28 September 2017

Inland Homes Plc
(the 'Company' or the 'Group')
Preliminary results for the year ended 30 June 2017

Robust financial performance and significant strategic land successes

Inland Homes Plc (AIM: INL), the leading brownfield regeneration specialist, housebuilder and mixed use developer with a focus on the South and South East of England, today announces its results for the year to 30 June 2017.

Highlights

- EPRA NAV 91.88p (2016 restated*: 88.22p) – up 4.1%
- Adjusted EPRA NAV 96.22p (2016 restated*: 92.34p) – up 4.2%
- 12.2% increase in net asset value to £130.6 million (2016 restated*: £116.3 million)
- Profit before tax of £18.1 million (2016 restated: £15.7 million), net of a revaluation uplift of £1.5 million (2016: £18 million) on the investment properties at Wilton Park
- 33% increase in proposed final dividend to 1.2p (2016: 0.9 p) per share
- Improved debt maturity profile, with 100% of group borrowings now due in more than one year and over 50% due in more than three years.

Diversification of revenue streams and ongoing operational milestones achieved

- Excellent land bank number at 6,936 plots (2016: 6,681), including 2,137 plots with planning consent or resolution to grant (2016: 1,163)
- Significant progress at key schemes:
    - Planning application submitted for 350 residential plots plus commercial space at 100 acre flagship Wilton Park
    - Full planning permission received for 239 homes at Lily's Walk, the major regeneration scheme in High Wycombe town centre
    - Resolution to grant consent on 457 residential units and 64,000 sq ft of commercial space at Chapel Riverside
- 188 homes sold (2016: 147), at an average price of £306,000 (2016: £337,000), reflecting a change of mix from houses to apartments
- Current forward order book of £33.0 million (2016: £22.5 million)
- Sale of 780 residential plots (including disposals of joint venture and subsidiary), generated a profit of £19.1 million
- Record 427 units currently under construction (including joint venture)
- Major construction contracts in place with three Housing Associations amounting to £41.5 million, and further revenue growth is expected this year from this part of the business.

Housing market remains buoyant in locations and at price points where the Group focuses

- Demand remains strong among buyers of our homes in South and South East England with sales rates being sustained at good levels
- Strong levels of employment, low interest rates and good mortgage access - including through the Help to Buy Scheme – are all contributing to a sustainable new build housing market.
- A healthy appetite for land with planning consent
- Significant demand supply imbalance for housing remains and is recognised by the Government with its continued support for initiatives to assist housebuilders with construction and development projects.

Stephen Wicks, Chief Executive at Inland Homes commented:

"We are pleased to report another set of strong financial results and a good second half which was driven by continued growth across both the established and newer parts of the business.

"We have again increased revenue through land disposals and the sale of private homes, and during the year ended 30 June 2017 have secured planning permission for nearly 1,856 plots. Additionally, we are also focused on expanding our partnership activities, building on the three deals agreed during the period, which will have a positive impact on revenue, profits and cash flow.

"We will continue to develop our in-house construction platform, improve margins on home sales and utilise our considerable skills in successfully bringing land through the planning system. This will underpin our progressive dividend policy and create long term value for shareholders."

*for further information see note 14 to the preliminary announcement

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Notes to Editors:
Incorporated in the UK in 2005, Inland Homes plc is an AIM listed specialist housebuilder and brownfield developer, dedicated to achieving excellence in sustainability and design.

Inland Homes acquires brownfield land in the South and South-East of England principally for residentially led development schemes. The business then enhances the land value by obtaining planning permission, before building open market and affordable homes or selling surplus consented land to other developers to generate cash.

The Company is committed to extensive public and community consultation in order to ensure that, where possible, local community needs and objectives are met.

Inland's aim is to create sustainable communities and homes which set a benchmark for all future developments in the South of England. The Company is always looking for brownfield sites without planning permission for future development.

For further information, please visit the Inland Homes website at www.inlandhomesplc.com.

Chairman's Statement

'Our confidence in delivering significant further growth for our shareholders is underpinned by the considerable shortage of new homes in the area and price point we operate in, as well as the quality of our land assets'

Performance

Inland Homes has delivered another solid performance this year, on top of the significant investment that has been made into building the strength and expertise of our team, which has almost doubled in terms of headcount. We have recruited a considerable number of highly experienced individuals to create the right structure to support the future growth of the Company; in particular we have made further key appointments to the construction team as we move away from reliance on main contractors and develop this part of the business as an additional revenue stream.

The Group achieved a profit before tax and before revaluation of investment properties of £18.1 million (2016 restated*: £15.7 million) and a 4.3% increase in EPRA net asset value of £194.4 million (2016 restated*: £186.3 million). Including revaluation of investment properties, the profit before tax was £19.6 million (2016 restated*: £33.7 million). This is lower than last year because of a revaluation uplift of £18.0 million in the previous year at Wilton Park, Beaconsfield, Buckinghamshire. We continue to make significant progress at our flagship site of over 100 acres at Wilton Park where a new information centre has now been completed. I am delighted to be able to report that an outline planning application has now been submitted for 350 homes and commercial space on this prestigious site. The site is producing gross annual rental income of £1.5 million and is a good example of how we sweat our assets and ensure that we maximise every income opportunity from our land bank. In line with International Accounting Standard 23, which requires that the cost of borrowings attributable to an asset like Wilton Park, which must, by virtue of the complicated planning process and substantial time taken to get ready for its intended use, be capitalised with the other costs relating to the project. Accordingly, we have capitalised the relevant borrowing costs in relation to Wilton Park and have included current year funding costs of £1.09 million within inventories (2016 restated*: £0.85 million) in the Group's balance sheet.

The maturity of Inland's borrowings has also been lengthened with 100% of total borrowings being payable after one year, of which 53.5% are repayable between three and five years. This has resulted in a significantly stronger maturity profile for the Group balance sheet with net current assets increasing to £159.9 million (2016 restated*: £96.7 million). The EPRA net asset value per share and the adjusted EPRA net asset value per share at 30 June 2017 was 91.88p (2016 restated*: 88.22p) and 96.22p (2016 restated*: 92.34p) respectively and has been determined as follows:

	EPRA	**Adjusted EPRA****
Shares in issue (000)	202,027	202,027
Dilutive effect of options (000)	1,912	–
Dilutive effect of deferred bonus shares (000)	1,627	–
Dilutive effect of growth shares (000)	6,000	–
	211,566	**202,027**

	£000	**Pence per share**	**£000**	**Pence per share**
Current net asset value	130,551	61.72	130,551	64.62
Unrealised value within projects	60,500	28.60	60,500	29.95
Reverse deferred tax liability on investment property	3,345	1.58	3,345	1.66
EPRA net asset value	194,396	91.88	194,396	96.22
Deferred tax on uplift at 19%		(5.43)		(5.96)
EPRA net asset value after deferred tax		86.45		90.53

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

During the year, the Group sold 188 private units (2016: 147 units) at an average price of £306,000 (2016: £337,000). Whilst the average sales price is lower than the previous year, this reflects the mix of units sold during the year in what remains an attractive price point within the geographic areas in which we operate. This is endorsed by a current forward order book of £33 million (including forward sales within joint ventures) (2016: £22.5 million). We have a record number of 427 units under construction (including 43 within a joint venture) and are expecting this pipeline to increase over the next financial year as we develop more of our sites that come through the planning process. Our enhanced construction capability has enabled the Group to provide 'turnkey' delivery of homes to Housing Associations, usually where the land has been purchased from Inland Homes. This allows us to secure a further profit beyond the land sale together with the benefits of positive cash flows from the construction revenues. We have £41.5 million of such contracts in place with three Housing Associations and this is an area of the business where we see good growth potential.

Land Portfolio

The land bank has increased over the previous year end following the disposal of 780 plots and 188 open market units. Our planning team has been extremely busy, having secured planning permissions for 1,856 plots during the financial year and a further 59 plots since the year end. A number of major sites within the land bank are proceeding through the planning process and I look forward to providing shareholders with positive news on these over the current financial year.

Our strategic land bank continues to grow, with options secured on sites with the potential for over 2,200 homes. Importantly, a number of these sites are now allocated into local plans and planning applications are being submitted.

Dividend

In line with the Group's strong performance and our progressive dividend policy, as well as our confidence in the outlook for the Company, I am pleased to inform shareholders that the Board is proposing a 33% increase in the final dividend to 1.2p per share (2016: 0.9p) subject to shareholder approval at the next Annual General Meeting to be held on 28 November 2017. Taking into account the interim dividend of 0.5p per share (2016: 0.4p) already declared and paid, this equates to total dividends of 1.7p per share (2016: 1.3p), a 31% increase.

Outlook

The housing market continues to be robust in the areas in which we operate and is underpinned by good demand from buyers and support from the Government's Help to Buy scheme.

More moderate house price inflation should help maintain affordability in the near term and stabilising build cost inflation should underpin our margins as the benefits of our new direct build model start to filter through.

The planning system remains extremely slow and cumbersome with clearance of pre-start planning conditions being a major issue. Further, as widely reported by the rest of the housebuilding industry the ongoing shortage of skilled labour continues to be an area of concern.

Notwithstanding the above, the Board is confident that Inland Homes is well positioned to deliver strong operational and financial performance going forward.

Terry Roydon
Non-Executive Chairman
27 September 2017

*for further information see note 14 to the preliminary announcement

Chief Executive's Review

Our Group strategy continues to be focused on the following four strategic goals:

- Increasing the size of our strategic land bank, including brownfield sites where residential development is expected; the tactical acquisition of sites which unlock future potential; and locations which will become key housebuilding terrain in the future.
- Adding value to our land bank by navigating what are often complex sites through the planning system, requiring a unique skillset, and selling them to other developers, realising attractive short-term margins and generating cash to fund our operations.
- Maximising the value from our land bank through housing development and direct sales, as well as providing housebuilding services to other landowners.
- Ensuring a strong and flexible balance sheet by maintaining borrowings at a manageable level through a focus on cash management and with a maturity profile appropriate to our potential future cash flows.

With these in mind, it gives me great pleasure to report on another set of robust results for Inland Homes, demonstrating strong profitability during the year ended 30 June 2017 and a further improvement in both stated and EPRA net asset value at the year end.

Results and operations

Profit before tax and before revaluation of investment properties has increased by 15.3% to £18.1 million (2016 restated*: £15.7 million) with the majority of realisations taking place in the second half of the financial year, as expected and previously guided. Including revaluation of investment properties, profit before tax was £19.6 million (2016 restated*: £33.7 million) reflecting the majority of the valuation uplift having taken place in the previous year on the portfolio of existing residential properties at our site in Wilton Park, Beaconsfield. The EPRA net asset value at 30 June 2017 was £194.4 million (2016 restated*: £186.3 million) and this translated to 96.22p per share (2016 restated*: 92.34p).

