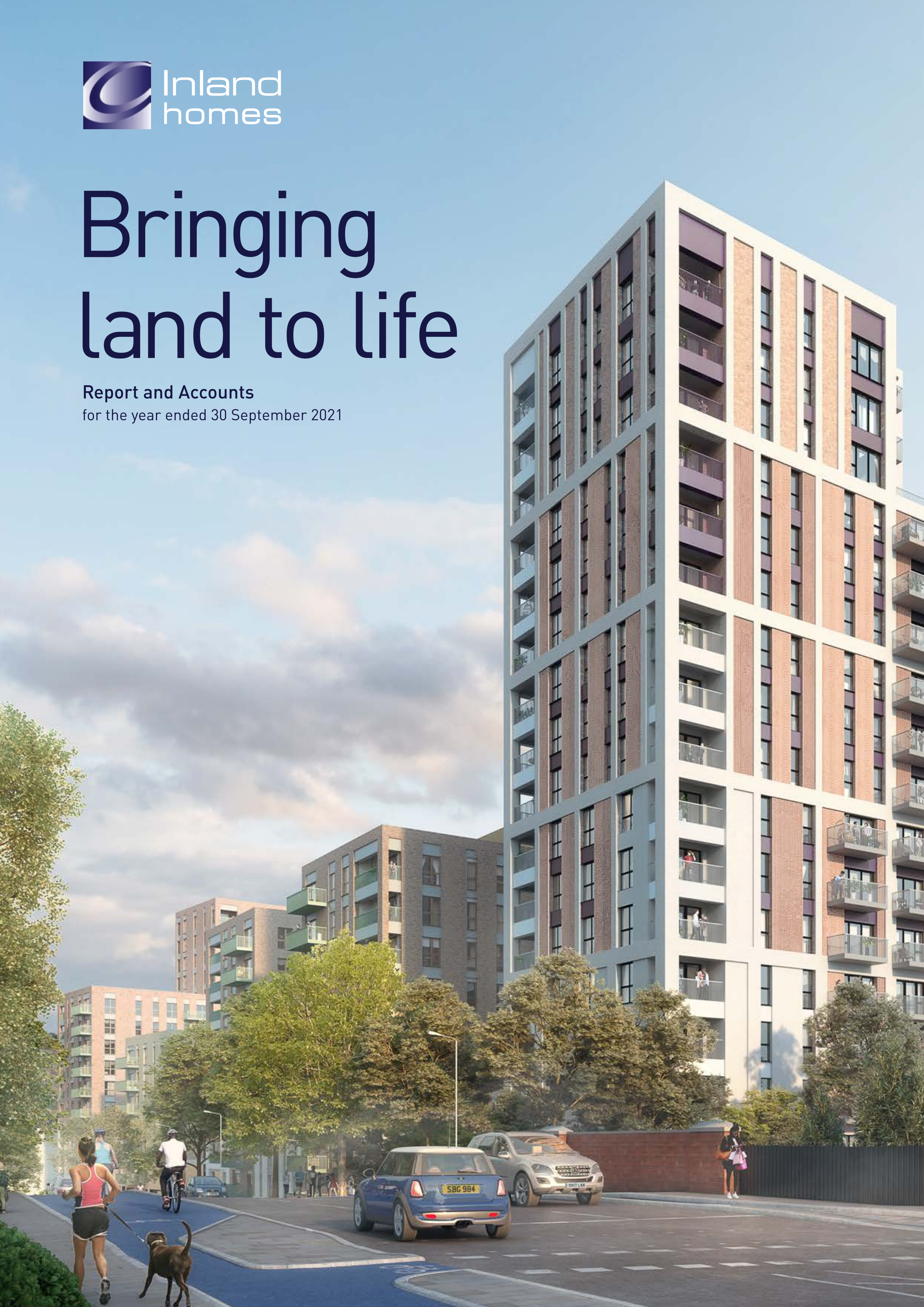
Bringing land to life

Report and Accounts
for the year ended 30 September 2021



Bringing land to life

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.

Inland Homes has a proud history of brownfield site regeneration, creating new homes which leave a positive legacy for future generations. 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 and South East of England, where there is sustained demand for additional housing which outstrips the available supply. The Company is always looking for brownfield sites without planning permission for future development.

Key financials

£181.7m Revenue +46.5% (2020: £124.0m)	£13.2m Profit before tax +288.2% (2020: £3.4m)	£12.1m Cash balances -22.9% (2020: £15.7m*)
107.84p EPRA NTA per share +3.9% (2020: 103.75p)	£118.1m Net debt -20.3% (2020: £148.2m)	£3.0bn Land portfolio GDV -3.2% (2020: £3.1bn)
£164.7m Partnership housing forward order book +55.7% (2020: £105.8m)		

*Of cash balances in 2020, £4.7m was restricted

CONTENTS

Cavalry Barracks, Hounslow

OUR VISION

To lead the way in transforming brownfield sites into thriving, sustainable communities which people are proud to call home.

WHAT WE DO

We use our land, planning and housebuilding expertise to maximise the value of land.

HOW WE DO IT

Sourcing and securing attractive viable land opportunities is at the heart of what we do and where we have a competitive edge. We have an exceptional success rate in securing planning consent on these sites, working closely with local authorities and other stakeholders to ensure our plans add long-term value to each locality.

With planning consent achieved, our flexible business model provides access to several income streams to maximise value and deliver strong shareholder returns.

Wilton Park, Beaconsfield

HOW WE GENERATE VALUE

Land sales

Strategic land asset sales on sites which benefit from planning permission

Asset management

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

Contract income

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

Investment properties

Generating long-term rental income from investment properties

Housebuilding

Building private and affordable homes for sale to individuals or private investors

Rental income

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

See pages 30–31 for our business model for more information on how we generate value

OUR VALUES LEAD EVERY ASPECT OF OUR BUSINESS OPERATIONS AND DECISION-MAKING:

OUR VALUES

We always put safety first

We do not compromise on safety

Our people are our greatest asset

We attract talented people, give them responsibility and successfully retain experienced employees

We create a lasting legacy

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

We are stronger together

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

OUR STRATEGY

Our strategy is focused on activity that will enhance EPRA NTA value and support further reductions in net debt and gearing

01. Optimise returns from our valuable land portfolio

02. Grow the capital-light asset management business

03. Maximise the value of land with planning consent

04. Deliver homes which meet market needs in the most cost-effective way

05. Embed sustainability within all areas of our business

Read more in our strategy on pages 20–23

Read more in the Chief Executive's review on pages 13–15

INVESTMENT CASE

Strong and balanced land portfolio

Our land portfolio is in the South and South East of England where there is sustained demand for additional housing that exceeds available supply. This land bank is principally brownfield and includes sites both with and without planning permission, plus strategic sites which are usually held as discount to market value options and, therefore, require only a limited amount of capital. The gross development value of our entire land bank is £3.0bn. It comprises 10,055 plots, of which 3,689 have planning consent and 2,934 where planning applications have been submitted.

Land-planning experts

Our versatility, local insight and community-centred approach give us a competitive edge in identifying and securing viable and attractive land opportunities. Our highly experienced management and specialist development teams maximise each project's potential. Our success is driving demand for our asset management services, whereby we provide our land and planning expertise to third-party investors.

£3.0bn
Land bank GDV

1,831
Homes granted planning over the reporting period

See pages 6–7 to read more about our land portfolio

See pages 20–23 to read more about our strategy

A balanced and flexible business model

The flexibility in our business model allows us to adapt our activity to suit market conditions and business needs. It includes the strategic disposal of consented land, as well as the construction and forward sales of private homes and partnership housing. Demand for our asset management services, a capital-light activity, continues to grow quickly. Our brownfield sites and portfolio of rental properties also provide a steady stream of rental income.

Proven self-build and partnership capability

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

Environmental, Social and Governance focus and principles

We have extensive site remediation experience, including on sites with challenging and complex environmental issues. We add further long-term value through our infrastructure and social investment in the communities where we operate. We are building on this track record, developing a business-wide Environmental, Social and Governance (ESG) strategy that will embed our ESG principles within every area of the business and support us on our journey to carbon net zero.

6

Key revenue streams to maximise value

See pages 30–31 to read more about our business model

1,547

Private and partnership homes under construction

See pages 36–41 to read more about our housebuilding activity

41/50

Considerate Constructors Scheme average score

See pages 55–64 to read more about our ESG strategy

A focused portfolio

Land is at the heart of what we do

We use our expertise to find, secure and achieve planning permission on viable sites across the South and South East of England, an area where housing demand exceeds supply.

In line with our experience and expertise, more than two-thirds of our land portfolio is brownfield, namely land that has had a previous use. Our growing portfolio of strategic land sites offers longer-term opportunities.

DEVELOPMENT/ SALES SITES

Cheshunt Lakeside, Cheshunt (joint venture)

Chapel Riverside, Southampton

Meridian Waterside, Southampton

Randalls, Uxbridge

Lily's Walk, High Wycombe (joint venture)

Wessex Hotel, Bournemouth

Buckingham House, High Wycombe

Exclusive House, Maidenhead

Templar Green, Cressing

ASSET MANAGEMENT PROJECTS

Patchworks, Walthamstow

Hillingdon Gardens, Hillingdon

Cavalry Barracks, Hounslow

Gallions Close, Barking

Thames Road, Barking

Telephone Exchange, Staines

PARTNERSHIP HOUSING SCHEME

Cheshunt Lakeside, Cheshunt

Patchworks, Walthamstow

Church Road, Ashford

Merrielands, Dagenham

Afrex House, Alperton

Randalls, Uxbridge

OTHER LAND SITES

- Aylesbury
- Basildon
- Beaconsfield
- Birmingham
- Chesham
- Dagenham
- Hitchin
- Poole

STRATEGIC SITES

- Amersham
- Barnham
- Beaconsfield
- Billericay
- Birmingham
- Burleighfield
- Chelmsford
- Colnbrook
- Datchet
- Elstree
- Farnborough
- Framfield
- Fulmer
- Hazlemere
- High Wycombe
- Holmer Green
- Hyde Heath
- Ickleford
- Iver
- Little Chalfont
- Maidenhead
- Meppershall
- Ockley
- Poole
- Slough
- Upminster
- West Hyde

