the Company and Inland Homes 2013 Limited, the revised terms have been considered as to whether they constitute a substantial modification. Subsequently it has been ensured that the treatment is in line with IFRS 9.

1.6 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.

1.7 Finance income

Finance income is calculated as the difference between the proceeds on the issue of zero dividend preference shares and the final liability and is recognised as revenue as interest income over the term of the life of these shares using the effective interest method.

1.8 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 30 SEPTEMBER 2019**

1.9 Equity

An equity instrument is a contract which evidences a residual interest in the assets after deducting all liabilities. Equity comprises 'Share capital', which represents the nominal value of equity shares.

1.10 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.

Recoverability of debtors is underpinned by the profitability of the Group's development and strategic land sites. Judgement is required when assessing the cost of and net realisable value of inventories.

1.11 Segment information

In accordance with IFRS 8, 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 final repayment date of 10 April 2024. Consequently, all information presented in these financial statements relate to that segment.

INLAND ZDP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

2 Interest Income

	Period ended 30 September 2019 £000	Year ended 30 June 2018 £000
Interest Income from group undertakings	1,523	1,156

3 Expenses

Administration expenses of £nil were suffered during the period (year ended 30 June 2018: £nil). All administration expenses, including auditor's remuneration, during the period were borne by the ultimate parent Company, Inland Homes plc. The directors received no remuneration for their services in relation to ZDP. Further disclosures with regards to the auditors' remuneration can be found in the group financial statements.

There are no employees other than directors in the current period or the prior year.

4 Finance costs

	Period ended 30 September 2019 £000	Year ended 30 June 2018 £000
ZDP share interest costs	1,523	1,156

5 Taxation

	Period ended 30 September 2019 £000	Year ended 30 June 2018 £000
Profit before tax	—	—
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.00% (2018: 19.00%)	—	—
ZDP share interest costs disallowed	290	220
Group relief	(290)	(220)
Tax charge	—	—

INLAND ZDP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

6 Earnings per ordinary share

The calculation of earnings per share is based on a profit after tax figure for the period of £nil (Year ended 30 June 2018: £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

	At 30 September 2019 No.	At 30 September 2019 £000	At 30 June 2018 No.	At 30 June 2018 £000
ZDP shares				
Opening ZDP shares	12,444,200	18,447	12,444,200	17,291
Issued during the period / year	3,986,590	6,174	-	-
ZDP share interest cost	-	1,523	-	1,156
	16,430,790	26,144	12,444,200	18,447

Details of the terms of the issue of the ZDP shares can be found in the Chairman's Statement on page 4.

8 Ordinary share capital

Authorised/called up/allotted/fully paid

	At 30 September 2019 No.	At 30 September 2019 £000	At 30 June 2018 No.	At 30 June 2018 £000
Opening ordinary shares	50,000	50	50,000	50
Issued during the period	—	—	—	—
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 financial assets classified as amortised cost.

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. The parent Company manages liquidity risk by maintaining sufficient cash balances and ensuring availability of funding through an adequate amount of credit facilities. The parent Company aims to maintain flexibility in funding by keeping credit lines available.

INLAND ZDP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

Contractual maturity analysis for financial liabilities

	At 30 September 2019 £000	At 30 June 2018 £000
	ZDP shares final redemption figure	ZDP shares final redemption figure
Less than one year	—	19,401
More than one year and less than five years	33,092	—
Over five years	—	—
	33,092	19,401

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. Credit risk is managed by way of a security over the loan. The security relates to pledged tangible assets (such as property and interests in property development joint ventures) and pledged cash in a charged bank account.

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

Amortised Cost

	At 30 September 2019 £000	At 30 June 2018 £000
Amounts due from ultimate parent company	26,194	18,497

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

The Company applies the general approach to providing for expected credit losses prescribed by IFRS 9 for Amounts due from ultimate parent Company. There were no expected credit loss provisions in the current period and prior year. The security that is pledged is more than sufficient to cover the amounts due. The Directors have assessed a possible downturn in the value of the pledged assets by 10% and following that assessment under a scenario of a downturn in the value of the pledged assets by 10%, no credit loss, as defined by IFRS 9, would arise.

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).

INLAND ZDP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

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

9 Financial instruments (continued)

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 2018	18,878	—	—	18,878
Additions	6,174	—	—	6,174
Fair value movements during the period	1,484	—	—	1,484
Net fair value at 30 September 2019	26,536	—	—	26,536

The ZDP shares are carried at their accrued value of 159.12p per share (30 June 2018: 147.59p) however their closing price on the main market of the London Stock Exchange on 30 September 2019 was 161.50p (30 June 2018: 151.70p).

In August 2018, the ZDP 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 in 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.

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 ratio of over 50%.

The capital of the Company comprises the 16,480,790 (ordinary shares and ZDP preference shares) and the nominal value of these amounted to £50,000 and £1,643,079.

11 Related party transactions

The loan to Inland Homes 2013 Limited is repayable along with all accrued interest, together with a contribution for such amount that will result in the Company having sufficient cash funds to satisfy the then current, or as the case may be, final capital entitlement of the ZDP shares on the ZDP repayment date (see the Strategic Report on page 2) or immediately upon an event of default. At 30 September 2019, the total amount due from the ultimate parent Company was £26,194,000 (30 June 2018: £18,497,000).

12 Ultimate controlling party

The directors regard Inland Homes Plc as the ultimate parent and controlling party.

INLAND ZDP PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 30 SEPTEMBER 2019

13 Post balance sheet events

1,671,067 new ZDP shares were issued at an issue price of £1.615 and admitted to Listing and to trading on the main market of the London Stock Exchange on 12 November 2019 and there are now 18,101,857 Shares in issue.

14 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 period ended 30 September 2019 will shortly be available to view on Inland's website (www.inlandhomesplc.com)

INLAND ZDP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30 SEPTEMBER 2019

Company registration number	08303612
Registered office and website	Burnham Yard London End Beaconsfield Buckinghamshire HP9 2JH Telephone: 01494 762 450 Website: www.inlandhomesplc.com/inland-zdp-plc
Guarantor	Inland Homes plc Burnham Yard London End Beaconsfield Buckinghamshire HP9 2JH Telephone: 01494 762 450
Registrars	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen B63 3DA Telephone: 0121 585 1131
Auditors	BDO LLP Statutory Auditor 55 Baker Street Marylebone London W1U 7EU