We operate at the more affordable point in the market, where homes are typically priced between £200,000 to £450,000 and the average selling price of our homes during the financial year was £306,000 (2016: £337,000). Our forward sales at 30 June 2017 stood at £19.9 million and currently stand at £33.0 million. In addition, we have three major construction contracts amounting to £41.5 million on our Partnership Housing activity, comprising permissioned land that has been sold to housing associations with Inland Homes subsequently securing construction contracts to build the planned residential units. The Group intends to increase this activity and expects this to be a growing revenue stream in the future.

The current annualised rental income from our commercial and residential investment activities, as we continually seek to maximise the potential of our assets, amounts to £2.6 million (2016: £2.6 million) and we will selectively sell some of these assets in order to reduce our net gearing.

Our development sites are principally around the M25 and M11 corridor, as well as on the South Coast around Poole in Dorset and Southampton in Hampshire. We believe these areas of the market, both in terms of pricing and location, will continue to remain relatively stable over the medium term, largely underpinned by the structural imbalance in the housing market which is continuing to witness excess demand over supply.

Land Portfolio

The Group's land bank currently stands at 6,936 plots (2016: 6,681 plots) with 30.8% (2016: 17.4%) of the portfolio having planning permission or a resolution to grant planning consent. During the year ended 30 June 2017 new planning approvals and resolutions to grant planning approval had been received for 1,856 residential units. The current status of the land portfolio is as follows:

	Plots without planning consent	Plots with planning consent or resolution to grant planning consent	Total plots
Owned under construction	–	294	294
Owned or contracted	493	1,700	2,193
Managed or held within joint ventures under construction	–	43	43
Managed or held within joint ventures	1,266	100	1,366
Joint ventures terms agreed	570	–	570
Terms agreed	200	–	200
Strategic land terms agreed	2,270	–	2,270
TOTAL PLOTS	4,799	2,137	6,936

This last financial year was an exceptional period that demonstrated the full capabilities of the business to deliver planning approvals on a considerable number of sites and across a wide range of diverse projects types with varying levels of complexity associated with them. To achieve this, Inland Homes has drawn on its extensive experience within the senior management team to manage the challenges of site delivery, to meet programme timetables and enable approvals that the Group can either take forward as future constructions sites, or as land available for sale.

The Group operates across a diverse land portfolio from town centre developments to major regeneration projects as well as some redevelopment of land located in the greenbelt. This requires land and planning teams with a unique skillset and expertise that sets us apart from our peers. Set out below some are of the projects that we have been working on during the last year.

Regeneration and Greenbelt / Greenfield Developments

Wilton Park, Beaconsfield - An outline planning application for up to 350 homes as well as commercial and community development on this major developed site in the greenbelt was submitted in September 2017. The design proposals have taken longer to come to fruition than originally anticipated as we needed to ensure that the scheme met the requirements of this premium location as well as those expected by the Local Authority. We are already generating an annual rental stream of £1.0 million from 86 existing residential properties on this site valued at £46.9 million and which are included in the accompanying financial statements under investment properties. In addition, the site generates approximately £0.5 million per annum from letting other space for storage and film production. We expect this 100 acre site to generate a gross development value of approximately £350 million.

Wilton Park also sits within the proposed East of Beaconsfield Strategic Land release as proposed by South Bucks District Council and the current application ensures that it can accommodate further development on the site.

Cheshunt Lakeside, Cheshunt – This is currently Inland Homes' largest regeneration project comprising an emerging masterplan for a new mixed use Urban Village of up to 2,000 new homes on 30 acres of land of which 18 acres are either owned or controlled by our joint venture company. The site sits immediately adjacent to Cheshunt Station (27 minutes to London Liverpool Street) and the proposed new Crossrail 2 route. The setting is regarded by Broxbourne Borough Council as a key delivery location for much needed new homes and employment space in the Borough. Over the last year our land and planning team have assisted the Local Authority in increasing the development allocation from 1,000 residential units to approximately 2,000 units across the wider masterplan. The Group has a 50% interest in this development site and a planning application is expected to be submitted in December 2017, once we have successfully incorporated the requirements of key stakeholders and have a masterplan that can support the Borough through their Local Plan process. The resultant masterplan will include new community facilities, a new two form entry primary school and employment space comprising uses such as offices, healthcare, business, leisure, restaurant and retail.

Chapel Riverside, Southampton – This regeneration site was secured by way of a Development Agreement with Southampton City Council whereby Inland Homes has obtained outline planning approval for 457 apartments plus 64,000 sq ft of commercial space with a detailed approval for the first phase of 72 units, which is now under construction. The gross development value of this site is expected to be in excess of £120 million and we anticipate the project will take approximately seven years to complete.

Abbey Wharf, Alperton, London – A resolution to grant planning consent was received for a first phase of 135 apartments in what is a new London Housing Zone. This site will kick start the regeneration and deliver some of the key requirements of the Housing Zone masterplan. The site was sold by the Group during the financial year generating a profit of £6.0 million. The Group has also secured a £29.5 million construction contract and construction is expected to commence in December 2017.

Aston Clinton Road, Aylesbury – Significant technical and planning challenges, including noise, transport and drainage, had to be overcome by the Inland Homes team in order to secure planning consent for 400 homes and 105,000 sq ft of commercial space on this site, which was owned by our joint venture company with Europa Capital. The joint venture company was sold in June 2017 resulting in a gain for the Group of £7.0 million.

Town Centre Developments

Sherbourne Wharf, Birmingham – Located 500 metres from Brindleyplace in Birmingham, this well-located City Centre site has received planning approval for the first two phases, which will deliver a total of 167 canalside apartments. We submitted a planning application for the third and final phase of 87 apartments in September 2017. This is a dense site urban which provides an exciting opportunity to create a new vibrant waterfront destination that links in with the Canal and Rivers Trust plans for the area. It has an expected gross development value of £50 million.

Beaumont Works, St Albans – When Inland Homes acquired this Grade II Listed Building it was severely run down and in need of refurbishment. Sensitive negotiations with conservation officers enabled a bespoke design to be incorporated alongside a new contemporary residential building with a total of 58 residential units. The site was sold with planning consent in June 2017 for £7.5 million and a profit of £1.8 million.

Randalls Department Store, Uxbridge – The Group's expertise in the development of brownfield urban sites was put to the test on this former Grade II Listed Department store, a local landmark, which became the centrepiece of a new mixed use restaurant and residential proposal. Detailed negotiations with Historic England ensured that the final designs allowed for a practical design that retained the key aspects of the department store. Integration of affordable housing, technical aspects of structure and highways, plus the extra complication of the retention and conversion of the former fire station added to the complexities. Planning permission for 58 apartments and 8,000 sq ft of commercial space was received with some accolade from the local Council. The Group expects the gross development value to be approximately £25 million and plans to sell the site in the current financial year.

Lilys Walk, High Wycombe – Inland Homes secured planning permission for 239 new private tenure apartments and 15,800 sq ft of commercial space on this site in the heart of High Wycombe. As a former gas works with a significant sloping terrain, the site presented a range of challenges to be overcome. An integral part of this site is the delivery of a major piece of public infrastructure known as the Town Centre Relief Road that forms part of the new road system in the town. The Group will shortly commence construction of this development having purchased the site post year end from its joint venture with CPC Group Limited. The gross development value of the site is approximately £75.0 million and contracts have already been exchanged with end purchasers of apartments for £5.5 million.

Wessex Hotel, Bournemouth – This planning approval has been one of the hardest negotiated schemes the Group has procured. The location is on one of the major routes into Bournemouth and forms a key gateway within the West Cliff conservation Area. The scheme replaces an existing 100 bed, run down hotel, with a new 100 bed hotel, basement parking plus two apartment buildings totaling 88 private apartments.

Housebuilding

Following the strategic decision to bring the majority of our housebuilding activity in-house, the past year has also focused on investing in the expansion of our construction team. This process has resulted in recruitment at both head office and site level and, as expected, this investment has brought about a planned increase in overheads, with staff numbers having increased from 39 on 1 July 2016 to 74 at the year end. This facet of the business will deliver improved processes and structures that will accommodate an expansion in our production. Moreover, by managing this construction activity ourselves, we can deliver cost savings over the long term and enable greater control and certainty over the delivery and timing of projects.

We currently have 427 units under construction (including 43 included within a joint venture) across 12 sites of which 316 units (74%) are being delivered in-house. In order to control our working capital requirements, our policy has always been to forward sell our homes. This has been further bolstered by engaging in land disposals to potential landlords with forward funded construction contracts which will have a positive and growing impact on revenue, profits and net borrowings.

Outlook

We are continuing to see strong demand for sites within our land portfolio especially from Housing Associations who have been tasked by the government to increase the number of homes within their portfolios. The Group's strategy is to use more of its land bank for its own housebuilding activities and procure planning permissions in order to deliver sites that could be either sold outright or with the benefit of a construction contract, or be developed to extract the development contribution.

We believe that this provides Inland Homes with significant flexibility and balance to the business through diversified revenue streams and therefore, against the current market backdrop, feel very positive about our ability to create and crystallise further value for our shareholders.

Stephen Wicks
Chief Executive Officer
27 September 2017

Finance Director's Review

Inland Homes has achieved another year of strong results, achieving growth in recurring profits before tax of 15.3% and in adjusted EPRA NAV per share of 4.2%. The Group's strength in acquiring land well and successfully taking it through the planning process coupled with land disposals and housebuilding activity have all contributed towards producing these results.

The business has five significant revenue streams as follows:

- Land disposals
- Sale of private homes
- Construction contracts
- Hotel income
- Rental and other income

A commentary on these revenue streams is set out below.

GROUP INCOME STATEMENT

Revenue for the year ended 30 June 2017 was £90.7 million (2016: £101.9 million). This figure excludes two land sales which have been shown as a gain on sale of subsidiary or joint venture, rather than flowing through revenue and gross margin. If these transactions had been direct land sales, revenue would have been in the region of £117.7 million.

The Group sold 780 residential plots (2016: 425 plots) of which 400 plots were at a joint venture site in Aylesbury, Buckinghamshire and 173 plots related to our site in Alperton, Greater London which was a corporate disposal. The balance of 207 plots generated revenue of £22.4 million (2016: £43.3 million).