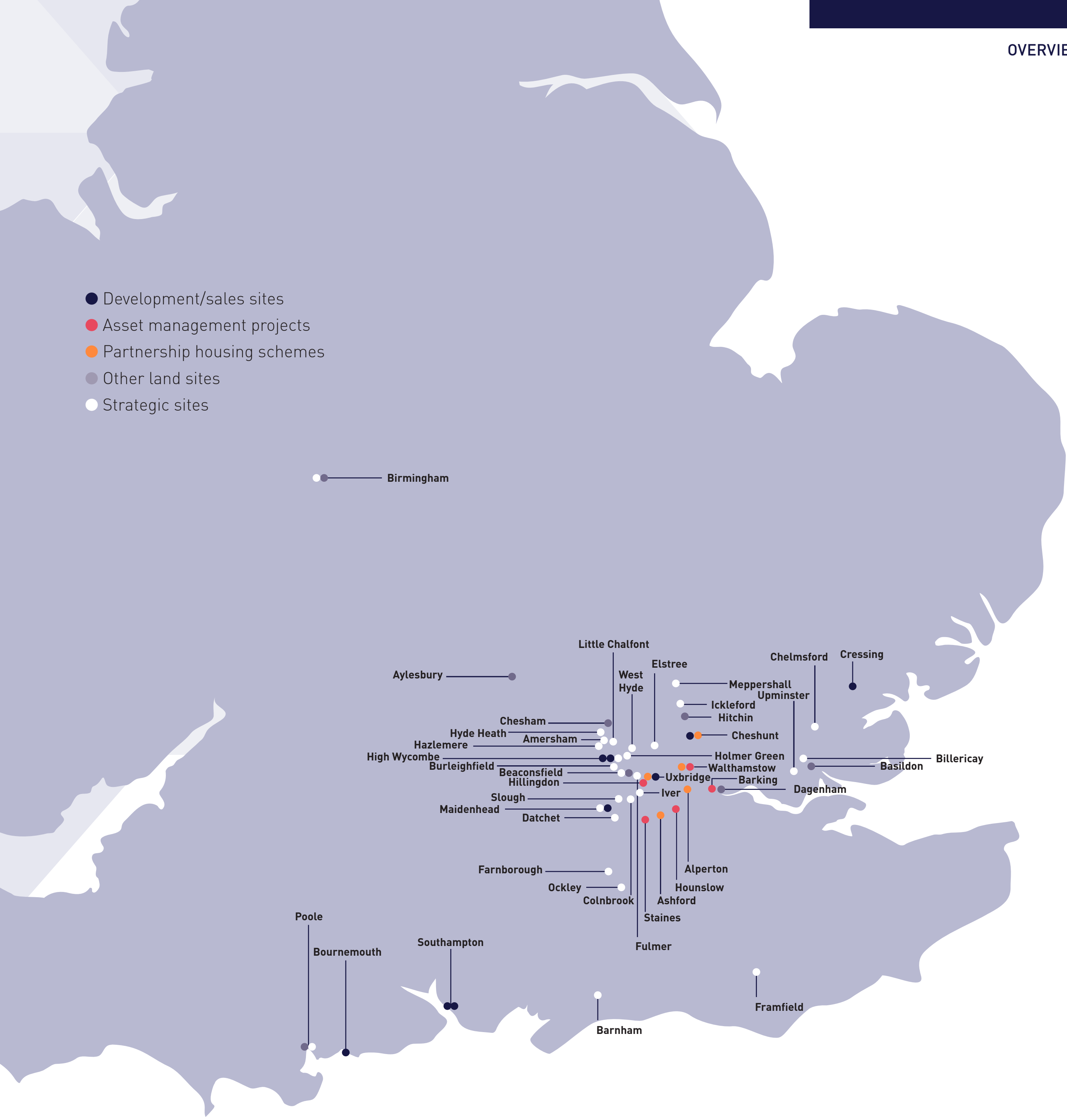
IN NUMBERS

10,055
Land plots
(2020: 11,045)

2,934
Plots with planning submitted
(2020: 1,819)

2,870
Strategic land bank plots
(2020: 2,795)

1,831
Plots granted planning permission during the period
(2020: 112)



Map as at 30 September 2021, including asset management agreements where plots are owned by third parties

3,689	562	601[1]
Plots with planning permission	Pre-planning application plots	Plots sold during the period
(2020: 2,470)	(2020: 3,961)	(2020: 107)

[1] Includes plots within the asset management division owned by third parties.

Chairman's statement

> Inland Homes started the financial year with cautious optimism and finished the financial year strongly... it has been a year of tangible progress in the delivery of the Group's strategic priorities."

Simon Bennett
Chairman

Introduction

Inland Homes started the financial year with cautious optimism and finished the financial year strongly. The Group generates income from multiple sources and this flexibility enabled Inland Homes to move decisively and quickly to meet the challenges presented by both the COVID-19 pandemic and the changing market conditions.

It has been a year of tangible progress in the delivery of the Group's strategic objectives. One of the priorities has been to reduce net debt and I am therefore pleased to be able to report that the Group was successful in achieving a 20.3% reduction, whilst simultaneously extending the maturity of Inland Homes' borrowing facilities. Further progress has also been made in maximising the value of the Group's excellent land bank, growing the asset management division and sustaining the demand for Inland Homes' high-quality, affordably priced homes.

Financial and operational highlights

The heart of the Group's business is land, and both the land trading and asset management businesses performed well. Inland Homes delivered record revenue for the year ended 30 September 2021 of £181.7m (30 September 2020: £124.0m), an increase of 46.5% over the previous year. The Government has continued to support the UK housing market and, excluding joint ventures, the Group sold 216 new homes (30 September 2020: 96). The average selling price of our new homes increased to £262,000 (30 September 2020: £240,000), as buyers took advantage of the relaxation of the Stamp Duty Land Tax and the Help to Buy scheme.

The asset management business, which enables Inland Homes to leverage the expertise, experience and skills within the Group, has had another good year. The Group now has six projects with the potential to deliver approximately 3,300 new homes. Management fees earned on these projects during the year increased by 13.9% to £27.8m (30 September 2020: £24.4m) and delivered very healthy gross profits.

£13.2m

Profit before tax

2020: £3.4m

The Group continues to see increased demand from Build to Rent (BtR) operators, looking for a turn-key solution to their housing requirements. As a result, the contract income from our partnership housing activities, undertaken by Inland Partnerships, grew substantially, with turnover increasing by 16.4% to £60.3m (30 September 2020: £51.8m). Inland Partnerships also continued to win new contracts and its forward order book, including two build contracts at our site in Walthamstow worth £131.3m, increased by 55.7% to £164.7m (30 September 2020: £105.8m).

Buoyed by increased demand, the housebuilding division reported significantly increased turnover of £69.9m (30 September 2020: £23.8m), including the sale of a hotel earlier in the financial year for £13.3m. The margins of both the partnership housing and housebuilding divisions were adversely affected by unforeseen costs, cost inflation and extended construction periods and whilst the Group has taken a number of steps to remedy this situation, these factors will continue to affect margins in the current financial year. Since the financial year end, one of our subcontractors has gone into administration which has cost the Group approximately £0.3m.

As a result of the reduction in net debt, the Group's net interest costs have fallen to £7.8m (30 September 2020: £8.4m). The Group has continued to manage overheads effectively and administrative expenses have reduced by 40.5% to £7.5m (30 September 2020: £12.6m). The Group's profit before tax was substantially ahead of the previous financial year and amounted to £13.2m (30 September 2020: £3.4m). The Board does not intend to recommend a dividend (30 September 2020: nil).

Group net assets at 30 September 2021 increased to £183.0m (30 September 2020: £173.0m). Net asset value per ordinary share increased to 80.10p (30 September 2020: 76.31p) and the EPRA net tangible assets per ordinary share increased to 107.84p (30 September 2020: 103.75p).

Land portfolio

The strong sales performance of the Group is reflected in the estimated gross development value (GDV) of the land portfolio, which at 30 September 2021 is now £3.0bn (30 September 2020: £3.1bn).

This portfolio consists of an aggregate of 10,055 plots (30 September 2020: 11,045 plots), 3,689 of which now have planning consent (30 September 2020: 2,470 plots).

Inland Homes has a proud record of delivering planning consents and during the year, the Group achieved a resolution to grant planning or obtained full planning approval for 1,831 new homes (30 September 2020: 112 new homes). In October 2021, planning consent was achieved at the Group's Gardiners Park Village development in Basildon, following receipt of the resolution to grant planning permission, announced in May 2021. The estimated GDV of the site, which is being developed in conjunction with Homes England, is £200m and will include 700 new homes, commercial space, a new school and other community facilities.

Inland Homes has also recently obtained a resolution to grant planning permission, subject to the signing of a Section 106 agreement, for a mixed-use scheme of 380 new homes, including 103 affordable homes and commercial space in Dagenham Dock, Dagenham. This strategically important site in the Borough will provide a new gateway to the area and act as a catalyst for the regeneration of South Dagenham.

Work at the Group's flagship development at Wilton Park, Beaconsfield continues, with Phases 2 and 3, comprising 90 plots, having been sold during the year to the specialist, high-quality developer Bewley Homes. In addition, a total of 10 houses, which were originally acquired with the site and were formerly let to the Ministry of Defence service personnel, have been completely renovated and sold, for a total consideration of £6.7m.

At Cheshunt Lakeside, Cheshunt, construction of the first 195 homes on behalf of a local housing association is progressing well. The first homes will be handed over in the first half of 2022 and the remainder before the end of the calendar year. We received reserved matters approval for 22 homes and 350sqm of commercial space in Parcel 14, which forms part of Phase 1C, in March 2021 and for Phase 1B, comprising 205 homes, in June 2021. The 22 homes will be offered for private sale. We are at advanced negotiations with a major BtR fund for the development of the 205 homes within Phase 1B.

The Group also concluded the sale of a 105-bedroom hotel at the Wessex Hotel site in Bournemouth, pre let to Premier Inn, to Aviva for £13.3m. At 30 September 2021, 64 of the 94 apartments at the same site had been sold, realising in aggregate proceeds of £18.7m (30 September 2020: £nil).

The Group's nine-acre regeneration project on a former derelict brownfield site at Chapel Riverside, Southampton, will deliver, on a phased basis, 520 new one, two, and three-bedroom homes and 5,945sqm of commercial space. The site has required extensive remediation and civil engineering works. Between 1 October 2020 and 30 September 2021, 93 apartments were sold (including 24 units within a bulk sale), with sales proceeds of £20.7m (30 September 2020: £9.1m).

Abbey Wharf, Alperton

£181.7m

Revenue

2020: £124.0m

Asset management

Investors in projects within the Group's asset management division benefit from Inland Homes' expertise and experience in identifying and securing attractive, viable sites and achieving planning consent on these. The capital-light nature of this funding model, together with the management fees earned at various milestones of the project (including the successful gaining of planning permission), enable the Group to generate attractive and significant returns.

The asset management activity benefits Inland Homes in a number of ways: it optimises the planning expertise within the Group; it significantly reduces the capital investment and it enables Inland Homes to earn management fees as the various defined milestones are achieved. The capital required for these projects is sourced from external investors, who earn a priority return on the capital invested typically on a fixed coupon rate. One of the principal risks for the

Read more about partnership housebuilding on pages 36–37

Read more about asset management on pages 40–41

Group with these projects is delays to the anticipated timetable. Typically, these transactions are structured so that any debt incurred is generally non-recourse to the Group.

One of the Group's strategic aims was to grow this division, which now has six projects, the largest being the 36.7-acre site Cavalry Barracks in Hounslow, with an estimated GDV of £600m. Inland Homes has submitted a planning application and we currently understand that a decision on planning permission will be made in 2022.

During the year, the Group achieved planning consent for two projects within the asset management division: for 514 homes at Hillingdon Gardens, Hillingdon and 583 homes at Patchworks in Walthamstow.

The sale of 228 plots within the Walthamstow site to the charitable housing association, Newlon Housing Trust, for a consideration of £22.5m was announced in October 2021 and these houses will be built by the Group, the contract value being £42.4m. In addition, Inland Homes arranged the disposal strategy for the sale of 355 residential plots (173 completed and 182 due to complete by September 2022) at the same site to London BTR Investments (London BTR), one of the leading providers of BtR housing. Inland Partnerships has secured the contract to build these homes, in what is the largest partnership housing contract secured by the Group to date, with a value of £88.9m.

Strategic objectives

The Group continues to deliver on its strategic objectives, namely: reducing net debt, optimising the returns from the land bank and maximising its value, growing the capital light asset management business and delivering high-quality homes which meet the market's needs. Inland Homes is well placed to deliver further progress on these strategic objectives and I look forward to reporting on this progress in the coming year.

Dividend

As referred to above, one of the key strategic aims for Inland Homes has been to reduce the Group's net debt. A significant step towards this objective has been achieved this year. Further reductions of Group net debt remains a priority and subject to the timing of the grant of planning permission(s), land sales and receipt of management fees receivable, we presently expect to report a further significant reduction in net debt in the coming financial year. The Board will look to resume the payment of dividends as soon as this strategic aim has been achieved.

Templar Green, Cressing

Environmental, Social and Governance

Inland Homes is committed to ensuring that its land, housebuilding and partnership housing activities leave a positive and lasting legacy. As specialists in complex brownfield site regeneration, the Group has a proud history of adding value and applying its expertise in land remediation, to allow the Group to take derelict land and regenerate it into new, thriving and sustainable communities which people are proud to call home.

Inland has an excellent reputation in brownfield site regeneration and this year the Group has made a commitment to embed sustainability within all areas of the business. It has created an Environmental, Social and Governance (ESG) framework that sets high-level commitments and targets, including targets for achieving carbon net zero by 2050.

In recognition of the importance of ESG considerations and in line with our commitment to embed sustainability across all areas of the business, a Governance and Risk Committee has been created to provide a focal point for the coordination of risk management activity across the Group. The focus of this Committee is to ensure that Inland Homes maintains an appropriate level of risk in achieving its corporate objectives.

