

# **INLAND ZDP PLC**

Annual Report and Accounts for the period ended 30 June 2013

Company number 08303612

# Contents

Corporate Summary	1
Chairman's Statement	2
Board of Directors	3
Report of the Directors	4
Directors' Remuneration Report	8
Statement of Directors' Responsibilities	9
Independent Auditor's Report	10
Statement of Comprehensive Income	11
Statement of Financial Position	12
Statement of Changes in Equity	13
Statement of Cash Flow	14
Notes to the Accounts	15
Corporate Information	18

# Corporate summary

## **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 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. 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.

# Chairman's Statement

I am pleased to present the Company's Annual Report and Accounts for the period ended 30 June 2013.

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. 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 cent. per annum on the first placing and 6.92 per cent. per annum on the second. 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 11 to 17. As at 30 June 2013 the ZDP Share price was 109.75 pence, representing a premium of 5.8 per cent. over the net asset value per ZDP Share of 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 per cent. of the accrued value of the ZDP Shares net of the Pledged Cash. As at 30 June 2013, the accrued amount due to ZDP Shareholders was £9,695,756, the Pledged Cash was £12,161,465 and the Pledged Assets had a book value of £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 2013. 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 [http://www.inlandplc.com/investor\\_relations/zdp\\_plc/](http://www.inlandplc.com/investor_relations/zdp_plc/).

#### Asset Cover:

Assets / Financial Indebtedness plus ZDP Final redemption Liability      £60.88m / £9.57m = 6.4 times cover  
The Asset Cover should be at least 1.8 times, so this covenant, which is tested quarterly, was satisfied at 30 June 2013.

#### Gearing:

Financial Indebtedness plus ZDP accrued liability / Assets                      £4.70m / £60.88m = 8%  
The gearing ratio should not exceed 40% so this covenant was also satisfied at 30 June 2013.

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 includes the Company's ZDP shares in its published financial statistics. 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 2013, Inland's Gross Assets (£85.49m) divided by the final redemption liability of the ZDP Shares (£14.58m) results in a cover ratio of 5.86 times.

#### **Nishith Malde**

Chairman

30 October 2013

# 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 parent company, Inland Homes plc.

# Report of the Directors (continued)

## Results and Dividends

The Directors submit the Annual Report and Accounts of the Company for the period ended 30 June 2013.

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 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 2013 amounted to 50,000 Ordinary Shares of £1.00 each.

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 notice of, and attend and vote at any general meetings of the Company.

### Zero Dividend Preference Shares

At 30 June 2013 there were a total of 9,349,900 ZDP Shares of 10 pence each in issue.

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.

## Business Review

### 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.

### 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 parent company, Inland Homes plc. The specific risks faced by Inland Homes plc are included within its financial statements. The Directors of the Company are also directors of the 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 10 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.

	2013 £000
Accrued capital entitlement per ZDP Share	103.78p
ZDP share price at 30 June 2013	109.75p

# Report of the Directors (continued)

## Business Review (continued)

### Directors

The name of the Directors who held office during the period are shown on page 3. All the Directors are also directors of the Company's parent company, Inland.

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 parent company, are shown in Inland's Annual Report and Accounts for the year ended 30 June 2013.

Mr Stephen Wicks, Mr Nishith Malde and Mr Paul Brett retire at the Annual General Meeting, this being the first Annual General Meeting since their appointments. Being eligible, they offer themselves for re-election.

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. 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 seeking election continues to be effective and demonstrates commitment to the role. The Board therefore believes that it is in the interest of shareholders that these Directors are elected.

### 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 parent company, Inland Homes plc, which is available on Inland's website ([www.inlandplc.com](http://www.inlandplc.com)).

### 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.

# Report of the Directors (continued)

## 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 10 to the financial statements.

## Creditor Payment Policy

The parent company of the Company bears all costs on behalf of the Company. Further details of the Group's creditor payment policy can be found in the Annual Report of the parent company, Inland Homes plc, which is available on Inland's website ([www.inlandplc.com](http://www.inlandplc.com)).

## 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.

## Auditor

Grant Thornton UK LLP were appointed auditor during the period to fill a casual vacancy in accordance with section 485(3) of the Companies Act 2006.

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the Company receives notice under section 488(1) of the Companies Act 2006.

By order of the Board

**Nishith Malde**

Director

30 October 2013

# Directors' Remuneration Report

None of the Directors received any remuneration for his or her services during the period. No Director has a service contract with the company and no Director is eligible for bonuses, pension benefits, share options, long-term incentive schemes or other benefits.

On behalf of the Board

**Nishith Malde**

Director

30 October 2013

# 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 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 or her 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 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

30 October 2013

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

We have audited the financial statements of Inland ZDP plc for the period ended 30 June 2013 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 8, 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](http://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 2013 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.

## Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report 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.