Inland Homes legally completed 188 open market units (2016: 147) during the financial year, generating revenues of £57.8 million (2016: £51.5 million). The average selling price for a private unit was £306,000 (2016: £337,000).

During the latter part of the financial year the Group entered into three major construction contracts with Housing Associations on land sold by Inland Homes, for a total sum of £41.5 million. One of these contracts was in respect of 28 affordable homes to be provided under a s106 agreement on the last phase of our site at Queensgate, Farnborough where the land was sold for £1.9 million followed by a construction contract for £3.1 million. In addition, the Group entered into construction contracts for a sum of £38.4 million with two Housing Associations in respect of 192 private homes, the land for which was sold to them for a total sum of £24.1 million. The Group recognised revenues of £1.0 million under these contracts and will continue to recognise revenue under contract accounting on a percentage of completion basis throughout the construction programme.

Looking forward, the Group intends to increase this type of activity which will result in an increased proportion of its revenue and corresponding profit to be recognised on a percentage of completion basis over the life of the development in comparison to recognition of revenue and profit on private unit completions at the point of legal completion. This activity will also enable the Group to realise revenue and profitability earlier by selling parcels of consented land, the proceeds from which will reduce net borrowings. The Group will also benefit from these forward funded construction contracts by providing additional development profits without the need to engage in development loans, related expenditure to procure funding and sales and marketing costs. A further advantage is that the Group will have a higher level of forward orders which will protect it against any potential future downturn in the housing market. As a result, the Group is prepared to accept a reduced net margin on such transactions.

Rental income increased to £2.4 million (2016: £2.1 million) with a significant increase in the corresponding operating profit of £2.1 million (2016: £1.7 million). The Group received revenues of £2.6 million (2016: £1.7 million) in operating the Wessex Hotel in Bournemouth where it has recently received planning consent for 88 residential units and a new 46,000 sq ft hotel with associated car parking facilities. Although the net contribution towards operating profit from this revenue stream is relatively small, it saves costs in respect of security, rates, insurance and maintenance whilst taking the site though the planning process.

Gross profit was £19.5 million (2016: £29.6 million), however as explained above, two land sales were shown as gains on sale of subsidiary and joint venture where the profit was £13.0 million. The gross margin on housebuilding was 15.1% (2016: 21.9%). The reduction is due to an increase in unforeseen site wide costs on certain projects and additional remedial costs on certain historic projects. The gross margin from land disposals (including the sale of subsidiary and joint venture) was 38.7% (2016: 39.4%). Contract income showed a gross loss because the Group incurred significant remedial costs as well as liquidated ascertained damages on two construction contracts from Housing Associations that were sub contracted to a contractor that failed last year. Excluding these contracts, construction contract margin was 17.8%.

In line with the strategic decision to increase our in-house construction capabilities, our head count has increased from 39 to 74 over the course of one year. During the year, head office staff increased by 15 and consequently administrative expenses increased by 20.1% from £6.3 million to £7.6 million.

Our associate company, Troy Homes Limited, is in its second operating year and, as expected, further losses were incurred during the start-up phase. The Group has therefore made a provision of £238,000 and the carrying value is now £1.1 million. Troy is expected to make a profit during its financial year ending 31 March 2018.

Finance costs increased marginally by 6.4% to £7.0 million (2016 restated*: £6.6 million). Actual interest charges on borrowings remained static at £4.7 million. This reflects the lower average cost of debt being incurred by the Group, especially when its borrowings have increased from £71.3 million to £94.5 million. Also included in finance costs is notional interest of £1.4 million (2016 restated*: £1.1 million) being the discount applied on deferred consideration on some of the Group's land acquisitions and disposals. The Group has capitalised interest of £1.1 million (2016 restated*: £0.8m) within inventories as required by IAS 23. Interest cover, expressed as the ratio of operating profit (excluding revaluation gains) to net finance costs (excluding notional interest on deferred consideration) was 4.8 times (2016 restated*: 4.4 times).

TAXATION

The total tax charge of £3.8 million represents 19.5% of the profit before tax. The corporation tax rate is 19% and the small difference has arisen due to tax losses available for relief and a deferred tax liability on part of the revaluation gain on investment properties. A prior year adjustment of £1.3 million has been made to recognise an additional deferred tax liability relating to the revaluation gains on investment properties due to sufficient capital losses not being available. See note 14 for further information.

EARNINGS PER SHARE AND DIVIDENDS

Basic earnings per share decreased by 44.2% to 7.82p (2016 restated*: 14.01p) per share while basic earnings per share excluding revaluation gains increased by 39.3% to 7.09p (2016 restated*: 5.09p). The Company paid an interim dividend of 0.5p (2016: 0.4p) per share on 23 June 2016 and the Board has recommended a final dividend of 1.2p (2016: 0.9p) per share, increasing the total dividend for the year by 30.7% to 1.7p (2016: 1.3p) per share which delivers a yield of approximately 2.8% based on the share price at 30 June 2017. The proposed final dividend will be payable on 26 January 2018 subject to shareholders' approval, to shareholders on the register at the close of business on 29 December 2017.

GROUP BALANCE SHEET AND FINANCIAL POSITION

Net assets at 30 June 2016 were £130.6 million, an increase of 12.2% mainly due to retained earnings and a small issue of new shares to employees as a result of exercising share options. This translates to net assets of 64.62p per share (2016 restated*: 57.66p). The EPRA net asset value per share at 30 June 2017 was 91.88p (2016 restated*: 88.22p) and the adjusted EPRA net asset value was 96.22p (2016 restated*: 92.34p) per share.

The Group has provided a loan facility to its associate, Troy Homes Limited, of £3.1 million which bears a coupon of 8% per annum and expires on 9 October 2020. As at the year end Troy had drawn down £2.9 million of this facility.

Inventories have reduced in line with the sale of residential units and plots during the year as there were no significant land purchases during the financial year. The design proposals at Wilton Park in Beaconsfield have taken longer than originally anticipated in order to make sure that the scheme met the requirements of this prominent site and that of the Local Authority. Therefore, in line with International Accounting Standard 23, the Group has decided to capitalise the borrowing costs in relation to this project and has included £1.1 million within inventories. Accordingly, a prior year adjustment for £1.6 million was made against inventories and reserves brought forward.

The Group is owed £28.3 million included in Trade and Other Receivables in both current and non-current assets. This is represented by an amount of £10.8 million in respect of the sale of its interest in a joint venture that held its site at Aston Clinton, Buckinghamshire and £10.8 million in respect of the sale of its site at Alperton, North West London which was undertaken via a corporate disposal.

The Group's net investment and loans across four joint ventures has increased from £11.3 million to £18.4 million. This includes our 50% interest in the former Tesco headquarter's site in Cheshunt, Hertfordshire where we are leading the master planning on the wider regeneration for a scheme of approximately 2,000 residential plots of which approximately 1,350 would be within the land that our joint venture owns.

Other financial liabilities of £20.1 million consists of a sum of £15.0 million due in respect of Wilton Park, Beaconsfield and £5.1 million on Springfield Road Industrial Estate in Chesham.

The term of the Group's borrowing facilities has been improved with 100% of total borrowings being repayable after one year, and 53.5% repayable between three and five years. Our development activities are financed using a £20.0 million committed revolving credit facility expiring in the Autumn of 2019 and land purchases have the benefit of a £25.0 million committed revolving credit facility expiring in over three years. We have also procured a £43.3 million term facility secured against the existing residential units and land at our site in Wilton Park, Beaconsfield. In addition, the Group has the Zero Dividend Preference Shares which have an accrued liability of £17.3 million and are repayable on 10 April 2019. The cash balance at the year end amounted to £26.5 million (2016: £16.7 million) and net borrowings (loans and ZDP liability less cash) were £68.0 million (2016 restated*: £54.6 million) representing net gearing of 52.1% (2016 restated*: 46.9%) on net assets of £130.6 million (2016 restated*: £116.3 million) or 35.0% on EPRA net assets of £194.4 million (2016 restated*: £186.3 million). Net gearing is defined as loans and accrued ZDP liability less cash as a proportion of either net asset value or EPRA net asset value.

Nishith Malde
Finance Director
27 September 2017

GROUP INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2017

Continuing operations	Note	2017 £000	2016 £000 restated
Revenue	2	**90,727**	101,910
Cost of sales	2	**(71,226)**	(72,329)
Gross profit		**19,501**	29,581
Administrative expenses		**(7,565)**	(6,297)
Profit on sale of PPE		**-**	9
Provision for doubtful debt		**-**	(1,106)
Gain on sale of subsidiary		**5,988**	-
Gain on sale of joint venture		**6,965**	-
Share of loss of associates	7	**(238)**	(138)
Share of profit/(loss) of joint ventures	7	**13**	(232)
Loss on investments		**(1)**	-
Revaluation of investment properties	6	**1,466**	18,015
Operating profit		**26,129**	39,832
Finance cost - interest expense		**(6,998)**	(6,576)
Finance income - interest receivable and similar income		**458**	477
Profit before tax		**19,589**	33,733
Income tax	3	**(3,810)**	(4,841)
Total profit and comprehensive income for the year		**15,779**	28,892
Attributable to:			
- Shareholders of the Company		**15,779**	28,293
- Non-controlling interests		**-**	599
Earnings per share for profit attributable to the equity holders of the Company during the year			
- basic	4	**7.82p**	14.01p
- diluted	4	**7.46p**	13.38p