I look forward to reporting on the Group's progress in each of the three areas in the year ahead.

Engaging with our stakeholders

Stakeholder engagement is a critical part of the Board's role and the Board takes into account the views of stakeholders in determining its agenda. As the Government's COVID-19 restrictions were eased in the second half of the financial year, the Board was able to resume its normal site visits, holding productive meetings with stakeholders at a number of the Group's sites.

I have also made it my priority, in my first year as Chairman, to visit the Group's key construction sites on a regular basis and have enjoyed meeting with Inland Homes' Operational Board and staff, to gain further insight into the challenges and opportunities they face. The health and safety of our staff, customers, suppliers and subcontractors remains a key priority for the Group. Inland Homes is a flexible business and so are its staff. I would like to take this opportunity to thank them all for their support, hard work and commitment during the course of this financial year.

107.84p

EPRA NTA per share

2020: 103.75p

Our 2020 Annual General Meeting (AGM) was held virtually to ensure compliance with the Government's COVID-19 health restrictions in place at that time; however, we were keen to ensure that our shareholders had the opportunity to raise any questions ahead of the meeting. A designated email address allowed our shareholders to pose questions relating to the business to be transacted at the AGM. Each query was responded to on an individual basis. The arrangements for this year's AGM are set out below.

There is more information about how we engage with our stakeholders and how their priorities impact on the Board's decision-making on pages 65–68.

AGM

I am pleased to be able to announce that our 2021 AGM will be held on 21 March 2022 at 11 am. We recognise the importance of engaging with investors face to face and will endeavour, if at all possible, to hold this AGM in person. However, a final decision will be made closer to the date, based on the Government's COVID-19 guidelines and any other public health restrictions in place at that time. The Notice of AGM will be sent to all shareholders in February 2022 and will provide further details.

Changes to the Board

In March 2021, we were pleased to welcome Carol Duncumb to the Board. An experienced Non-executive Director with a 35-year track record of brand-building experience across a range of consumer-related businesses, Carol brings a strong skillset and perspective to the Board.

Having been on the Board at Inland Homes since 2007, I was delighted to accept the position of Chairman of the Board in March 2021, replacing Terry Roydon who, after 14 years with the Group, decided not to seek re-election at the 2021 AGM. We would like to place on record our thanks to Terry for his contribution to the Group over the years.

The Board is committed to upholding the principles of good and sound governance as set out in the Quoted Companies Alliance (QCA) Corporate Governance Code, the Group's chosen Code.

Looking ahead

This has been a year of tangible progress for the Group in achieving its strategic objectives. We continue to work on initiatives to reduce net gearing, to crystallise value from our land bank and to drive returns for shareholders.

The Group is therefore maintaining its focus on reducing its net debt and supporting the growth of both the more capital-light asset management and partnership housing divisions to deliver sustainable long-term growth.

I look forward to seeing the Group build on its strong performance this year, in the year ahead.

Simon Bennett
Chairman

31 January 2022

Strategic report

Chief Executive's review

> Land is at the heart of all that we do as a Group and these results reflect the resilience and flexibility of Inland's unique business model."

Stephen Wicks
Chief Executive Officer

I am pleased to present our results for the year ended 30 September 2021 which set out how we are delivering on our strategy of maximising the value of our land bank and reducing the Group's net debt.

Land is at the heart of all that we do as a Group and these results reflect the resilience and flexibility of Inland's unique business model. We have responded well to the rapidly changing market conditions in the past year and our success is underpinned by a land portfolio which provides opportunities in the short, medium and long term.

Over the course of this financial year, we have witnessed sustained demand from investors, Build to Rent (BtR) operators, registered providers and housebuilders for our land, for the services the Group provides and the quality new homes we build for our customers. We are well positioned to make further progress in the year ahead.

Our performance

Optimising the returns from our valuable land portfolio

Inland Homes' valuable land portfolio is the foundation on which our success is built. We have a highly experienced and talented team, skilled in identifying and procuring attractive and viable land opportunities and in achieving planning consent.

The estimated gross development value (GDV) of the land portfolio now stands at £3.0bn (30 September 2020: £3.1bn) and consists of 10,055 plots (30 September 2020: 11,045 plots). Of these 3,689 have planning consent (30 September 2020: 2,470). A further 2,870 plots are within the Group's strategic land sites (30 September 2020: 2,795), the majority of which are held by way of discount to market value options. The slight reduction to the number of plots in the land bank this year is in line with the Group's strategy, which is focused on reducing net gearing and crystallising value from within the existing portfolio.

£3.0bn
Land portfolio GDV
2020: £3.1bn

We have maintained our strong track record in delivering planning approvals, achieving a resolution to grant or full planning approval for 1,831 new homes during the period (30 September 2020: 112). This includes approval for 700 homes at Gardiners Park Village, Basildon, 583 homes at the former Homebase site in Walthamstow and 514 homes at Hillingdon Gardens, Hillingdon. The schemes at Walthamstow and Hillingdon are both projects within our asset management division.

The dismissal in December 2021 of the London Borough of Hillingdon's application to seek a judicial review of the Mayor of London's approval at Hillingdon Gardens cleared the final obstacle in the way of its development. Consent has taken over three years to be validated and has been extremely difficult to achieve. While it is very disappointing that it should be such a long and torturous process to develop on an allocated brownfield site in a highly sustainable location, we can now press ahead with delivery of these much-needed homes.

Planning consent at Gardiners Park Village, Basildon was granted in October 2021, following a resolution to grant earlier in the year. This 54-acre site will deliver up to 700 new homes, together with 25,000sqm of commercial space, a new school and other community facilities. The development is being delivered in partnership with Homes England and more than 30% of the new homes will provide much needed affordable housing for the local community. The estimated GDV of the site is in excess of £200m and construction of the first phase of 74 new homes is anticipated to commence in 2022.

The Group has also recently announced a resolution to grant planning permission, subject to the signing of a Section 106 agreement, for a mixed-use scheme including 380 new homes and commercial space in South Dagenham.

Grow the capital-light asset management division

Our asset management business continues to produce excellent results. This business enables

Read more in the operations review on pages 36–41

the Group to leverage the expertise, experience and core competencies in brownfield site acquisition, remediation, planning and construction within the Group on behalf of external investors. The management fees earned on the active projects were significantly ahead of the comparative period and amounted to £27.8m (30 September 2020: £24.4m), with significant gross profits.

We now have six projects within our asset management division, which combined have the potential to deliver approximately 3,300 new homes. We received approval for 1,097 of these homes during the period and have submitted application for a further 2,199 homes. This includes an application for 1,629 homes on the former Ministry of Defence 36.7-acre Cavalry Barracks site in Hounslow, one of the largest brownfield sites in London with an estimated GDV of £600m. It is currently anticipated that a decision on planning permission will be made in 2022.

Having secured planning permission at the former Homebase in Walthamstow in April 2021, we were delighted to exchange contracts with London BTR Investment Holdings, one of the leading providers of Build to Rent (BtR) housing, for 355 homes within the site in June 2021. We secured the sale of the remaining 228 homes to the housing association Newlon Housing Trust in September 2021. The combined value of both these sales was £50.1m. The new homes on this site will be built by Inland Partnerships, with the contracts being valued at £88.9m and £42.4m respectively, the former being the largest partnership housing contract that the Group has secured to date. Following site demolition and other preparatory works, construction has just started on the project and we expect the works to be completed in 2025.

Maximise the value of land beyond planning consent

Our flexible business model enables us to maximise the value of land on receipt of planning consent. We then make a decision to sell, build or partner with others, based on our assessment of which activity will deliver the highest returns, subject to the overriding cash requirements of the Group.

As at 30 September 2021, the Group had 1,547 homes under construction (30 September 2020: 1,717). Of these, 1,257 are being built on behalf of affordable housing providers and BtR operators (30 September 2020: 1,302).

Land sales

At present, the market for consented land is particularly strong in the areas in which Inland Homes operates.

We continue to monetise the Group's flagship development at Wilton Park, Beaconsfield. During the year, a further 90 plots were sold, which form Phases 2 and 3 of the overall development, to the high-quality housebuilder Bewley Homes. I am pleased with the progress being made at Wilton Park and enjoyed visiting the Bewley show homes when they opened in January 2022.

Partnership housing

Our partners recognise the Group's ability to add value across all stages of a project and we continue to focus our efforts on growing this part of the Group's business, as it achieves both immediate land sales for the Group and regular revenue throughout the construction process thereafter. The Group continues to see growing demand from BtR operators, looking for turn-key solutions to growing their housing portfolios. As a result, our partnership housing division continues to grow from strength to strength, with the forward order book increasing now to a record £164.7m at the year end (30 September 2020: £105.8m). As outlined above, Inland Partnerships secured two build contracts at Walthamstow totalling £131.3m.

We have delivered on behalf of the Group's BtR partners this year, completing the first of our BtR contracts in March 2021, comprising 123 homes and amenity space at our Centre Square joint venture in High Wycombe. We will complete construction of the 85 units at Buckingham House, High Wycombe on behalf of a second BtR operator in the first half of 2022.

We are at advanced negotiations with another major BtR fund for the development of the next phase of 205 plots at the Group's joint venture development at Cheshunt Lakeside, Cheshunt where we have masterplan consent for 1,725 new homes, commercial space and other community amenities. The Group sold the first phase of this scheme to an affordable housing provider last year and is now constructing the 195 new homes on its behalf, with the first homes set to be delivered in June 2022 and the remainder before the end of the calendar year.

Since the year end, the Group has made further progress in partnership housing, announcing in November 2021 the forward sale of the final phase of the Group's development at Carters Quay, in Poole, to the Bournemouth, Christchurch and Poole (BCP) Council. This last phase of the development will provide 161 new homes and 750sqm of commercial space. The Group will build the new homes on behalf of BCP in a development with a contract value of £43.5m. The site is ready for construction and piling works are set to commence in April 2022, with build completion anticipated by the end of 2024.

The Carters Quay development is an example of Inland Homes' business model and skill set in action. The Group originally acquired the brownfield land site, formerly the Pilkington Tile Factory, and worked with BCP on a long-term basis to regenerate an old, unused industrial site, to create much needed new homes and commercial space. To date, Inland Homes has completed three phases of this development, which has already provided 165 new homes.

Private housebuilding

Revenue from our private housebuilding activity this year has been exceptionally strong, with revenue of £69.9m, including the £13.3m sale of the 105-bedroom hotel in Bournemouth, (30 September 2020: £23.8m). The Group achieved 216 private home completions (30 September 2020: 96) equating to a weekly net reservation rate per active sales outlet of 1.09 (30 September 2020: 0.65). The average selling price was £262,000 (30 September 2020: £240,000) and nearly half (45%) of all buyers were able to access the Government's Help to Buy product. Sales of a further 167 new homes (30 September 2020: 130) were achieved across our sites which are in joint ventures.

The temporary stamp duty holiday provided welcome support during the turbulent period of COVID-19 lockdowns and Government restrictions. I am pleased to report that since the scheme tapered off with effect from July 2021, the demand for our high-quality, award-winning homes has continued to be strong. During the year, we sold a significant number of new homes at the Group's developments at Chapel Riverside and Meridian Waterside in Southampton, new apartments at our Wessex Hotel site in Bournemouth and at Exclusive House, Maidenhead.

We were very pleased to win a number of prestigious industry awards during the reporting period, including 'Private Developer of the Year' at the First Time Buyer Readers' Awards, the WhatHouse? Gold Award for Best Regeneration scheme and 'Best UK Mixed Use Development' at the International Property Awards.

Our people

The health and safety of our staff, suppliers and sub-contractors continues to be our primary focus for the Group. The team responded well to the difficulties posed by the COVID-19 pandemic and construction at almost all sites has continued throughout. Inland Homes has a talented, experienced and agile workforce and I would like to thank them all for their contributions to the business during this financial year.

Embedding sustainability within all areas of our business

Sustainability is a key focus for the Group. This year we have developed our Environmental, Social and Governance (ESG) framework, bringing together high-level commitments in each area, together with targets to reach carbon net zero as a core priority.