## Robert Napper

Senior Statutory Auditor

for and on behalf of Grant Thornton UK LLP

Statutory Auditor, Chartered Accountants

Reading

30 October 2013

# Statement of Comprehensive Income

For the period to 30 June 2013

Continuing operations	Note	2013 £000
<b>Revenue</b>		
Interest income	2	346
<b>Total income</b>		—
<b>Expenditure</b>		
Expenses	3	—
<b>Total expenditure</b>		—
<b>Profit before finance costs and taxation</b>		—
Finance costs	4	(346)
<b>Profit before tax</b>		—
Income tax	5	—
<b>Profit and total comprehensive income</b>		—

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

# Statement of Financial Position

At 30 June 2013

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

The financial statements were approved and authorised for issue by the Board of Directors on 30 October 2013 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 2013

	Share capital £000	Revenue reserve £000	Total £000
Issue of equity	50	—	50
Transaction with owners	50	—	50
Result and total comprehensive income for the period	—	—	—
Total changes in equity	50	—	50
<b>At 30 June 2013</b>	<b>50</b>	<b>—</b>	<b>50</b>

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

# Statement of Cashflows

For the period ended 30 June 2013

	2013 £000
<b>Cash flow from operating activities</b>	
Profit for the period before tax	—
Adjustments for:	
– interest expense	346
– interest and similar income	(346)
<b>Net cash flow from operating activities</b>	—
<b>Cash flow from investing activities</b>	
Loan to parent company	(9,375)
<b>Net cash outflow from investing activities</b>	(9,375)
<b>Cash flow from financing activities</b>	
Proceeds on issue of ZDP Shares	9,375
<b>Net cash inflow from financing activities</b>	9,375
<b>Net increase in cash and cash equivalents</b>	—
<b>Net cash and cash equivalents at beginning of period</b>	—
<b>Net cash and cash equivalents at the end of period</b>	—

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

# Notes to the Accounts

For the period ended 30 June 2013

## 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 2013 and, for the period ended 30 June 2013, 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 following new standards are in issue and have had no effect on these statements:

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

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.

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IAS 27 (Revised), Separate Financial Statements
- IAS 28 (Revised), Investments in Associates and Joint Ventures

### ***Standards in issue but not yet effective***

- IFRS 9 Financial Instruments (effective 1 January 2015)
- IFRS 13 Fair Value Measurement (effective 1 January 2013)
- IAS 19 Employee Benefits (Revised June 2011) (effective 1 January 2013)
- Disclosures - Offsetting Financial Assets and Financial Liabilities - Amendments to IFRS 7 (effective 1 January 2013)
- Offsetting Financial Assets and Financial Liabilities - Amendments to IAS 32 (effective 1 January 2014)

None of these standards will have an impact on the Company's financial statements.

### **Revenue**

Interest income is recognised in revenue on an accruals basis.

### **Expenses**

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

### **Zero Dividend Preference Shares**

Zero Dividend 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 the date of these financial statements.

### **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 period ended 30 June 2013

## 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 balance sheet 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; and
- 'Revenue reserve' represents retained profits.

### 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.

## 2. Income

	2013 £000
Other interest	346

## 3. Expenses

Administration expenses of £nil were suffered during the period. All administration expenses during the period were borne by the parent company, Inland Homes plc.

## 4. Finance costs

	2013 £000
ZDP Share interest costs	346

## 5. Taxation

	2013 £000
Profit before tax	—
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24%	—
ZDP Share interest costs disallowed	83
Group relief	(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 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.

# Notes to the Accounts

For the period ended 30 June 2013

15

## 7. Zero Dividend Preference Shares

	2013 No.	2013 £000
<b>ZDP shares</b>		
Issued during the period	9,349,900	9,375
ZDP Share interest cost	—	346
	<b>9,349,900</b>	<b>9,721</b>

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

	2013 No.	2013 £000
Opening Ordinary Shares	—	—
Issued during the period	50,000	50
<b>50,000 issued Ordinary Shares of £1 each</b>	<b>50,000</b>	<b>50</b>

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

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, 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 parent company. Details of how this risk is managed are contained within the financial statements of the parent company.

### ***Contractual maturity analysis for financial liabilities at 30 June 2013***

	Over five years £000	Total £000
ZDP Shares final redemption figure	14,576	14,576

### ***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***

	2013 £000
Amounts due from parent company	9,771

16

# Notes to the Accounts

For the period ended 30 June 2013

## **10. Related party transactions**

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

## **11 Holding company**

The Company 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 2013 will shortly be available to view on Inland's website ([www.inlandplc.com](http://www.inlandplc.com)).

# Corporate Information

Company registration number	8303612
Registered office and website	2 Anglo Office Park 67 White Lion Road Amersham Buckinghamshire HP7 9FB Telephone: 01494 762 450 Website: <a href="http://www.inlandplc.com/investor_relations/zdp_plc">www.inlandplc.com/investor_relations/zdp_plc</a>
Investment Manager	Inland Homes plc 2 Anglo Office Park 67 White Lion Road Amersham Buckinghamshire HP7 9FB 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