GROUP STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2017

	Note	**2017** £000	2016 £000 restated	2015 £000 restated
ASSETS				
Non-current assets				
Investment properties	6	**53,558**	51,705	34,000
Property, plant and equipment		**688**	480	332
Investment in associates	7	**1,125**	113	-
Amounts due from associate in more than one year	10	**5,763**	894	-
Investment in joint ventures	7	**164**	1,216	1,488
Loans to joint ventures due in more than one year	10	**-**	-	3,246
Receivables due in more than one year	10	**5,830**	55	55
Deferred tax due in more than one year	8	**-**	-	548
Total non-current assets		**67,128**	54,463	39,669
Current assets				
Inventories	9	**139,898**	148,438	121,795
Trade and other receivables	10	**22,491**	6,816	7,998
Amounts due from associate	10	**-**	3,372	-
Amounts due from joint ventures	10	**18,267**	10,103	-
Listed investments carried at fair value through profit and loss		**-**	1	1
Cash and cash equivalents		**26,459**	16,723	21,377
Total current assets		**207,115**	185,453	151,171
Total assets		**274,243**	239,916	190,840
EQUITY				
Capital and reserves attributable to the Company's equity holders				
Share capital	11	**20,366**	20,281	20,281
Share premium account		**34,336**	34,033	34,033
Employee benefit trust		**(1,078)**	(713)	(382)
Special reserve		**6,059**	6,059	6,059
Retained earnings		**70,867**	56,687	29,570
Total equity attributable to shareholders of the Company		**130,550**	116,347	89,561
Non-controlling interests		**-**	-	272
Total equity		**130,550**	116,347	89,833
LIABILITIES				
Current liabilities				
Bank loans and overdrafts		**-**	19,010	25,192
Other loans		**-**	21,135	18,724
Trade and other payables	12	**20,537**	18,656	14,862
Corporation tax		**6,532**	7,618	6,347
Other financial liabilities	13	**20,130**	22,369	10,881
Total current liabilities		**47,199**	88,788	76,006
Non-current liabilities				
Zero Dividend Preference shares	13	**17,291**	14,607	12,372
Bank loans due in more than one year		**63,227**	16,535	-
Other loans due in more than one year		**13,950**	-	-
Other financial liabilities		**-**	-	12,629
Payables due in more than one year		**-**	2,679	-
Deferred tax due in more than one year	8	**2,026**	960	-
Total non-current liabilities		**96,494**	34,781	25,001
Total equity and liabilities		**274,243**	239,916	190,840

GROUP STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2017

	Share capital £000	Share premium £000	Employee Benefit Trust £000	Special reserve £000	Retained earnings £000	Total £000	Non-controlling interests £000	Total equity £000
At 30 June 2015 (pre-adjustment)	20,281	34,033	(382)	6,059	28,806	88,797	272	89,069
Adjustment for the application of IAS 23	-	-	-	-	764	764	-	764
At 30 June 2015 (restated)	20,281	34,033	(382)	6,059	29,570	89,561	272	89,833
Share-based payments	-	-	-	-	665	665	-	665
Dividend payment	-	-	-	-	(2,832)	(2,832)	-	(2,832)
Purchase of own shares for deferred bonus plan	-	-	(331)	-	-	(331)	-	(331)
Transactions with owners	-	-	(331)	-	(2,167)	(2,498)	-	(2,498)
Non-controlling interest acquired during the year	-	-	-	-	871	871	(871)	-
Surplus arising on acquisition of non-controlling interests	-	-	-	-	120	120	-	120
Total comprehensive income for the year	-	-	-	-	28,293	28,293	599	28,892
Total changes in equity	-	-	(331)	-	27,117	26,786	(272)	26,514
At 30 June 2016 (restated)*	20,281	34,033	(713)	6,059	56,687	116,347	-	116,347
Share-based payments	-	-	-	-	1,251	1,251	-	1,251
Dividend payment	-	-	-	-	(2,850)	(2,850)	-	(2,850)
Issue of ordinary shares	85	303	-	-	-	388	-	388
Purchase of own shares for deferred bonus plan	-	-	(365)	-	-	(365)	-	(365)
Transactions with owners	85	303	(365)	-	(1,599)	(1,576)	-	(1,576)
Total comprehensive income for the year	-	-	-	-	15,779	15,779	-	15,779
Total changes in equity	85	303	(365)	-	14,180	14,203	-	14,203
At 30 June 2017	**20,366**	**34,336**	**(1,078)**	**6,059**	**70,867**	**130,550**	**-**	**130,550**

*A prior year adjustment was made. Further information can be found in note 14. The effect of this adjustment on the balance at 30 June 2016 is as follows:

	Share capital £000	Share premium £000	Employee Benefit Trust £000	Special reserve £000	Retained earnings £000	Total £000	Non-controlling interests £000	Total equity £000
At 30 June 2016 (pre-adjustment)	20,281	34,033	(713)	6,059	56,372	116,032	-	116,032
2015 adjustment	-	-	-	-	764	764	-	764
Recognition of deferred tax	-	-	-	-	(1,298)	(1,298)	-	(1,298)
Adjustment for the application of IAS 23	-	-	-	-	849	849	-	849
At 30 June 2016 (restated)	20,281	34,033	(713)	6,059	56,687	116,347	-	116,347

GROUP STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2017

	2017	2016
	£000	£000 restated
Cash flow from operating activities		
Profit for the year before tax	**19,589**	33,733
Adjustments for:		
- depreciation	**242**	179
- profit on disposal of property, plant and equipment	**-**	(9)
- share-based payments	**1,251**	665
- revaluation of investment properties	**(1,466)**	(18,015)
- gain on disposal of subsidiary	**(5,988)**	-
- gain on disposal of joint venture	**(6,965)**	-
- interest expense	**6,998**	6,576
- interest and similar income	**(458)**	(477)
- share of (profit)/loss of joint ventures	**(13)**	232
- share of loss of associates	**238**	138
Corporation tax payments	**(3,576)**	(2,158)
Change in working capital:	**-**	
- increase in inventories	**(6,926)**	(16,797)
- decrease in trade and other receivables	**6,120**	669
- decrease in trade and other payables	**(7,438)**	(2,781)
Net cash inflow from operating activities	**1,608**	1,955
Cash flow from investing activities		
Interest received	**344**	-
Purchases of property, plant and equipment	**(450)**	(329)
Purchases of investment property	**(387)**	(1,021)
Sale of property, plant and equipment	**-**	12
Acquisition of subsidiaries	**-**	(804)
Proceeds from sale of investments	**1**	-
Proceeds from sale of subsidiary	**5,750**	-
Loans provided to joint ventures	**(10,854)**	(5,810)
Investment in joint ventures	**(46)**	(202)
Loans provided to associate	**(2,478)**	(4,266)
Amounts repaid by associate	**1,072**	-
Investment in associate	**(125)**	(251)
Net cash outflow from investing activities	**(7,173)**	(12,671)
Cash flow from financing activities		
Interest paid	**(4,450)**	(5,203)
Repayment of borrowings	**(48,714)**	(28,417)
New loans	**71,291**	42,845
Net proceeds on issue of ordinary shares	**389**	-
Equity dividends paid to ordinary shareholders	**(2,850)**	(2,832)
Purchase of own shares for Long Term Incentive Plan	**(365)**	(331)
Net cash inflow from financing activities	**15,301**	6,062
Net increase/(decrease) in cash and cash equivalents	**9,736**	(4,654)
Net cash and cash equivalents at beginning of year	**16,723**	21,377
Net cash and cash equivalents at end of year	**26,459**	16,723

NOTES TO THE GROUP PRELIMINARY ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2017

1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of this preliminary announcement are set out below.

Basis of preparation
The consolidated financial statements of the Group for the year ended 30 June 2017 comprise the results of Inland Homes plc ("the Company") and its subsidiaries and were approved by the board on 27 September 2017.

The financial information does not constitute the Group's statutory accounts for either the year ended 30 June 2017 or the year ended 30 June 2016, but is derived from those accounts. Statutory accounts for the year ended 30 June 2016 have been delivered to the Registrar of Companies and those for the period ended 30 June 2017 will be delivered following the Company's Annual General Meeting. The Auditor's report on both the 2016 and 2017 accounts was unmodified, did not include a reference to any matters to which the Auditors drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498 of the Companies Act 2006.

Each year the Group reassesses its judgements in relation to accounting policies which it has adopted. During a review of properties held within inventories the Directors were of the opinion that the Wilton Park site meets the criteria for the capitalisation of interest required under IAS 23 Borrowing Costs. Further information on the financial impact of this reassessment can be found in note 14.

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

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

Standards in issue but not yet effective
New standards and interpretations currently in issue but not effective, based on EU mandatory effective dates, for accounting periods commencing on 1 July 2016 are:

- IFRS 15 Revenue from Contracts with Customers (EU effective date 1 January 2018)
- IFRS 9 Financial Instruments (EU effective date 1 January 2018)
- IFRS 16 Leases (EU effective date 1 January 2019)
- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses (EU effective date 1 January 2017)
- Amendments to IAS 7 Disclosure Initiative (EU effective date 1 January 2017)
- Amendments to IFRS 2 Classification and Measurement of Share-based Payment Transactions (EU effective date 1 January 2018)
- Amendments to IFRS 1 - Annual Improvements to IFRSs (2014-2016 cycle) (EU effective date 1 January 2018)
- Amendments to IAS 28 - Annual Improvements to IFRSs (2014-2016 cycle) (EU effective date 1 January 2018)
- Amendments to IFRS 12 - Annual Improvements to IFRSs (2014-2016 cycle) (EU effective date 1 January 2017)
- Amendments to IAS 40 - Transfers of Investment Property (EU effective date 1 January 2018)
- IFRIC 23 Uncertainty over Income Tax Treatments (EU effective date 1 January 2019)

IFRS 9 – The Group is currently assessing the impact of the revisions on the Group's results and financial position. IFRS 9 may impact on the measurement of long term receivables, but the Directors do not expect the standard to have a material impact on the Group.

IFRS 15 – The Directors consider that there is a potential impact on adoption of the standard on the accounting for long term construction contracts. This currently represents less than 5% of the total revenue stream, any impact is therefore considered unlikely to have a material impact on current contracts and will be dependent on the terms of the individual contracts in place at the time IFRS 15 is adopted. The Directors are in the process of assessing the impact of the new standard on future construction contracts. Given the Group's pipeline such contracts may form a greater proportion of total revenue in future years. Whilst the directors consider that other areas are not expected to be materially affected by IFRS 15, a full impact analysis will be undertaken in the financial year 2018.

IFRS 16 – It is expected that the Group's lease commitment at the head office will be brought onto the statement of financial position together with the corresponding assets. The Directors are currently negotiating the terms of a new lease, and therefore the quantum is currently unknown.

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

Basis of consolidation
The Group's financial information consolidates the financial statements of the Company and all of its subsidiary undertakings drawn up to 30 June 2017. Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the subsidiary; exposure, or rights to, the variable returns from its involvement with

the subsidiary; and the ability to affect those returns through its power over the subsidiary. The Group obtains and exercises control through voting rights, development agreements and option agreements.

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

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

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

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

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

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

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

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

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

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

Golden brick income
On sites where the Group acts as a main contractor the contract income is usually preceded by a land sale which takes place once construction has reached one level of bricks above the damp proof course. This is authorised by an agent of the purchaser and at this point title passes.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Borrowing costs
The Group capitalises borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset where developments are considered to fall under the requirements of IAS 23 Borrowing Costs (Revised). Qualifying assets are those which are being constructed over a significant period of time, which Inland interpret to be over 12 months, and are complex in their nature. The majority of the Group's sites involve the development of large volumes of properties in a repetitive manner. The Group therefore expenses borrowing costs relating to such developments in the period to which they relate through the income statement using the effective interest method which calculates the amortised cost of a financial asset and allocates the interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset. Currently, the group capitalises borrowing costs only in relation to the site at Wilton Park and its joint venture site at Cheshunt as these are the only sites that are considered sufficiently complex in nature and will take over 12 months to develop.