Our commitment is to embed sustainability within all areas of the Group's business. The Board is providing oversight and setting leadership of this through its Risk and Governance Committee and at an operational level, we have created cross-departmental working groups to develop the full ESG strategy.

Cladding and fire safety

We make no compromises on safety and the safety of our buildings and the people who live in them is our number one priority.

In the wake of the Grenfell Tower tragedy, we proactively carried out a comprehensive review which confirmed that Aluminium Composite Material (ACM) cladding has not been used on any Inland home or building. This includes both the homes we have built and those where third parties have constructed the homes on our behalf.

We are aware that some remedial work related to fire safety has been proposed at one historic development which is owned by a third party, and we are currently liaising with the property's managing agent and subcontractor to review what, if any, works are required.

Meridian Waterside, Southampton

Government policy

The Government committed £1.8bn in the 2021 Budget to support brownfield site regeneration. Building on brownfield land is the common-sense approach to alleviating the housing crisis and the funding, in principle, is welcome. Inland Homes has recognised the value of brownfield regeneration for many years and it is pleasing to see the Government come to the same conclusion.

However, funding without planning reform will not result in the country meeting its housing delivery targets. What is needed is a commitment to the promised overhaul of our archaic and overly complex planning system. Reports that the Government is considering watering down its proposed 'once in a lifetime' planning reform will, as a consequence, make it even harder to reach its own target of delivering 300,000 new homes a year by the mid-2020s.

Looking ahead

Our strategy of maximising the value of our land bank and reducing the Group's net borrowings will continue in the year ahead. While there are headwinds for the housebuilding sector to navigate, Inland Homes is well set to adapt to these challenges.

We will look to grow the Group's asset management and partnership housing businesses, where the demand from investors, affordable housing providers and BtR operators for our land, planning and build expertise remains strong.

The underlying strength of the housing market in the UK shows no signs of slowing down and without significant planning reform, housing demand will continue to exceed supply. This shortfall will continue to drive demand for the land we own and the new homes we build.

Stephen Wicks
Chief Executive Officer
31 January 2022

Key aspects of our marketplace

Our business decisions and activity are shaped against the context of the broader housing market. In a year of recovery following the COVID-19 induced housing market pause, opportunities are emerging which Inland Homes is well positioned to seize. There are headwinds too, as the long-term ramifications of the pandemic start to be felt. The fundamental shortfall of housing supply across the UK, however, continues to underpin the market and drive demand for our land, planning and build expertise.

Economy rebounds faster than predicted

Context
The economy is expected to grow by 6.5% in 2021 (2.4% faster than predicted in March) as a result of the high degree of effectiveness of the COVID-19 vaccine, combined with consumers' and businesses' adaptability to public health restrictions[1].

This rebound, however, has resulted in supply constraints in several markets, exacerbated by changes in the migration and trading regimes following Brexit. The Consumer Prices Index (CPI) rose by 3.1% in the 12 months to September 2021 and to 5.4% by December 2021[2], higher than the OBR's forecasted peak for 2022 in its October 2021 outlook[3].

Our response
The Group adapted quickly to COVID-19 restrictions and was able to maintain operations at most sites throughout. This operational continuity has provided a sound platform for us to spring back from, and adapt again, to the emerging Omicron variant guidance.

Productivity has increased across sites and pent-up buyer demand has seen record levels of interest for our high-quality, yet affordably priced, homes. Revenues for the year reflect this backdrop at a record £181.7m (2020: £124.0m) for the year, of which £69.9m (2020: £23.8m) has been generated from our private housebuilding segment.

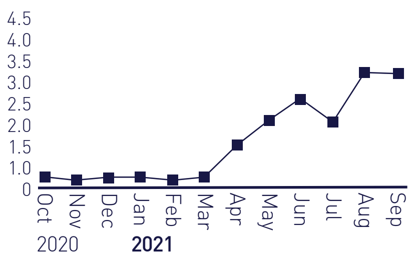
Like others in the industry though, we are not immune to rising labour costs and material shortages. These challenges have put further pressure on margins across our private housebuilding and contract income activities.

Looking ahead
We continue to work closely with our supply chain to ensure continuity of critical supplies and workforce. We have negotiated bulk purchasing agreements to mitigate against the risk of supply chain shortages. Quarterly status reports provide oversight of our supply chain lead times and price increases, enabling us to prepare and respond appropriately.

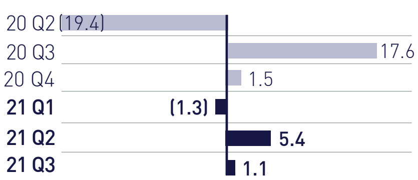
Improving margins is a strategic focus for the Group. Increased site costs along with extended construction periods on some sites have continued to affect margins this year and rising inflation is adding additional pressure on achieving this goal. The Group has taken a number of steps to remedy this situation, including improved internal cost controls and reporting tools, and a renewed focus on design and build standardisation.

1 OBR: obr.uk/efo/economic-and-fiscal-outlook-october-2021/
2 ONS: www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/december2021
3 OBR: obr.uk/efo/economic-and-fiscal-outlook-october-2021/

CPI 12-month increase



UK GDP (%)



Source: Office for National Statistics – GDP quarterly national accounts

New homes/year target

300,000

Strong housing market

Context
House sale transactions are expected to reach 1.6m in 2021, the highest since before the credit crunch. This figure is roughly 35% higher than the average for the five years prior to the pandemic[4].

In parallel, annual house price growth in September 2021 stood at 10.0%, the fifth month in a row in double digits. As a result, house prices remain c.13% higher than before the pandemic began in early 2020. In the Outer Metropolitan area, where the Group is focused, the average house price at the end of September 2021 was £402,317, an annual 8.2% increase on the previous quarter[5].

The expectations of a slow down or even a crash in the housing sector in the final quarter of the year on removal of the Government's stamp duty holiday, did not materialise. Several UK banks reported strong mortgage demand in their third-quarter results, including Santander, NatWest and Lloyds, and Savills is predicting annual house price growth across the UK as a whole to end 2021 at 9.0%[6].

However, with interest rates increasing for the first time in more than three years in December 2021 in response to rising inflation, housing growth could slow as borrowing becomes more expensive and more difficult to access[7]. The emergence of the Omicron variant could also slow consumer spending, putting further pressure on growth.

Our response
Our performance can be measured against this broader market backdrop. Buoyed by increased demand, the Group's housebuilding revenue was significantly ahead of the comparative period, with the number of completions more than doubled when compared to the previous year.

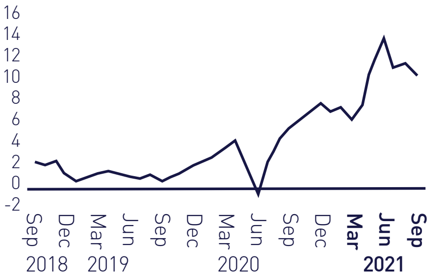
The affordably priced homes that the Group builds are renowned for their quality. Our homes continue to be well within reach of our first-time buyer market, with nearly half of all buyers being able to make use of the Government's Help to Buy product. The quality of our homes is further demonstrated by the prestigious industry awards we have received over the reporting period, including Private Developer of the Year at the 2021 First Time Buyer Readers' Awards, the What House 2020 Gold Award for Best Regeneration Scheme and 'Best UK Mixed Use Development' at the 2020–21 International Property Awards.

Looking ahead
While it is still difficult to make long-term housing market predictions, we have built a robust and valuable land portfolio which provides a mix of short, medium and long-term opportunities. Our portfolio consists of sites suitable for both private and partnership housing activity, which will provide some protection against any softening of the private housebuilding market.

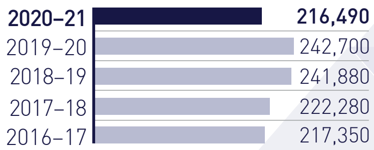
We remain focused on delivering high-quality homes and first-class customer service at all times.

4 Savills: www.savills.co.uk/research_articles/229130/316864-0
5 Nationwide: www.nationwidehousepriceindex.co.uk/reports/annual-house-price-growth-slows-in-september-but-remains-in-double-digits
6 Savills: www.savills.co.uk/research_articles/229130/316864-0
7 Bank of England: www.bankofengland.co.uk/monetary-policy-summary-and-minutes/2021/december-2021

Annual house price growth

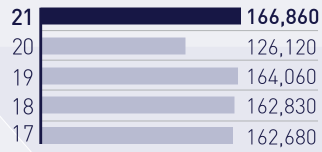


Net dwelling increase



Source: Department for Levelling Up, Housing and Communities: Housing supply; net additional dwellings, England: 2020-21

New build starts



Source: Department for Levelling Up, Housing and Communities: housing supply: indicators of new supply, England: April to June 2021

Key aspects of our marketplace CONTINUED

Housing delivery shortfall

Context
The Government remains at risk of not meeting its 300,000 new homes per annum by the mid-2020s and housing demand continues to exceed supply. The Department for Levelling Up, Housing and Communities reports that annual net housing supply in England fell to 216,490 from 1 April 2020 to 31 March 2021. With the early impact of the COVID-19 pandemic affecting completions, the figures represent the first annual fall in net supply since 2012/13[8].

Our response
Our Environmental, Social and Governance (ESG) strategy makes a commitment to building homes across a range of tenures to meet housing need across the South and South East of England. This means building homes for private sale, as affordable housing on behalf of partners and for private rent on behalf of Build to Rent operators (BtR). Through our subsidiary Rosewood Housing, we are also able to offer homes for shared ownership and affordable rent. Our Hugg Homes offering supports local authorities in providing crisis accommodation and private renters with a high-quality rental home at a discount to market rate.

We ended the financial year with 290 private homes and 1,257 partnership homes under construction (30 September 2020: 415 private homes;1,302 partnership homes) across 10 sites. Over the year, Rosewood Housing launched nine shared ownership homes within the Randalls development in Uxbridge and acquired 26 affordable homes within Phase 1 at Wilton Park, Beaconsfield. We were also granted permission to deliver 48 Hugg Homes at Cheshunt Lakeside, Cheshunt.

Looking ahead
Our partnership housing forward order book increased by 55.7% to £164.7m over the year (30 September 2020: £105.8m) and we anticipate higher demand in the coming year for this activity. Inland Partnerships began construction of 583 homes at Walthamstow in September 2021 on behalf of an affordable housing provider and a BtR operator.

Our land portfolio supports the growth of our partnership housing activity. We will continue to seek further affordable housing and BtR opportunities in the year ahead.

COP26 puts climate crisis top of the political agenda

Context
Countries reaffirmed their commitment to keeping global warming to under 1.5% at the 26th UN Climate Change Conference of the Parties (COP26) in November 2021. The UK Government has set a commitment to achieving carbon net zero by 2050, with the Future Homes Standard driving huge gains in housebuilding efficiency by 2025.

Our response
Sustainability continues to be a key focus for the Group. This year we have developed our ESG framework, bringing together high-level commitments in each area alongside targets to reach net zero as a core priority.

Our commitment is to embed sustainability within all areas of the business. With this objective, we have established a cross-departmental working group to develop the full ESG strategy and a Governance and Risk Committee with delegated authority which will oversee delivery.

Looking ahead
The ESG strategy will set clear targets and measures of success, building on our brownfield regeneration legacy and enabling us to measure our progress to net zero.

8 Department for Levelling Up,Housing and Communities: www.gov.uk/government/statistics/housing-supply-net-additional-dwellings-england-2020-to-2021

Government recognises value in brownfield regeneration

Context

The Government has announced it will invest £1.8bn in bringing brownfield land back into use for housing and other infrastructure, enough to bring 3,700 acres of brownfield land into use and unlock 160,000 new homes.

The total includes £300m in locally led grant funding, which will be distributed to combined authorities and councils 'to unlock smaller brownfield sites for housing and improve communities in line with their priorities'. The remaining £1.5bn is earmarked for regenerating under-used land and delivering transport links and community facilities[9].

The Budget investment follows the allocation of almost £58m of the £75m Brownfield Land Release Fund announced in January 2020[10].

Our response

We welcome the Government's recognition of the value of brownfield regeneration.

More than two-thirds of our land portfolio is brownfield so we are well positioned to benefit from this investment, having both the experience and expertise needed to regenerate what are often challenging sites.

However, funding alone is not enough if projects cannot get approval in the current overly complex planning system. What was missing from the Budget is a commitment to fixing the broken planning system so that viable projects can actually be delivered. Without much needed planning reform, there will continue to be a shortfall between housing need and the number of new homes being built.

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Looking ahead

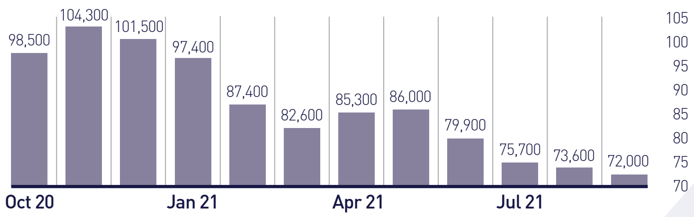
Our expertise means that we have an excellent success rate in getting sites allocated for development in local plans. However, the current system remains cumbersome and bureaucratic, with local government planning teams under-resourced and a 'one size fits all' approach taken to the process.

We urge the Government to continue to press ahead with its 'once in a lifetime' overhaul of the planning system announced in August 2020. We are keen to continue dialogue to enable this to happen.

9 HM Treasury: www.gov.uk/government/publications/budget-2021-documents

10 Department for Levelling Up, Housing and Communities: www.gov.uk/government/news/thousands-of-new-homes-to-be-built-and-derelict-land-transformed

New mortgage approvals



Source: Bank of England: Approvals for lending secured on dwellings

£1.8bn

Brownfield regeneration fund

Our strategy

As an agile business, we review our strategic objectives annually.

Our strategy is focused on activity that will enhance EPRA NTA value and support further reductions in net debt and gearing. The strategic pillars which sit underneath articulate how we will achieve this and lay the foundations for sustainable growth.

This year, we have added a fifth strategic pillar around our Environmental, Social and Governance (ESG) commitments. We believe that ESG should not be a stand-alone division, operating in silo to the rest of the business, but a key consideration in all business decisions. Including ESG as one of our pillars clearly states our commitment to achieving this.

OUR STRATEGIC PILLARS

01.

Optimise returns from our valuable land portfolio

Building a valuable and robust land portfolio which will provide short, medium and long-term opportunities is key to the Group's success, enabling a balanced return from our various revenue streams. Short and medium-term returns are achieved by the sale of plots with planning consent or the sale of whole consented sites, partnership housing contracts with housing associations, local authorities and Build to Rent (BtR) investors and our private housebuilding activity. Longer-term returns are delivered from the Group's strategic land bank, where plots are usually controlled by way of a discount to market value option.

Financial driver

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

Performance

- Land bank gross development value (GDV): £3.0bn (30 September 2020: £3.1bn)
- EPRA NTA: £246.4m (30 September 2020: £235.2m)
- Total land portfolio plots: 10,055 (30 September 2020: 11,045)
- Land plots sold: 601[1] (2020: 107)
- Land sales revenue: £21.9m (2020: £21.7m)
- Strategic land plots: 2,870 (30 September 2020: 2,795)

[1] Includes plots within the asset management division owned by third parties.

2022 priorities

Our focus is as much on maximising the value within this existing portfolio as it is on growing it further. In the short term, this means the selective disposal of land assets with planning consent where attractive returns can be made. In parallel, we will continue to seek land opportunities which support our asset management and partnership housing activities, where there is strong demand from stakeholders for our services.

Link to KPIs

1 2 5 6

Cavalry Barracks, Hounslow

KPIs key

1 EPRA net tangible assets per share 2 Net gearing 3 Revenue 4 Profit before tax

5 Number of plots with or without planning consent 6 Planning permissions gained during the period

7 Private home sales 8 Carbon intensity ratio

02.

Grow the capital-light asset management division

We will grow the asset management division of the Group, managing the acquisition of the land and securing planning permission on behalf of third-party investors. This activity enables the Group to earn substantial management fees at various milestones of the project with a significantly reduced investment and working capital requirement. The transactions are generally structured so that they are non-recourse to the Group. At present, there is strong demand for our asset management services from investors.

Financial driver

- Capital-light activity
- High return on capital
- Potential for Inland Partnerships to secure build contract following receipt of planning consent and subsequent sale, generating further revenue

Performance

- Asset management revenue: £27.8m (2020: £24.4m)
- Six live projects with the potential to deliver c.3,300 new homes (30 September 2020: 3,100)
- Planning consent achieved on behalf of investors for 583 units at Walthamstow, generating c.£20.0m net fees for the Group over the life of the contract and leading to the award of contracts worth £131.3m to the partnership housing division forward order book
- Planning applications submitted on behalf of investors during the reporting period for 2,199 units across three sites, including on the 36.7-acre site Cavalry Barracks in Hounslow, which is one of the largest brownfield sites in London, with an estimated GDV of £600m

2022 priorities

We will continue to look for new opportunities in this area and progress existing projects through the planning system.

Planning applications submitted during the reporting period at Cavalry Barracks, Hounslow and two sites in Barking and Dagenham are expected to go to Committee in 2022.

Link to KPIs

2 3 6

Our strategy CONTINUED

03.

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

We will continue to make the decision to sell, build or partner with others based on an assessment of which activity will deliver the highest returns and the Group's cash requirements.

Demand from housing associations and BtR operators, for projects where we can provide the land and build out the projects, continues to grow.

We will continue to target our private housebuilding activity to the first-time buyer market, building high-quality, affordably priced homes.

Financial driver

- Short-term returns from the sale of consented land plots, with cash inflows used to reduce borrowing and fund other activities
- Partnership housing offers immediate cash inflow from the land sale, with recognition of revenue and cash flow through monthly valuation of work done on site
- Medium-term returns from our private housebuilding activity

Performance

- Number of plots with planning permission: 3,689 (30 September 2020: 2,470)
- Partnership homes under construction: 1,257 (30 September 2020: 1,302)
- Partnership housing forward order book: £164.7m (30 September 2020: £105.8m)
- Private home completions (excluding joint venture sales): 216 (2020: 96)
- Forward sales of private homes: £33.4m (30 September 2020: £37.5m)

2022 priorities

Currently, the market for consented land is strong and we will continue to take advantage of these market conditions in the short term, using the funds generated to further reduce borrowings.

In parallel, we will continue to increase our partnership housing activity, targeting both affordable housing providers and the growing BtR market. With several schemes in development and a healthy land portfolio, we are well placed to increase our activity in this area.

As several of our large, flatted developments complete, our private housebuilding activity is now focused on houses rather than apartments, to meet buyer demand.

Link to KPIs

1 2 3 5 6

Wilton Park, Beaconsfield

KPIs key

1 EPRA net tangible assets per share 2 Net gearing 3 Revenue 4 Profit before tax
5 Number of plots with or without planning consent 6 Planning permissions gained during the period
7 Private home sales 8 Carbon intensity ratio

04.

Deliver homes which meet market needs in the most cost-effective way

Our award-winning developments underline our credentials as a high-quality housebuilder and there is sustained demand for both our private and partnership housing. We are now focused on improving the efficiency of our private and partnership housebuilding operations and controlling costs, whilst maintaining high levels of quality and customer satisfaction. Doing so will, over time, enhance our margins.

Financial driver

- Shortage of affordably priced homes across the South and South East of England drives demand from first-time buyers for our high-quality homes
- Site revenue maximised over the medium to long term
- Build efficiencies to increase margins and profit

Performance

- Revenue: £181.7m (2020: £124.0m)
- Profit before tax: £13.2m (2020: £3.4m)

2022 priorities

We are standardising our product offering both in design and fit-out and have completed 80% of the range, with the remainder to be finalised in early 2022. We have piloted one of our standardised build types at our Templar Green development in Cressing and will roll this and the other types out across our developments throughout 2022.

Our new house type ranges maintain our high standards of design whilst benefiting from reduced architect fees and group purchasing deals.

Link to KPIs

2 3

05.

Embed sustainability within all areas of the business

This year, we have added a fifth strategic pillar around our ESG commitments. As specialists in brownfield regeneration, we already have a proud history of adding lasting value through our site remediation work, but we recognise that as our business has grown and diversified, so too has the impact of our operations. As a responsible business, we want to continue to be leaders in this industry.

It is with this experience in place and against the broader backdrop of the rapidly escalating climate emergency that we have developed our ESG framework. Under three key pillars, our ESG framework sets out our high-level commitments and how we measure our performance, progress and success.

Financial driver

- The right thing to do – we have a responsibility to ensure our activity adds lasting value to the communities in which we operate
- We consider that having a robust, authentic strategy will drive investment in the business

Performance

- Created an ESG framework, led at Board level through the Governance and Risk Committee
- Set high-level targets in each of the three pillars (Environmental, Social and Governance)
- Achieved a reduction in our carbon intensity ratio from 0.0078kgCO2e per £1 turnover to 0.0055kgCO2e per £1 turnover
- Formed a Modern Methods of Construction task force
- Entered into contracts to purchase 100% of renewable energy
- Implemented a hybrid home/office working policy
- Diverted 97% of waste from landfill

2022 priorities

With the framework and governance structure in place, we will continue to adapt our ESG strategy in the year ahead. More information can be found in the ESG report on pages 55–64.

Link to KPIs

8

CASE STUDY:
ASSET MANAGEMENT

Patchworks, Walthamstow

Patchworks in Walthamstow is a prime example of our asset management skill set in practice, demonstrating how this area of the business delivers value to both the scheme investors and the Group.

It is the most progressed scheme within our asset management division, with planning consent delivered, land sale achieved and construction of the homes, through the Group's partnership contract division, underway.

Identifying attractive and viable sites

The success of our asset management division, as with every area of the Group, lies in our ability to find attractive and viable sites.

Patchworks lies in the London Borough of Waltham Forest, considered one of the most ambitious and pro-development Boroughs in London. The Borough has plans to deliver 18,000 new homes in the next decade, alongside a vision to regenerate their historic Town Hall campus, masterplans for Lea Bridge and Leyton and the provision of new sporting facilities, social infrastructure and green space.

Within this pro-development Borough lies the 4.38-acre site. A former Homebase store, the site is exceptionally well-located, approximately 0.8 miles from Walthamstow town centre and just 0.5 miles from Wood Street Station, with its regular overground service to Liverpool Street Station.

Our estimates placed the gross development value of Patchworks at approximately £265m.

We were delighted, therefore, to be successful in securing the land in January 2020 on behalf of the project investors.

Maximising the value of the land – achieving planning consent

Asset management investors benefit from our experience and expertise in navigating the planning system to achieve planning consent. With the land opportunity identified at Walthamstow and investors secured, we supported investors with the pre-planning matters relating to the site. This included liaising with Waltham Forest Council to resolve access issues and the owners of the Homebase store to obtain vacant possession.

In August 2020, we were ready to submit the planning application on behalf of the investors. The application sought approval for a residentially led development of 583 new homes, including 174 affordable homes.

Our plans, which had been developed in close consultation with the Borough, were approved in February 2021. This was efficiently followed by the signing of the Section 106 agreement in April 2021.

Patchworks, Walthamstow

c.£20.0m

Net fees generated over life of the contract

Fees received as project milestones achieved

£131.3m

Partnership housing contracts awarded

London BTR and Newlon Housing Trust

Read more about asset management on pages 40–41

CASE STUDY:
ASSET MANAGEMENT

Maximising the value of land on receipt of consent – site disposal

On receipt of planning consent, we provide investors with access to the various site disposal options and facilitate this process to maximise returns on the project. As well as triggering fees for Inland, the disposal gives an opportunity to secure a construction contract for Inland Partnerships to build the homes, generating ongoing revenue and cash flow for the Group.

We were confident that there would be high levels of interest for the homes at Patchworks, given the site's outstanding credentials, and were not disappointed, with interest from housing associations, Build to Rent operators and other housebuilders.