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

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

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

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

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

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

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

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

In identifying its operating segments, management differentiates between land sales, housebuilding, contract income, rental income, hotel income, investments, investment properties, management fees and other income. These segments are based on the information reported to the chief operating decision maker and represent the activities which generate significant revenues, profits and use of resources within the Group. An analysis of the Group's results by segment is disclosed in note 2.

Critical accounting estimates and judgements
In the process of applying the Group's accounting policies, the Directors are required to make judgements, estimates and assumptions that may affect the financial information. The Directors believe that the judgements made in the preparation of the financial information are reasonable. However, actual outcomes may differ from those anticipated. Critical accounting estimates include the Directors' assessment of the net realisable value of inventories, the Directors' assessment of fair value of investment properties not externally valued, the recognition of tax and deferred tax assets and liabilities, the Directors' assessment of the fair value of derivatives and other financial instruments, the Directors' assessment of the fair value of assets and liabilities acquired with business combinations and the discounting on deferred consideration of inventories and acquisition of shares. Critical accounting judgements include the decision whether or not to consolidate a company into the Group, whether or not a site meets the criteria of a qualifying asset in order to capitalize interest and how to account for investments in joint ventures and associates.

2. INCOME AND SEGMENTAL ANALYSIS

Segmental analysis by activity

2016 restated	Land sales £000	House-building £000	Contract income £000	Rental income £000	Hotel income £000	Invest-ments £000	Invest-ment prop-erties £000	Manage-ment fees £000	Other £000	Total
Revenue	43,311	51,458	2,936	2,089	1,704	-	-	-	412	**101,910**
Cost of sales	(26,229)	(40,203)	(3,665)	(408)	(1,696)	-	-	-	(128)	**(72,329)**
Gross profit	**17,082**	**11,255**	**(729)**	**1,681**	**8**	**-**	**-**	**-**	**284**	**29,581**
Administrative expenses	-	-	-	-	-	-	-	-	(6,297)	**(6,297)**
Profit on sale of fixed assets	-	-	-	-	-	-	-	-	9	**9**
Provision for doubtful debt	-	-	-	-	-	-	-	-	(1,106)	**(1,106)**
Share of loss of associates	-	-	-	-	-	(138)	-	-	-	**(138)**
Share of loss of joint ventures	-	-	-	-	-	(232)	-	-	-	**(232)**
Revaluation of investment properties	-	-	-	-	-	-	18,015	-	-	**18,015**
Operating profit/(loss)	**17,082**	**11,255**	**(729)**	**1,681**	**8**	**(370)**	**18,015**	**-**	**(7,110)**	**39,832**
Finance (cost)/income	(3,407)	(1,246)	-	-	-	392	(997)	-	(841)	**(6,099)**
Profit/(loss) before tax	**13,675**	**10,009**	**(729)**	**1,681**	**8**	**22**	**17,018**	**-**	**(7,951)**	**33,733**
Income tax	(2,565)	(2,002)	146	(336)	(2)	(4)	(2,085)	-	2,007	(4,841)
Total profit/(loss) for the year	**11,110**	**8,007**	**(583)**	**1,345**	**6**	**18**	**14,933**	**-**	**(5,944)**	**28,892**

2017	Land sales £000	House-building £000	Contract income £000	Rental income £000	Hotel income £000	Invest-ments £000	Invest-ment prop-erties £000	Manage-ment fees £000	Other £000	Total
Revenue	22,384	57,771	3,112	2,358	2,623	-	-	2,479	-	**90,727**
Cost of sales	(16,229)	(49,039)	(3,361)	(279)	(2,411)	-	-	-	93	**(71,226)**
Gross profit/(loss)	**6,155**	**8,732**	**(249)**	**2,079**	**212**	**-**	**-**	**2,479**	**93**	**19,501**
Administrative expenses	-	-	-	-	-	-	-	-	(7,565)	**(7,565)**
Gain on sale of subsidiary	5,988	-	-	-	-	-	-	-	-	**5,988**
Gain on sale of joint venture	-	-	-	-	-	6,965	-	-	-	**6,965**
Share of loss of associates	-	-	-	-	-	(238)	-	-	-	**(238)**
Share of loss of joint ventures	-	-	-	-	-	13	-	-	-	**13**
Loss on investments	-	-	-	-	-	(1)	-	-	-	**(1)**
Revaluation of investment properties	-	-	-	-	-	-	1,466	-	-	**1,466**
Operating profit/(loss)	**12,143**	**8,732**	**(249)**	**2,079**	**212**	**6,739**	**1,466**	**2,479**	**(7,472)**	**26,129**
Finance (cost)/income	(3,902)	(776)	-	-	-	436	(920)	-	(1,378)	**(6,540)**
Profit/(loss) before tax	**8,241**	**7,956**	**(249)**	**2,079**	**212**	**7,175**	**546**	**2,479**	**(8,850)**	**19,589**
Income tax	(1,566)	(1,512)	47	(395)	(40)	40	(1,259)	-	875	(3,810)
Total profit/(loss) for the year	**6,675**	**6,444**	**(202)**	**1,684**	**172**	**7,215**	**(713)**	**2,479**	**(7,975)**	**15,779**

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

Included with the 'Housebuilding' segment are the sales of freehold reversions and customers’ extras that arise as a by-product of house building activity.

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

Transactions with customers making up 10% or more of revenue	**2017** **£000**	2016 £000 restated
Land sales customer 1	**-**	15,077
Land sales customer 2	**-**	14,000
	-	29,077

All assets and revenues arose solely in the United Kingdom

2016 restated	**Land £000**	**House-building £000**	**Contracting £000**	**Partnership housing £000**	**Hotel £000**	**Investments £000**	**Investment properties £000**	**Other £000**	**Total**
ASSETS									
Non-current assets									
Investment properties	-	-	-	-	-	-	51,705	-	51,705
Property, plant and equipment	-	-	-	-	-	-	-	480	480
Investment in associate	-	-	-	-	-	113	-	-	113
Loan to associate due in more than one year	-	-	-	-	-	894	-	-	894
Investment in joint ventures	-	-	-	-	-	1,216	-	-	1,216
Receivables due in more than one year	-	55	-	-	-	-	-	-	55
Total non-current assets	**-**	**55**	**-**	**-**	**-**	**2,223**	**51,705**	**480**	**54,463**
Current assets									
Inventories	100,686	47,661	75	-	16	-	-	-	148,438
Trade and other receivables	3,420	162	440	-	172	402	3	2,217	6,816
Amounts due from associate	-	-	-	-	-		-	3,372	3,372
Amounts due from joint ventures	-	-	-	-	-		-	10,103	10,103
Listed investments carried at fair value through profit and loss	-	-	-	-	-	1	-	-	1
Cash and cash equivalents	-	-	-	-	-	-	-	16,723	16,723
Total current assets	**104,106**	**47,823**	**515**	**-**	**188**	**403**	**3**	**32,415**	**185,453**
Total assets	**104,106**	**47,878**	**515**	**-**	**188**	**2,626**	**51,708**	**32,895**	**239,916**
EQUITY									
Capital and reserves attributable to the Company's equity holders									
Share capital	-	-	-	-	-	-	-	20,281	20,281
Share premium account	-	-	-	-	-	-	-	34,033	34,033
Employee benefit trust	-	-	-	-	-	-	-	(713)	(713)
Special reserve	-	-	-	-	-	-	-	6,059	6,059
Retained earnings	-	-	-	-	-	-	-	56,687	56,687
Total equity	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**116,347**	**116,347**
LIABILITIES									
Current liabilities									
Bank loans and overdrafts	105	-	-	-	-	-	18,905	-	19,010
Other loans	21,135	-	-	-	-	-	-	-	21,135
Trade and other payables	11,824	3,412	-	-	508	215	446	2,251	18,656
Corporation tax	-	-	-	-	-	-	-	7,618	7,618
Other financial liabilities	22,369	-	-	-	-	-	-	-	22,369
Total current liabilities	**55,433**	**3,412**	**-**	**-**	**508**	**215**	**19,351**	**9,869**	**88,788**
Non-current liabilities									
Zero Dividend Preference shares	-	-	-	-	-	-	-	14,607	14,607
Bank loans due in more than one year	859	15,676	-	-	-	-	-	-	16,535
Payables due in more than one year	2,679	-	-	-	-	-	-	-	2,679
Deferred tax due in more than one year	(463)	(21)	-	-	-	(102)	2,085	(539)	960
Total non-current liabilities	**3,075**	**15,655**	**-**	**-**	**-**	**(102)**	**2,085**	**14,068**	**34,781**
Total equity and liabilities	**58,508**	**19,067**	**-**	**-**	**508**	**113**	**21,436**	**140,284**	**239,916**

2017	Land £000	House-building £000	Contracting £000	Partnership housing £000	Hotel £000	Investments £000	Investment properties £000	Other £000	Total
ASSETS									
Non-current assets									
Investment properties	-	-	-	-	-	-	53,558	-	53,558
Property, plant and equipment	-	-	-	-	-	-	-	688	688
Investment in associate	-	-	-	-	-	1,125	-	-	1,125
Loans to associates due in more than one year	-	-	-	-	-	5,763	-	-	5,763
Investment in joint ventures	-	-	-	-	-	164	-	-	164
Receivables due in more than one year	-	31	-	-	-	5,799	-	-	5,830
Total non-current assets	**-**	**31**	**-**	**-**	**-**	**12,851**	**53,558**	**688**	**67,128**
Current assets									
Inventories	85,131	51,873	445	2,449	-	-	-	-	139,898
Trade and other receivables	13,931	1,297	1,499	-	262	5,000	36	466	22,491
Amounts due from associates	-	-	-	-	-	-	-	-	-
Amounts due from joint ventures	-	-	-	-	-	18,267	-	-	18,267
Cash and cash equivalents	-	-	-	-	-	-	-	26,459	26,459
Total current assets	**99,062**	**53,170**	**1,944**	**2,449**	**262**	**23,267**	**36**	**26,925**	**207,115**
Total assets	**99,062**	**53,201**	**1,944**	**2,449**	**262**	**36,118**	**53,594**	**27,613**	**274,243**
EQUITY									
Capital and reserves attributable to the Company's equity holders									
Share capital	-	-	-	-	-	-	-	20,366	20,366
Share premium account	-	-	-	-	-	-	-	34,336	34,336
Employee benefit trust	-	-	-	-	-	-	-	(1,078)	(1,078)
Special reserve	-	-	-	-	-	-	-	6,059	6,059
Retained earnings	-	-	-	-	-	-	-	70,867	70,867
Total equity attributable to shareholders of the Company	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**130,550**	**130,550**
LIABILITIES									
Current liabilities									-
Trade and other payables	6,682	7,458	1,240	316	512	1,201	333	2,795	20,537
Corporation tax	-	-	-	-	-	-	-	6,532	6,532
Other financial liabilities	20,130	-	-	-	-	-	-	-	20,130
Total current liabilities	**26,812**	**7,458**	**1,240**	**316**	**512**	**1,201**	**333**	**9,327**	**47,199**
Non-current liabilities									
Zero Dividend Preference shares	-	-	-	-	-	-	-	17,291	17,291
Bank loans due in more than one year	17,068	19,863	-	-	-	-	26,296	-	63,227
Other loans due in more than one year	13,950	-	-	-	-	-	-	-	13,950
Deferred tax due in more than one year	-	(607)	-	-	-	(85)	3,344	(626)	2,026
Total non-current liabilities	**31,018**	**19,256**	**-**	**-**	**-**	**(85)**	**29,640**	**16,665**	**96,494**
Total equity and liabilities	**57,830**	**26,714**	**1,240**	**316**	**512**	**1,116**	**29,973**	**156,542**	**274,243**

Included within land inventories above is £5.7 million relating to the hotel.