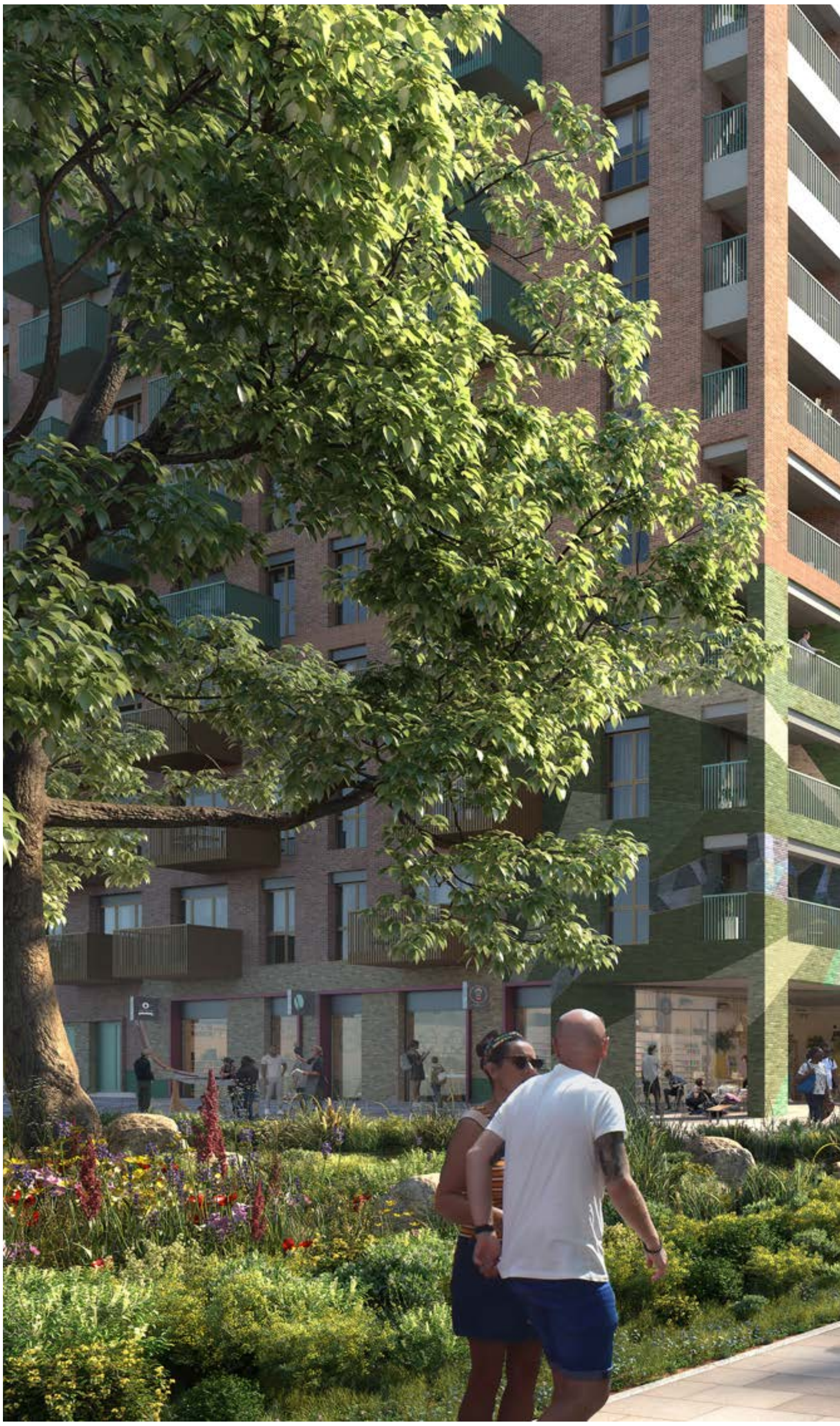
In June 2021, we were delighted for contracts to be exchanged with London BTR Investments (London BTR) for 355 plots within the site, with 173 of these completing in September 2021. We also secured the sale of the remaining 228 plots to leading housing association Newlon Housing Trust (Newlon) in September 2021 also, with 72 plots exchanged and completed simultaneously and the remainder to complete in early 2022. Combined, these land sales will achieve £50.1m for the project investors.

Importantly for Inland, both sales generated separate construction contracts, Inland Partnerships' largest to date with London BTR at £88.9m. The contract with Newlon secured a further £42.4m to the Group's partnership housing forward order book. These contracts will deliver ongoing revenue for the Group throughout construction, adding further value to the Group.

Inland Partnerships began construction of the homes at Patchworks in September 2021 and we anticipate the build will complete in 2025.

Our role as asset managers involves:

- Identifying and providing investors with the opportunity to procure a site
- Supporting the investor through pre-planning matters
- Preparing, submitting and achieving grant of planning
- Supporting the investor to realise maximum value on receipt of planning consent



TIMELINE OF ACTIVITY

2019

September Site introduction

2020

January Purchased

August Planning submitted

Patchworks, Walthamstow

2021

January
Vacant possession achieved

February
Resolution to grant planning granted

April
Section 106 signed

June
Exchanged contract for land and build with London BTR

July
Demolition works commenced

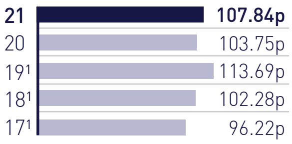
September
Land sale and build contract with Newlon

September
Construction underway

Key performance indicators

FINANCIAL KPIs

1 EPRA net tangible assets per share (previously EPRA NAV per share)



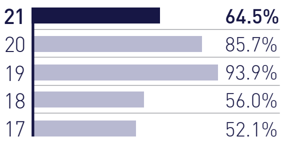
[1] New EPRA measures have been introduced and reflected in the 2021 and 2020 metrics of EPRA net tangible assets (NTA). The metrics for previous years remain using the old measures of EPRA net asset value (NAV). See page 42 for further details.

Definition
EPRA net tangible assets (NTA) per share is EPRA NTA divided by the number of shares at the period end. The use of EPRA methodology reveals how much 'hidden value' is held within inventories. The reconciliation of EPRA NTA per share is set out on page 45.

Performance
EPRA NTA per share is the core metric of measuring the value of the Group. The value per share has increased in 2021 following solid planning progress, increased values of land and the profit before tax of the Group.

Priorities for 2022
We are focused on growing our EPRA NTA per share in real terms.

2 Net gearing

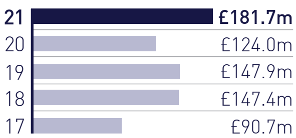


Definition
Net debt is calculated as a proportion of borrowings less cash to total equity attributable to shareholders. Gearing measures our exposure to debt risk and indicates the efficiency of the Group's capital structure.

Performance
Net debt has reduced by £30.1m (20.3%), from £148.2m to £118.1m. This represents net gearing of 64.5% (30 September 2020: 85.7%) and net gearing based on EPRA net assets of £246.4m at 47.9% (30 September 2020: 63.0%).

Priorities for 2022
We are focused on further reducing net debt in the year ahead.

3 Revenue

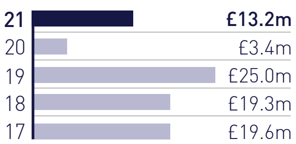


Definition
Revenue combines the major income streams of the Group: land sales, asset management fees, sales of residential homes, contract income, rental income and investment property income.

Performance
We delivered record revenue for the year of £181.7m (30 September 2020: £124.0m), an increase of 46.5% over the previous year.

Priorities for 2022
We expect the blend of our revenue to change, with lower housebuilding revenues but greater contract income, as our business evolves.

4 Profit before tax



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

Performance
Profitability was in line with expectations but there were one-off issues which impacted the Group. The gross profit margins of the Group's partnership housing and housebuilding businesses are currently below expectation.

Priorities for 2022
The Group's objective is to increase profit before tax in the year ahead. Action is being taken to improve gross profit margins in the partnership housing and housebuilding divisions.

In 2019, all KPIs were over a fifteen-month period. The years prior to 2019 were years to 30 June.

NON-FINANCIAL KPIs

5 Number of plots with or without planning consent

21	10,055
20	11,045
19	7,796
18	6,870
17	6,776

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

Performance
Our land portfolio has remained steady, with 601[1] plots sold this year.

[1] Includes plots within the asset management division owned by third parties.

Priorities for 2022
We have achieved our target land portfolio of 10,000 plots. This portfolio offers short, medium and long-term opportunities. We are focused on maximising the value from this portfolio.

6 Planning permissions gained during the period

21	1,831
20	112
19	1,939
18	594
17	1,856

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

Performance
Planning permission granted for 583 homes at Patchworks, Walthamstow, 700 at Gardiners Park Village in Basildon, 514 at Master Brewer in Hillingdon and 34 at Springfield Road, Chesham.

Priorities for 2022
Our planning application at Cavalry Barracks, Hounslow is anticipated to go to Committee in 2022.

7 Private home sales

21	383
20	226
19	201
18	275
17	188

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

Performance
Strong sales performance with 383 residential home completions (216 in the Group and 167 in joint ventures).

Priorities for 2022
We are focusing on building houses rather than apartments for private sale, as this is where demand is greatest. In the year ahead, given where the Group is in its land portfolio cycle, private home sales are expected to reduce as the Group begins to build new schemes and complete older ones.

8 Carbon intensity ratio

21	0.0055kgCO_2e per £1 turnover
20	0.0078kgCO_2e per £1 turnover

2020 was the first year to measure and report on our carbon intensity.

Definition
The carbon intensity ratio normalises our emissions data against revenue. We measure energy use and associated greenhouse gas emissions relating to gas, electricity and fuel.

Performance
We have achieved a reduction in our carbon intensity ratio despite increased activity in our operations. We have introduced a hybrid home/office working policy and encouraged virtual communications where possible.

Priorities for 2022
We have agreed contracts to purchase 100% renewable energy and this will drive further reductions over the year ahead. A number of other measures are also being implemented through our ESG strategy. More details can be found on pages 55–64.

In 2019, all KPIs were over a fifteen-month period. The years prior to 2019 were years to 30 June.

Our business model

Resources and key inputs | Value chain | How we create value

OUR PURPOSE

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

Our entrepreneurial and agile approach

Our flexible business model enables us to adapt quickly to emerging opportunities. We look to maximise the value in our land portfolio, with income streams providing both large, one-off returns and recurring revenue over the short, medium and long term.

Our people

Our people are our greatest asset. We aspire to attract talented individuals and give them the opportunity to develop their skills within the Group. Our people values of teamwork, strong performance, integrity and drive supports this and assists our people to develop and succeed.

Read more about our people on pages 59–60

Industry knowledge

Our land, planning and build expertise stems from the industry knowledge we have gained through years of experience.

Strong relationships

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

ESG focus and principles

We have a proud history of brownfield site remediation and are building on this track record, embedding sustainability within all areas of the business.

OUR VALUES

Safety first

Our people are our greatest asset

Lasting legacy

Stronger together

Identify land

▼

Acquire land directly or on behalf of third-party investors

▼

Generate short-term revenue from rental income

▼

Secure planning permission

▼

Sell land with planning permission

or

Build for private sale

or

Build on behalf of partners

▼

Sell or handover finished homes

Land and planning core capabilities

Land is the foundation of our business model. Creating value from land is where we began and where our core skills lie. Our success is built on our ability and expertise in identifying and securing viable sites and in navigating the complex planning system to secure planning consent.

£3.0bn
land portfolio

10,055
plots

Housebuilding and landlord expertise

Our in-house construction capability provides additional revenue streams. We build for private sale and for partners, including affordable housing providers and Build to Rent operators. Our portfolio of rental and investment properties also provides a steady stream of rental income.

£69.9m
housebuilding revenue

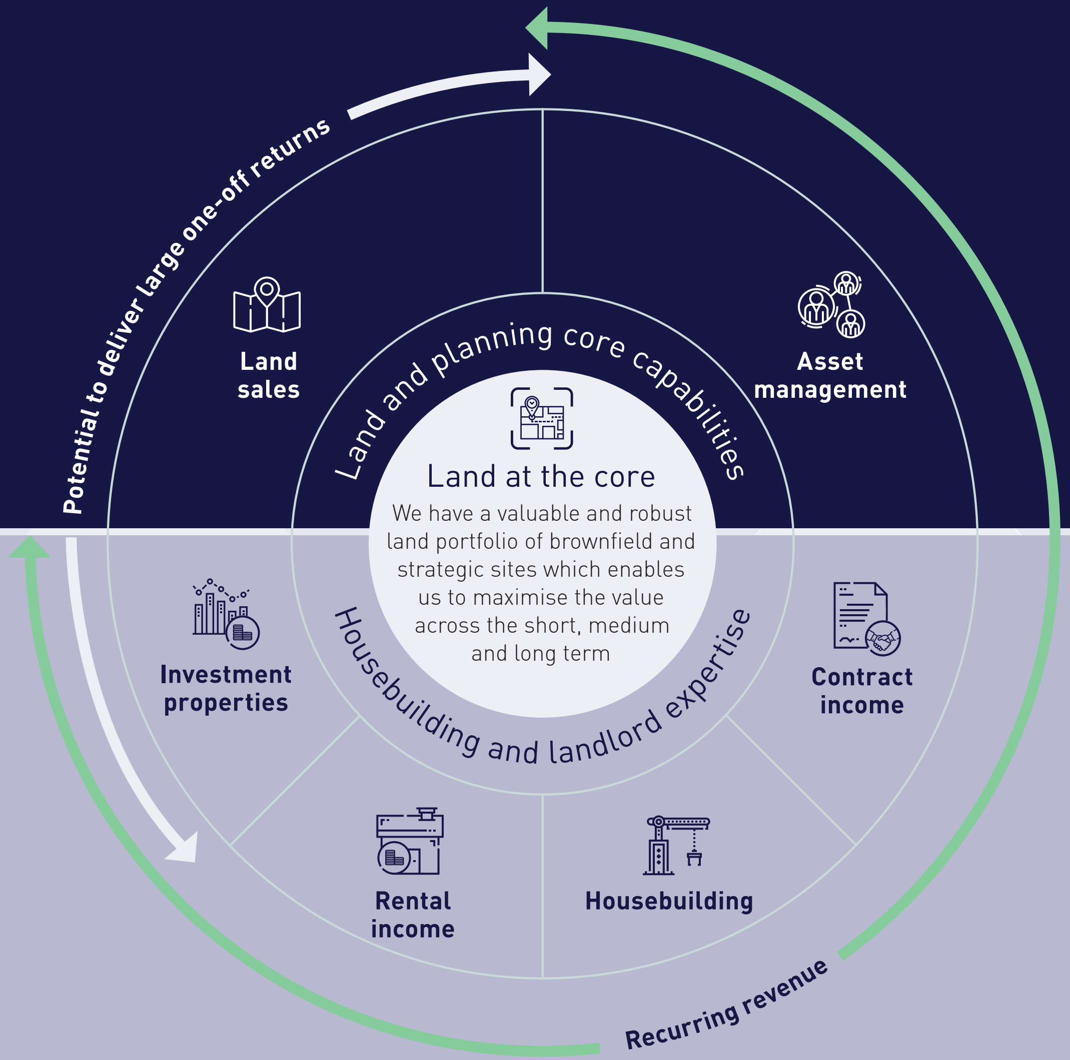
1,547
homes under construction

Value generated

Potential to deliver large, one-off returns

Land sales
Strategic land asset sales on consented plots deliver attractive returns in a strong land market

Investment properties
Disposal of investment assets generate large, one-off returns



Recurring revenue

Asset management
A 'capital-light' activity with revenue generated on successful achievement of set milestones from land acquisition to disposal

Contract income
Partnership housing contracts provide an exit for land disposals with the added advantage of an ongoing construction contract. The forward income stream delivers medium-term returns.

Housebuilding
Returns maximised over the long term with the scale of housebuilding activity generating regular revenue

Investment and rental income
Regular rental yields from long-term investment properties and rental properties held as cost mitigation in the short and medium term of site development

Customers
Affordably priced homes of exceptional quality

Communities
Thriving, sustainable communities

Investors
Strong shareholder returns

Colleagues
High levels of employee engagement and satisfaction

Suppliers and subcontractors
Shared rewards

Government and regulators
New homes delivered to support housing need

Read more about our stakeholders on pages 65–67

Cheshunt Lakeside, Cheshunt

We are playing a pivotal role in the regeneration of a brownfield site in Cheshunt. Our largest ever development, delivered in joint venture, Cheshunt Lakeside is set to create a new 'urban village', with planning approval granted for 1,725 residential plots and 21,325sqm of commercial and educational space.

The scale of Cheshunt is enabling us to flex our business model, using our various revenue streams to maximise returns and deliver long-term value.

Land at the heart of what we do

Broxbourne Borough Council initiated the idea of Cheshunt Lakeside in its Draft Local Plan. Formerly home to Tesco headquarters, the relocation of the supermarket had left a large part of the site vacant and the Council was setting out its plan to meet challenging housing and employment needs for the next 20 years.

The site has excellent credentials for sustainable regeneration: it is previously developed land that can help avoid building in the Green Belt, it is within walking distance of a railway station with good services to London and Cambridge and it is located at the entrance to a regional park.

Recognising its potential, the Group, in joint venture, purchased the majority of the land at Cheshunt Lakeside in 2016.

Planning expertise

Achieving planning consent on a project of this scale takes several years of consultation. Like many brownfield sites, as well as presenting many opportunities, the site also presented its challenges, being located adjacent to a high-density, residential area.

Planning permission took three years of close consultation with the local Councils and community and was granted in June 2019, with the terms of the Section 106 agreement agreed promptly and signed in August 2019. The Group, in joint venture, owned and controlled 1,253 of the residential plots and 4,905sqm of the commercial and educational space with consent.

A clear indicator of our success in working with local councils on complex sites, the efficient signing of the Section 106 meant that site enabling works were able to begin before the end of 2019.

Adding long-term value

The strategic fundamentals of Cheshunt Lakeside are excellent. Locally, the investment in Cheshunt Lakeside will benefit Cheshunt and the area by helping to improve the environment, the physical and social infrastructure, access to jobs and businesses and by meeting the shortfall in new homes.

Cheshunt Lakeside is not a housing estate but a new neighbourhood, with the full range of services that will provide a walkable, mixed-use neighbourhood. In addition, there will be sufficient new space for businesses, thereby improving the employment prospects locally.

The masterplan evolved through an iterative consultation process with the Council and interested parties. Extensive public consultation was undertaken and changes made to the masterplan design as a result of views expressed during this process.

> "We are delighted to be working with Inland Homes. This is a well-designed, attractive development with plenty of green space. We're looking forward to playing our part in helping regenerate this area of Cheshunt."
>
> **Steve Woodcock,** Chief Executive, B3Living

CGI of Cheshunt Lakeside, Cheshunt

Construction of the first 195 homes at Cheshunt Lakeside is progressing (images courtesy of Upperlook)

Read more about our ESG framework on pages 55–64

CASE STUDY:
BUSINESS MODEL IN ACTION: CHESHUNT LAKESIDE (joint venture)

The approved masterplan will not only provide Cheshunt with much needed additional housing, but long-term value through significant social, economic and environmental investment:

THE MASTERPLAN WILL DELIVER:

1,725
new homes in a range of sizes and tenures, including affordable housing

19,000sqm
of brand new, flexible commercial space for businesses, helping to boost the local economy by up to £16m a year through inward investment

8 acres
of new open space (the equivalent of eight football pitches), plus a public square, creating green spaces for the community to enjoy and enhanced biodiversity

250
construction jobs and 30 apprenticeships during the build process, as well as new jobs within the completed development

£7.75m
new two-form entry primary and nursery school

PLUS £14.1M COMMUNITY INFRASTRUCTURE CONTRIBUTIONS, INCLUDING

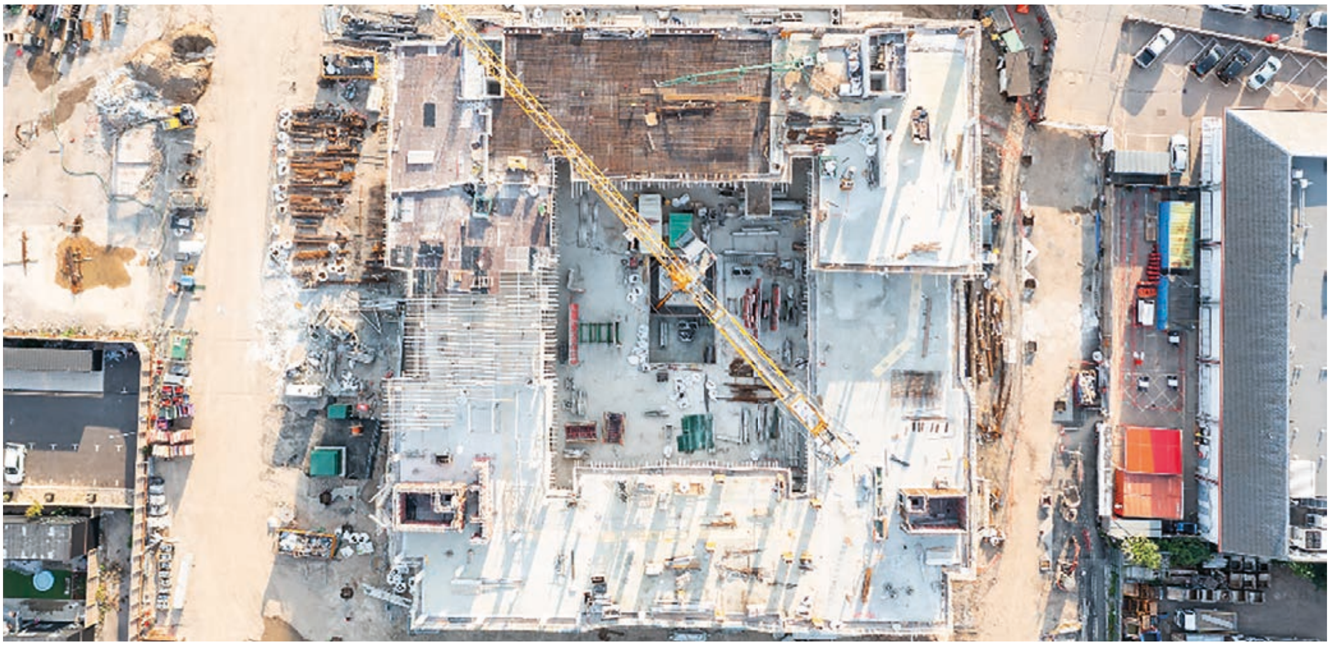
£4.5m
contribution to existing local secondary schools

£5m
to public realm and highway improvements, including £2.1m to enhance the Old Pond area

£1.9m
to public health initiatives: £630k to upgrading the Laura Trott Leisure Centre and other local sports facilities, £750k to Lee Valley Regional Park and £500k to support local health facilities

£870k
to sustainable transport, including new cycle and pedestrian links, and traffic calming safety measures along Delamare Road

£1.5m
to deliver a new bus route to Cheshunt railway station



Hugg Homes, Cheshunt Lakeside, Cheshunt

Maximising the value of land with planning consent

Land sale – and a build contract for Inland Partnerships

Cheshunt Lakeside will be delivered on a phased basis, with detailed planning approval to be granted for each phase of development.

We achieved detailed planning consent for the first phase of 195 units in March 2020 and in July 2020 announced the sale of this part of the development to local housing association, B3Living. The land sale generated £15.0m with payment received in full on completion in August 2020. Further and ongoing returns were secured through a £34.5m contract with the same housing association to construct the homes.

Construction began in November 2020 and the first homes will be handed over in the first half of 2022.

In 2021, we achieved planning consent for Parcel 14 for 22 homes and 350m² of commercial space. These homes will be offered for private sale and construction is underway.

We are now also at advanced negotiations with a leading Build to Rent (BtR) fund for the development of Phase 1B of 205 homes, following receipt of detailed planning consent in June 2021. The site's credentials make it an extremely attractive proposition.

Rental income

On a project of this scale, there is an opportunity to put to good use the land available prior to commencement of construction.

We are managing approximately 20 short-term leases to a variety of tenants, generating £0.4m during the financial year.