3. INCOME TAX

	2017 **£000**	2016 £000 restated
Current tax charge	**2,744**	3,333
Deferred tax charge	**1,066**	1,508
Total	**3,810**	4,841

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

	2017 **£000**	2016 £000 restated
Profit before tax	**19,589**	33,733
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 19.0% (2016: 20.0%)	**3,722**	6,747
Expenses not deductible for tax purposes	**12**	14
ZDP interest not deductible for tax purposes	**214**	177
Adjustments to tax charge in respect of previous periods	**63**	167
Timing differences	**(157)**	(746)
Release deferred tax asset on disposal of joint venture	**59**	-
Deferred tax liability on investment properties	**1,259**	(1,518)
Tax losses utilised	**(1,362)**	-
Tax charge	**3,810**	4,841

A prior year adjustment of £1,298,000 has been made to recognise an additional deferred tax liability relating to the revaluation gains on investment properties due to sufficient capital losses not being available.

4. EARNINGS AND NET ASSET VALUE PER SHARE
Basic and diluted EPS

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

	2017	2016 restated
Profit attributable to equity holders of the Company (£000)	**15,779**	28,293
Net assets attributable to equity holders of the Company (£000)	**130,550**	116,347
Weighted average number of ordinary shares in issue (000)	**201,875**	201,957
Dilutive effect of share options (000)	**1,882**	2,413
Dilutive effect of shares held in EBT (000)	**1,627**	1,027
Dilutive effect of growth shares (000)	**6,000**	6,000
Weighted average number of ordinary shares used in determining diluted EPS (000)	**211,384**	211,397
Basic earnings per share in pence	**7.82p**	14.01p
Diluted earnings per share in pence	**7.46p**	13.38p
Shares in issue (000)	**202,027**	201,779
Net asset value per share in pence	**64.62p**	57.66p
Diluted net asset value per share in pence	**61.72p**	55.08p

The Group's Employee Benefit Trust purchased 643,216 shares on 29 October 2014, 383,850 shares on 20 December 2015 and a further 600,000 shares on 16 December 2016 in Inland Homes plc under the terms of the Long Term Incentive Plan. These have been deducted from the weighted average number of ordinary shares in issue and also from the shares in issue at the year end.

5. DIVIDENDS

	2017 £000	2016 £000
Final dividend of 0.9p per share proposed and paid January 2017	**1,832**	-
Interim dividend of 0.5p per share paid June 2017	**1,018**	-
Interim dividend of 0.3p per share paid July 2015	**-**	608
Final dividend of 0.7p per share proposed and paid January 2016	**-**	1,412
Interim dividend of 0.4p per share paid May 2016	**-**	812
	2,850	2,832

The Directors are proposing a final dividend of 1.2p (2016: 0.9p) per share totalling £2,420,000. Dividends are not paid on the shares owned by the Employee Benefit Trust. The dividend has not been accrued in the consolidated balance sheet at 30 June 2017.

6. INVESTMENT PROPERTIES

	Commercial properties Level 3 £000	Residential properties Level 3 £000	Development land Level 3 £000	Total £000
Fair value				
At 30 June 2015	-	26,000	8,000	34,000
Additions	854	167	-	1,021
Fair value adjustment	111	17,904	-	18,015
Transfer from/(to) inventories	-	1,319	(2,650)	(1,331)
At 30 June 2016	965	45,390	5,350	51,705
Additions	329	58	-	387
Fair value adjustment	(26)	1,492	-	1,466
At 30 June 2017	**1,268**	**46,940**	**5,350**	**53,558**
At 30 June 2016	965	45,390	5,350	51,705
At 30 June 2015	-	26,000	8,000	34,000

The different valuation method levels are defined below.

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

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

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

At 30 June 2017, the Group's investment properties were valued at £53.6m (2016: £51.7m) and the historical costs were £15.4m (2016: £15.0m).

The Poole investment property is pledged as security against the £20m Barclays RCF. The carrying value of the property is £5.35m (2016: £5.35m).

The Wilton Park investment properties are pledged as security against a Secure Trust Bank loan. The carrying value of the properties is £46.94m (2016: £45.39m) and the security value is £45.7m.

Income and expense
During the year ended 30 June 2017 £1,113,000 (2016: £642,000) rental and ancilliary income from investment properties was recognised in the Group Income Statement. Direct operating expenses, including repairs and maintenance, arising from investment property that generated rental income amounted to £185,000 (2016: £203,000). The Group did not incur any direct operating expenses arising from investment properties that did not generate rental income (2016: £nil).

Restrictions and obligations
At 30 June 2017 there were no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal (2016: £nil)

There are no obligations to construct or develop the Group's residential or development land investment property.

Valuation and sensitivity
- Residential
The Group's residential investment properties were valued by the Directors on the basis of 'open market value'. In arriving at their view of open market value the Directors had regard to the following; the accommodation offered, the square footage and the condition of each property. They then considered the above in light of the local market and prices achieved in recent transaction in consultation with a local property agent.

If house prices fell by 5% this would result in a reduction in fair value of £2.35m.

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

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

- Commercial
The Group's commercial property at Leighton Buzzard is carried at fair value which has been established by the Directors using a rental yield of 5.5%. The annual rent used in this calculation is the subject of a lease with the Co-op. Costs to complete have been deducted from the fair value along with a suitable developer's margin.

If rental values dropped by 5% the value of this property would decrease by £63,000.

7. INVESTMENTS

	Investment in associates £000	Investment in joint ventures £000	Total £000
Cost or fair value			
At 30 June 2015	-	1,488	1,488
Additions	251	202	453
Transfer to loans to joint ventures	-	(242)	(242)
Share of loss after tax	(138)	(232)	(370)
Movement during the year to 30 June 2016	113	(272)	(159)
At 30 June 2016	113	1,216	1,329
Additions	1,250	238	1,488
Transfer to loans to joint ventures	-	(193)	(193)
Disposal of interest in joint venture	-	(1,110)	(1,110)
Share of (loss)/profit after tax	(238)	13	(225)
Movement during the year to 30 June 2017	1,012	(1,052)	(40)
Net book value			
At 30 June 2017	**1,125**	**164**	**1,289**
At 30 June 2016	113	1,216	1,329

At 30 June 2017, the Company, directly or indirectly, held equity of the following:

Company name	Country of registration	Principal activity	Holding and voting rights	Class of shares
Subsidiary undertakings				
Inland Homes 2013 Limited*	England & Wales	Holding company	100%	Ordinary
Inland Limited*	England & Wales	Real estate development	100%	Ordinary
Poole Investments Limited*	England & Wales	Real estate investment	100%	Ordinary
Inland Housing Limited*	England & Wales	Real estate development	100%	Ordinary
Inland Finance Limited*	England & Wales	Real estate development	100%	Ordinary
Inland (Southern) Limited*	England & Wales	Real estate development	100%	Ordinary
Inland Homes (Essex) Limited*	England & Wales	Real estate development	100%	Ordinary
Inland Homes Developments Limited*	England & Wales	Real estate development	100%	Ordinary
Inland (STB) Limited*	England & Wales	Provision of finance	100%	Ordinary
Inland Property Finance Limited*	England & Wales	Provision of finance	100%	Ordinary
Exeter Road (Bournemouth) Limited*	England & Wales	Real estate development	100%	Ordinary
Inland ZDP plc*	England & Wales	Provision of finance	100%	Ordinary
Inland Helix Limited*	England & Wales	Real estate development	100%	Ordinary
Inland Property Limited*	England & Wales	Real estate investment	100%	Ordinary
Inland Commercial Limited*	England & Wales	Real estate investment	100%	Ordinary
Drayton Developments Limited*	England & Wales	Real estate development	100%	Ordinary
Leighton Developments Limited*	England & Wales	Real estate development	100%	Ordinary
Chapel Riverside Developments Limited*	England & Wales	Real estate development	100%	Ordinary
Bucks Developments Limited*	England & Wales	Real estate development	100%	Ordinary
Wilton Park Developments Limited*	England & Wales	Real estate development	100%	Ordinary
Drayton Garden Village Limited*	England & Wales	Real estate development	100%	Ordinary
Rosewood Housing Limited*	England & Wales	Real estate development	100%	Ordinary
Wessex Hotel Developments Limited*	England & Wales	Real estate development	100%	Ordinary
Inland Partnerships Limited*	England & Wales	Construction of domestic buildings	100%	Ordinary
Hugg Homes Limited*	England & Wales	Letting or operating of real estate	100%	Ordinary
Hugg Housing Limited*	England & Wales	Letting or operating of real estate	100%	Ordinary
Basildon United Football, Sports & Leisure Limited*	England & Wales	Sports club	100%	Ordinary
Interests in joint ventures				
10 Ant South Limited*	England & Wales	Real estate investment	50%	Ordinary
Bucknalls Developments Limited*	England & Wales	Real estate development	50%	Ordinary
Cheshunt Lakeside Developments Limited*	England & Wales	Real estate development	50%	Ordinary
Gardiners Park LLP**	England & Wales	Real estate development	50%	Ordinary
Project Helix Holdco Limited*	England & Wales	Holding company	20%	Ordinary
Interests in associates				
Troy Homes Limited***	England & Wales	Real estate development	25%	Ordinary

* Registered office is Decimal Place, Chiltern Avenue, Amersham, Buckinghamshire, HP6 5FG

** Registered office is Springfield Lodge, Colchester Road, Chelmsford, Essex, CM2 5PW

*** Registered office is 10-14 Accommodation Road, London, NW11 8ED

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

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

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

On 22 December 2016 Inland Homes 2013 Limited disposed of its 100% owned subsidiary, Inland New Homes Limited. A management fee of £6.0m was charged by Inland Ltd to Inland New Homes Ltd prior to the sale for £1 resulting in a gain of £6.0m which has been recognised in the Group Income Statement.

INTERESTS IN JOINT VENTURES

Aston Clinton S.A.R.L.

In November 2014, the Group acquired a 10% interest in Aston Clinton S.A.R.L (Lux) whose purpose is to acquire a site near Aylesbury, Buckinghamshire, and obtain planning permission. During the year ended 30 June 2017 planning consent for 400 residential units and commercial space was achieved. Also during the year the Group sold its interest in Aton Clinton S.A.R.L. for £8.3m, generating a gain of £7.0m which has been recognised in the Group Income Statement. This investment was accounted for using the equity method. Aston Clinton S.A.R.L. is based in Luxembourg.

Aston Clinton S.A.R.L. - summarised statement of financial position

	As at 30 June 2017 £000	As at 30 June 2016 £000
Current assets		
Cash and cash equivalents	-	36
Other current assets	-	7,348
Total current assets	-	7,384
Current liabilities		
Financial liabilities (excluding trade payables and provisions)	-	4,938
Other current liabilities	-	77
Total current liabilities	-	5,015
Net assets	-	2,369
Reporting entity's share in %	0%	50%
Reporting entity's share in £000	-	1,185
Investment cost £000	-	12
Carrying amount at year end £000	**-**	**1,197**

Aston Clinton S.A.R.L. - summarised statement of total comprehensive income

	Period to 28 June 2017 £000	12 months to 30 June 2016 £000
Revenue	**-**	-
Interest income	**-**	-
Interest charge	**(298)**	(272)
Income tax expense	**(2)**	(1)
Total comprehensive income	**(300)**	(273)

Project Helix Group

In December 2014, the Group entered into a joint venture with CPC Group Ltd (CPC) to purchase land, obtain planning permission and ultimately sell the land. Under the terms of the joint venture, the Group owns 20% of the share capital and is obliged to fund 20% of the costs of the sites acquired by the joint venture. A 'waterfall' calculation determines the amount of profit to be received by the Group, using performance hurdles. Along with the Group's capital investment of £8,000 (after recognising the Group's share of profits and losses), £4,888,000 of loans have been provided, which is accounted for as Amounts due from Joint Ventures within Current Assets in the Group Statement of Financial Position. This investment is accounted for using the equity method. Project Helix is based at the Company's registered office. The results below are for both Project Helix Holdco Ltd and its subsidiary undertakings: High Wycombe Developments Ltd; High Wycombe Developments No. 2 Ltd; and Brooklands Helix Developments Ltd.

Project Helix Group - summarised statement of financial position

	As at 30 June 2017 £000	As at 30 June 2016 £000
Current assets		
Cash and cash equivalents	**18**	148
Other current assets	**24,284**	22,659
Total current assets	**24,302**	22,807
Current liabilities		
Financial liabilities (excluding trade payables and provisions)	**648**	3,325
Other current liabilities	**23,972**	19,819
Total current liabilities	**24,620**	23,144
Net liabilities	**(318)**	(337)
Reporting entity's share in %	20%	20%
Reporting entity's share in £000	(64)	(67)
Investment cost £000	72	68
Carrying amount at year end in £000	8	1

	12 months to 30 June 2017 £000	12 months to 30 June 2016 £000
Revenue	**146**	84
Operating expenses	**(70)**	(33)
Total comprehensive income	**76**	51

Bucknalls Developments Ltd

In December 2015, the Group entered into a joint venture with two individuals to purchase land, obtain planning permission and develop the homes in Garston, Hertfordshire. During the year ended 30 June 2017 outline planning consent was obtained for 100 residential units. Under the terms of the joint venture, the Group owns 50% of the share capital, is obliged to fund 50% of the costs of the site and is entitled to receive a management fee and 50% of the returns. Along with the Group's capital investment of £nil (after recognising the Group's share of losses), loans of £4,371,000 have been provided which are accounted for as Amounts due from Joint Ventures within Current Assets in the Group Statement of Financial Position. This investment is accounted for using the equity method. Bucknalls Developments Ltd is based at the Company's registered office.

Bucknalls Developments Ltd - summarised statement of financial position

	As at 30 June 2017 £000	As at 30 June 2016 £000
Current assets		
Cash and cash equivalents	**5**	-
Other current assets	**8,355**	8,318
Total current assets	**8,360**	8,318
Current liabilities		
Financial liabilities (excluding trade payables and provisions)	**8,339**	8,258
Other current liabilities	**34**	72
Total current liabilities	**8,373**	8,330
Net liabilities	**(13)**	(12)
Reporting entity's share in %	**50%**	50%
Reporting entity's share in £000	**(7)**	(6)
Losses restricted to nil £000	**7**	25
Carrying amount at year end in £000	**-**	19

	12 months to 30 June 2017 £000	7 months to 30 June 2016 £000
Revenue	**12**	-
Operating expenses	**(20)**	(1)
Interest	**5**	(11)
Total comprehensive income	**(3)**	(12)

Cheshunt Lakeside Developments Ltd (formerly Inland (Stonegate) Ltd)
In June 2016, the Group entered into a joint venture whose purpose is to acquire a site in Cheshunt, Hertfordshire, obtain planning permission and ultimately sell the land. The site has the potential for 1,500 residential plots. Under the terms of the joint venture agreement, the Group has an obligation to fund 50% of the costs of the site and is entitled to receive 50% of the net returns. The Group has made a capital investment of £155,000 (after recognising the Group's share of profit) as at 30 June 2017, which is accounted for as an Investment in Joint Ventures. Funds of £8,177,000 have also been forwarded and are accounted for as Amounts due from Joint Ventures on the Group Statement of Financial Position. This investment is accounted for using the equity method.

Cheshunt Lakeside Developments Ltd - summarised statement of financial position

	As at 30 June 2017 £000	As at 30 June 2016 £000
Current assets		
Cash and cash equivalents	**234**	-
Other current assets	**39,347**	31,642
Total current assets	**39,581**	31,642
Current liabilities		
Financial liabilities (excluding trade payables and provisions)	**22,657**	30,017
Other current liabilities	**16,680**	1,625
Total current liabilities	**39,337**	31,642
Net assets	**244**	-
Reporting entity's share in %	**50%**	50%
Reporting entity's share in £000	**122**	-
Investment cost £000	**33**	-
Carrying amount at year end in £000	**155**	-

	12 months to 30 June 2017 £000	1 month to 30 June 2016 £000
Revenue	**248**	-
Operating expenses	**(4)**	-
Interest	**-**	-
Income tax expense	**-**	-
Total comprehensive income	**244**	-

Gardiners Park LLP
In November 2016, the Group entered a joint venture with Constable Homes to develop a site in Basildon, Essex with 30 private and 13 Housing Association units. Under the terms of the joint venture agreement, the Group has an obligation to fund 50% of the costs of the site and is entitled to receive 50% of the net returns. The Group has made a capital investment of £nil (after recognising the Group's share of losses) as at 30 June 2017, which is accounted for as an Investment in Joint Ventures. Funds of £919,000 have also been forwarded and are accounted for as Amounts due from Joint Ventures on the Group Statement of Financial Position. This investment is accounted for using the equity method. Gardiners Park LLP is based at Springfield Lodge, Colchester Road, Chelmsford, Essex, CM2 5PW.

Gardiners Park LLP - summarised statement of financial position

	As at 30 June 2017 £000
Current assets	
Cash and cash equivalents	**300**
Other current assets	**5,881**
Total current assets	**6,181**
Current liabilities	
Financial liabilities (excluding trade payables and provisions)	**3,371**
Partners loans	**1,806**
Other current liabilities	**1,088**
Total current liabilities	**6,265**
Net assets	**(84)**
Reporting entity's share in %	**50%**
Reporting entity's share in £000	**(42)**
Investment cost £000	**42**
Carrying amount at year end in £000	**-**

	7 months to 30 June 2016 £000
Revenue	**869**
Operating expenses	**(919)**
Interest	**(34)**
Income tax expense	**-**
Total comprehensive income	**(84)**

INTERESTS IN ASSOCIATES

Troy Homes Ltd

In October 2015 the Group acquired 25% of Troy Homes Ltd (Troy), a new premium housebuilder, and is entitled to 25% of the net returns. At 30 June 2017 the Group had made a capital investment of £1.125m (after recognising the Group's share of losses) (2016: £113,000) and had provided loans of £3.1m (2016: £894,000) which are accounted for as Loans to Associates within Non-Current Assets in the Group Statement of Financial Position. The Group has subscribed to a further £125,000 of loan notes which are payable when called for by the board of Troy. The Group sold 2 sites amounting to £2.8m on deferred terms to Troy during the year ended 30 June 2016. There is a debtor of £2.7m in relation to these transactions in Amounts due from Associates within Non-Current Assets and they are secured by way of a legal charge over the sites. This investment is accounted for using the equity method, further details of which can be found in the accounting policies.

Troy Homes Ltd - summarised statement of financial position

	As at 30 June 2017 £000	As at 31 March 2016 £000
Non-current assets		
Tangible assets	**82**	37
Total non- current assets	**82**	37
Current assets		
Cash and cash equivalents	**569**	111
Other current assets	**26,087**	10,367
Total current assets	**26,656**	10,478
Total assets	**26,738**	10,515
Current liabilities		
Financial liabilities (excluding trade payables and provisions)	**10,364**	9,475
Other current liabilities	**3,393**	637
Total current liabilities	**13,757**	10,112
Non-current liabilities		
Financial liabilities (excluding trade payables and provisions)	**9,467**	-
Total non-current liabilities	**9,467**	-
Total liabilities	**23,224**	10,112
Net assets	**3,514**	403
Reporting entity's share in %	**25%**	25%
Reporting entity's share in £000	**879**	101
Investment cost £000	**246**	12
Carrying amount at year end in £000	**1,125**	113

	12 months to 30 June 2017 £000	5 months to 30 June 2016 £000
Revenue	**1,011**	-
Operating expenses	**(1,890)**	(539)
Interest	**(836)**	(152)
Income tax	**334**	138
Total comprehensive income	**(1,381)**	(553)

8. DEFERRED TAX

The net movement on the deferred tax account is as follows:	**£000**
At 1 July 2016 (restated)	(960)
Income statement charge	(1,066)
At 30 June 2017	**(2,026)**

The movement in deferred tax assets is as follows:

	Capital losses recognised on revaluation gain £000	Revaluation gain £000	Other £000	Share based compensation £000	Notional interest on deferred consideration £000	Total £000
At 1 July 2015 (restated)	3,983	(3,983)	(148)	406	290	548
Credited/(charged) to income statement	623	(2,708)	250	133	194	(1,508)
At 1 July 2016 (restated)	4,606	(6,691)	102	539	484	(960)
(Charged)/credited to income statement	(1,410)	152	(78)	87	183	(1,066)
At 30 June 2017	**3,196**	**(6,539)**	**24**	**626**	**667**	**(2,026)**

9. INVENTORIES

	2017	2016	2015
	£000	£000 restated	£000 restated
Stock and work in progress	**139,898**	148,438	121,795

During the year, a total of £71,226,000 (2016: £72,329,000) of inventories was included in the Group Income Statement as an expense. The Group conducted a review of the net realisable value of its land bank in view of current market conditions. Where the estimated future net realisable value of the site is less than the carrying value within the Group Statement of Financial Position, the Group has impaired the land value. This has resulted in an impairment of £400,000 (2016: £95,000). The amount of loans and ZDP borrowings secured against inventory is £62.1m (2016: £85.4m). During the year £1.1m of interest was capitalised within inventories and there has been a prior year adjustment of £0.85m to 2016 and £0.76m to 2015.

10. TRADE AND OTHER RECEIVABLES

	2017	2016
	£000	£000 restated
Trade receivables	**3,444**	3,506
Prepayments and accrued income	**1,262**	895
Amounts due from associates	**-**	3,372
Amounts due from joint ventures	**18,267**	10,103
Other receivables	**17,785**	2,415
Amounts owed by Group undertakings	**-**	-
Corporation tax debtor	**-**	-
Loans to associates due in more than one year	**5,763**	894
Other receivables due in more than one year	**5,830**	55
	52,351	21,240

The carrying value of trade and other receivables is considered a reasonable approximation of fair value. During the year ended 30 June 2016, the Directors made a provision of £1.1m against a debtor relating to a contractor who has been placed into administration. No other trade receivables are considered to be impaired. There were no unimpaired trade receivables past due at the reporting date.

Within other receivables is £420,000 (2016: £309,000) relating to retentions receivable from construction contracting clients. Within prepayments and accrued income is £983,000 (2016: £10,000) relating to income accrued on a construction contract.

At the balance sheet date, the Group has provided loans of £4,888,000 (2016: £3,902,000) to Project Helix as shown in note 7.

At the balance sheet date, the Group has provided loans of £4,371,000 (2016: £2,680,000) to Bucknalls Developments Ltd as shown in note 7.

At the balance sheet date, the Group has provided loans of £8,177,000 (2016: £1,017,000) to Cheshunt Lakeside Developments Ltd as shown in note 7.

At the balance sheet date, the Group has provided loans of £919,000 (2016: £nil) to Gardiners Park LLP as shown in note 7.

At the balance sheet date, the Group has provided loans of £2,994,000 (2016: £894,000) to Troy Homes Ltd and was due £2,769,000 for the sale of 2 sites as shown in note 7.

11. SHARE CAPITAL

	2017 £000	2016 £000 restated
Allotted, issued and fully paid - *ordinary, redeemable and deferred shares*		
203,654,432 (2015: 202,799,432) ordinary shares of 10p each	**20,365**	20,280
9,980 (2015: 9,980) deferred shares of 10p each	**1**	1
	20,366	20,281

	2017 Number	**2017 £000**	2016 Number	2016 £000 restated
Allotted, issued and fully paid - *ZDP shares*				
At 1 July	**11,313**	**1,132**	10,285	1,029
Issued for cash during the year	**1,131**	**113**	1,028	103
At 30 June	**12,444**	**1,245**	11,313	1,132

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

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

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

The Group's Employee Benefit Trust purchased 643,216 shares on 29 October 2014, 383,850 shares on 20 December 2015 and a further 600,000 on 16 December 2016 in Inland Homes plc under the terms of the Long Term Incentive Plan. This is a separate entity which is consolidated in the Group's financial statements.

The Company operates an unapproved share option scheme. Awards under each scheme are made periodically to employees. Share options vest three years after the date of grant and have an exercise period of seven years from the date of vesting. The schemes are all equity-settled. The Company has used the Black-Scholes formula to calculate the fair value of outstanding share options and deferred shares.
The Company also operates a long term incentive plan (2013 LTIP) for the Executive Directors. Further details of this can be found in the Directors' Remuneration Report. The Company has used the Monte Carlo simulation technique to determine the fair value of the grant of the awards as the outcome of the performance targets depends on the Parent Company's share price.

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

The charge calculated for the year ended 30 June 2017 is £463,000 (2016: £665,000) with a corresponding deferred tax asset at that date of £87,000 (2016: £126,000).

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

A reconciliation of option movements over the year ended 30 June 2017 is shown below:

	Number 000s	Weighted average exercise price pence
Outstanding at 30 June 2015	4,080	30.61p
Granted during the year	-	-
Outstanding at 30 June 2016	**4,080**	**30.61p**
Lapsed during the year	(45)	70.25p
Exercised during the year	(855)	45.51p
Outstanding at 30 June 2017	**3,180**	**27.60p**
Exercisable at 30 June 2017	**2,815**	**20.30p**
Exercisable at 30 June 2016	3,670	20.57p

In addition to the share options in the above table, there were 11,350,504 ordinary shares exchangeable for the Growth Shares outstanding, issued in December 2013, that do not have an exercise price but are subject to vesting conditions.

At 30 June 2017, outstanding share options granted over 10p ordinary shares were as follows:

Share option scheme	Option price pence	Number	Dates exercisable
Company unapproved	16.5p	580,000	17 December 2012 to 16 December 2019
Company unapproved	18.25p	1,500,000	22 November 2013 to 21 November 2020
Company unapproved	17.5p	245,000	25 June 2015 to 24 June 2022
Company unapproved	32.5p	490,000	18 June 2016 to 17 June 2023
Company unapproved	70.25p	365,000	22 June 2018 to 21 June 2025

The weighted average remaining life of share options outstanding at 30 June 2017 is four years and 3 months.

12. TRADE AND OTHER PAYABLES

	2017 **£000**	2016 £000 restated
Trade payables	**7,255**	3,871
Other creditors	**6,296**	4,687
Social security, other taxes and VAT	**1,767**	3,770
Corporation tax	**6,532**	7,618
Provisions	**-**	943
Accruals and deferred income	**5,219**	5,385
Deferred tax due in more than one year	**2,026**	960
Other creditors falling due in more than one year	**-**	2,679
	29,095	29,913

13. OTHER FINANCIAL LIABILITIES

	2017 **£000**	2016 £000 restated
Purchase consideration on inventories falling due within one year	**20,130**	22,369
Zero Dividend Preference shares	**17,291**	14,607
	37,421	36,976

14. PRIOR YEAR ADJUSTMENTS

During the year the Directors reviewed properties held within inventories and are now of the opinion that given the complexity and the nature of the developments at Wilton Park and Cheshunt it is more appropriate to capitalise interest in accordance with IAS 23 Borrowing Costs in relation to the properties at Wilton Park and in the Cheshunt joint venture. Further information on this assessment can be found in note 1. A prior year adjustment of £1,298,000 has also been made to recognise an additional deferred tax liability relating to the revaluation gains on investment properties following a review of the Group's capital losses available for set off against future capital gains that were erroneously calculated in the prior year. The financial impact of these adjustments is shown below:

	As previously stated		Adjustments			Restated	
	2016 £000	**2015 £000**	**2016 £000**		**2015 £000**	**2016 £000**	**2015 £000**
			Deferred tax	Capitalis-ation of interest	Capitalis-ation of interest		
Group Income Statement							
- net interest	(6,948)	(8,172)	-	849	691	(6,099)	(7,481)
- profit before tax	32,884	34,163	-	849	691	33,733	34,854
- income tax	(3,543)	(5,078)	(1,298)	-	-	(4,841)	(5,078)
- profit after tax	29,341	28,950	(1,298)	849	691	28,892	29,641
Earnings per share							
- basic earnings per share in pence	14.23	14.67	(0.64)	0.42	0.34	14.01	15.01
- diluted earnings per share in pence	13.60	14.20	(0.61)	0.40	0.33	13.39	14.53
Group Statement of Financial Position							
- deferred tax asset due in more than one year	338	548	(338)	-	-	-	548
- total non-current assets	54,801	39,669	(338)	-	-	54,463	39,669
- inventories	146,825	121,031	-	1,613	764	148,438	121,795
- total current assets	183,840	150,407	-	1,613	764	185,453	151,171
- retained earnings	56,372	28,806	(1,298)	1,613	764	56,687	29,570
- total equity attributable to shareholders	116,032	88,797	(1,298)	1,613	764	116,347	89,561
- deferred tax liability due in more than one year	-	-	960	-	-	960	-
- total non-current liabilities	33,821	25,001	960	-	-	34,781	25,001
- total equity and liabilities	238,641	190,076	(338)	1,613	764	239,916	190,840
Group Statement of Cash Flows							
- profit for the year before tax	32,884	34,163		849	691	33,733	34,854
- interest expense	7,425	8,373		(849)	(691)	6,576	7,682

15. PUBLICATION OF NON-STATUTORY ACCOUNTS

The financial information does not constitute the Company's statutory accounts for either the year ended 30 June 2017 or the year ended 30 June 2016, but is derived from those accounts. The Company's statutory accounts for 2016 have been delivered to the Registrar of Companies and those for 2017 will be delivered following the Company's Annual General Meeting. The Auditor's reports on both the 2016 and 2017 accounts were unqualified, did not draw attention to any matters by way of an emphasis of matter and did not contain any statement under Section 498(2) or 498(3) of the Companies Act 2006.

This statement is not being posted to shareholders. The Annual Report and Financial Statements will be posted to shareholders shortly. A copy will also be available on the Company's website, www.inlandhomesplc.com in due course. Further copies are available on request to the Company Secretary at Inland Homes plc.