Working with Broxbourne Borough Council, we have also been able to provide 32 temporary homes for those most in need in the Borough, through our modular housing subsidiary, Hugg Homes. The homes add to the Council's temporary accommodation portfolio, providing a high-quality and cost-effective alternative to bed and breakfast or hostel accommodation.

The Hugg units generated gross rental income of £0.3m over the reporting year. It is currently envisaged that this will be a growing source of revenue in the year ahead, with a further 16 homes to be delivered in 2022.

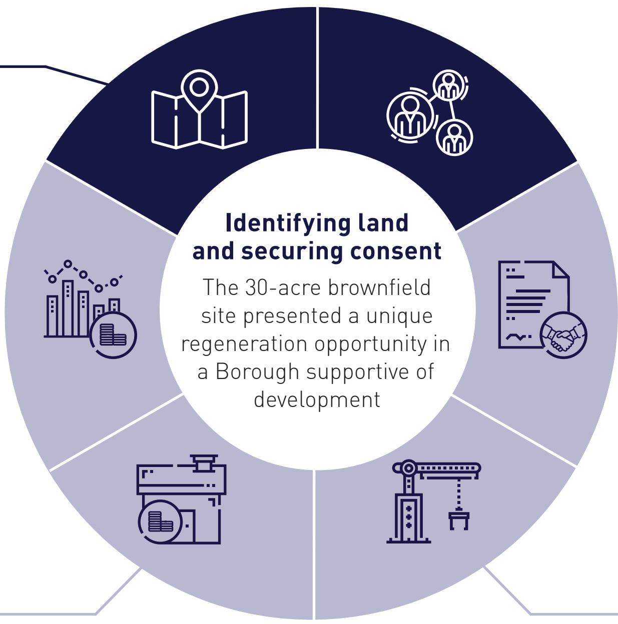
Looking ahead

We look forward to continuing to develop this thriving, sustainable community, using the flexibility within our business model to maximise its value, be that through land sales, private housebuilding or partnership housebuilding activity.

In line with our Environmental, Social and Governance commitments, we are developing a Sustainability Brief for Cheshunt Lakeside that sets the vision, aspirations and measurable outcomes for the scheme.

Land sales

£15.0m revenue generated in joint venture from the sale of the first phase of 195 homes (completed August 2020)



Contract income

£34.5m partnership contract income to construct the 195 homes within the first phase secured in parallel with the land sale

Rental income

Commercial rental income of £0.4m generated in joint venture in the reporting period, plus an additional £0.3m from the 32 Hugg Homes on site

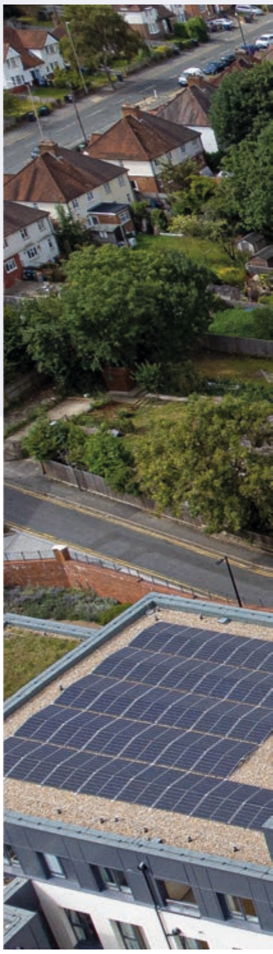
Housebuilding

Future private and partnership housing opportunities for the remaining 1,058 plots within control of the joint venture

Construction of the first 195 homes at Cheshunt Lakeside is progressing (images courtesy of Upperlook)

Operations review

> We are well placed to capitalise on this demand for our in-house construction capability, with partners recognising the value of our land assets, our expertise and the quality of our build offer."
>
> **Gary Skinner**
> Group Managing Director



Delivering for our partners

PROGRESS REPORT

- £164.7m partnership housing forward order book (30 September 2020: £105.8m).
- 1,257 partnership homes under construction across six sites (30 September 2020: 1,302).
- Largest contract to date secured at Patchworks, Walthamstow. The contract, totalling £88.9m, is with London Build to Rent Investments (London BTR) and is for the construction of 355 homes.
- A second contract worth £42.4m was signed in September 2021 for the remaining 228 homes at Walthamstow with Newlon Housing Trust, a leading housing association. Construction at this important inner-city site began in September 2021, with the first handovers scheduled for the summer of 2023.
- Construction started in November 2020 on the first 195 homes at Cheshunt Lakeside, Cheshunt. Construction of these homes, on behalf of local affordable housing provider B3Living, started in November 2020 and will take approximately two years to complete. The first homes will be handed over in the first half of the 2021/22 financial year. Cheshunt Lakeside is a joint venture development with masterplan planning consent for 1,725 new homes in total, plus new commercial space, other related community amenities and a new school.
- Significant progress made at Merrielands, Dagenham with the first 63 homes to be handed over to Clarion Housing Group in early 2022. Merrielands is the second project with Clarion Housing Group.
- A further 250 units handed over to A2 Dominion at our Church Road site in Ashford, following the initial handover of 32 units in September 2020.

We secured our first partnership housing contract in 2016, with Octavia Housing Group at Witley Gardens, Southall. Five years later, this area of the business has grown rapidly, with partnership housing now generating nearly 35% of total revenue.

Our diversification into building on behalf of partners preceded the strategic move to develop the Group's in-house construction capability. Partnership housing offers immediate cash inflow from the land sale and a forward income stream through construction. As an additional income stream, partnership housing provides some balance to the business model, as it provides a natural hedge against any softening in the private housing market.

Initially targeted to affordable housing providers, where demand for 'turn-key' product was high, over the last two years we have seen increasing demand for our services from Build to Rent (BtR) operators.

We are well placed to capitalise on this demand for our in-house construction capability, with partners recognising the value of our land assets, our expertise and the quality of our build offer.

Why partnership housing?

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

Looking ahead

- Subject to the signing of the Section 106 agreement, construction is anticipated to commence in early 2022 on a residentially led, mixed-use scheme of 380 homes plus 930sqm of flexible commercial space at Dagenham Dock, Dagenham. Of the 380 homes to be delivered, 103 will be offered as affordable, delivering much needed additional housing to the Borough. This is an attractive location for BtR operators and housing associations, and a decision on whether the project will be delivered by Inland Homes directly or via a partnership contract will be announced in due course.
- Discussions are at an advanced stage with a BtR operator for the sale of the next phase of 205 plots within Cheshunt Lakeside, Cheshunt.

Partnership housing forward order book

21	**£164.7m**
20	£105.8m
19	£123.7m
18	£100.0m

Partnership housing revenue

21	**£60.3m**
20	£51.8m
19	£62.6m
18	£12.0m

Partnership homes under construction

21	**1,257**
20	1,302
19	921
18	220

Note: 2019 data over a 15-month period

Buckingham House, High Wycombe

Delivering for our private homebuyers

Quality of build, achievable price point and a customer-first commitment drive demand for our homes. While the returns from private housebuilding activity take longer to be realised than land sales or partnership housing activity, private housebuilding also offers attractive returns in a strong housing market. The scale of our private housebuilding operations provides regular revenue for the Group.

PROGRESS REPORT

- Turnover, including the sale of a hotel for £13.3m, was £69.9m (30 September 2020: £23.8m)
- Significantly more private home completions during the year than the comparative period, 216 in aggregate (2020: 96), at an average selling price of £262,000 (2020: £240,000). A further 167 private home sales (2020: 130) were sold across sites held with our joint venture partners.
- Excluding joint ventures, the weekly net reservation rate per active sales outlet was 1.09 for the year (2020: 0.65).
- Sales driven by high demand at The Wessex, Bournemouth where 64 of the 94 apartments were sold this year and at Meridian Waterside, Southampton, where 50 completions were achieved this year within the third phase of this 352-home development.
- Sale of 10 existing homes within Wilton Park, Beaconsfield with the proceeds used to reduce borrowings.

Our customer-first approach

We pride ourselves on the quality of our homes and the level of customer service we provide at all stages of the customer's journey. Our dedicated team are there to help through every step of the process – from choosing the right home, to applying for a mortgage and moving in. We continue this level of support even after moving in, providing a two-year builder's warranty on each of our homes.

As the number of homes under warranty increases year-on-year, so do the number of customers in our care. Procedures and key performance indicators (KPIs) introduced last financial year ensure we maintain our exceptionally high level of care and can identify and rectify any issues quickly.

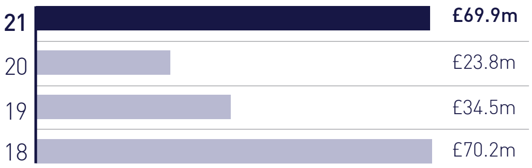
It is the little details that make a difference. Our property handover process ensures that on move-in day, customers have nothing to worry about, with the property inspected, cleaned, meters read and any snagging issues reported and resolved in advance. One of our Customer Services team contacts each customer no more than three days after move-in to make sure the move has gone well and answer any questions they might have. A customer welcome pack left at the premises provides local information, appliance instructions and emergency contact details.

Should a customer be unhappy with our service, we act quickly to find the root cause and resolve it. We have set a KPI of resolving all complaints within 28 days. This year, the COVID-19 lockdowns and public health restrictions have impacted on our ability to access homes and 46.3% of complaints over the reporting period were resolved within 28 days. By September 2021, the average number of days to resolve complaints was 16.5. We intend to continue to improve on this performance over the year ahead.

Looking ahead

- 34 homes to be launched at Templar Green, Cressing.
- The first 22 private sale homes to be launched at Cheshunt Lakeside, Cheshunt.

Housebuilding revenue



Note: 2019 data over a 15-month period

290
Private homes under construction
(30 September 2020: 415)

216
Private home completions*
(2020: 96)

£262,000
Average selling price*
(2020: £240,000)

45%
Percentage of customers using Help to Buy*
(2020: 56%)

1.09
Net weekly reservation rate per active site*
(2020: 0.65)

1,089
Homes under warranty
(30 September 2020: 705)

*excluding joint ventures

Homeowners Carly and Marc

"We were initially looking at properties in Poole; we viewed a couple online before going in-person, and then viewed The Wessex – we just completely fell in love with the apartments and stopped our search there and then! We would really recommend buying a home with Inland. The sales team, especially Nadia and Jo, have been so helpful in dealing with us, and taking us through every step of the process. They have accommodated us and been there when I have had any questions or requests, from big to small, and have just been really great."

Carly
Owner at The Wessex

Operations review CONTINUED

Delivering for investors in our asset management division

Our rapidly growing asset management division supports third-party investors with land acquisition, planning approval and disposal services. Investors benefit from our expertise and experience in identifying and securing attractive, viable sites and achieving planning consent on these. In return, the Group is paid fees at agreed milestones throughout the project. In addition to receiving fees for our services, the Group also benefits from significantly reduced equity investment.

Progress report

There are six projects within the Group's asset management division as at 30 September 2021.

Why asset management?

Maximises our land and planning expertise

Limited capital investment

High returns on receipt of planning consent

ASSET MANAGEMENT SERVICES	HOW WE CREATE VALUE FOR INVESTORS
Identify land opportunity	Our core market is the South and South East of England where planning gains can be significant
Assess viability of land opportunity in planning process	Our highly-experienced Land and Planning teams are skilled in assessing the planning outcome
Introduce investors to the opportunity	We give investors a clear and unobstructed window into land opportunities
Manage land acquisition on behalf of investors	We have a demonstrable track record of success and six schemes currently being managed on behalf of investors
Secure planning permission on behalf of investors	We maintain a 100% track record in securing planning consent on brownfield sites
Propose a disposal plan for the site	Our Land team has access to a number of disposal methods giving investors speedy realisation post planning approval

SITE	ABOUT	PROGRESS
Patchworks, Walthamstow	• 583 units • 469sqm commercial space • 4.4-acre brownfield site	• Planning consent achieved in March 2021 • Two land sales to a Build to Rent operator and affordable housing provider • Two partnership housing contracts secured, adding £131.3m to the partnership housing forward order book • c.£20.0m net fees generated over the life of the contract • Construction commenced in September 2021
Cavalry Barracks, Hounslow	• 1,629 units • 36.7-acre site • £600m estimated GDV • Fifth MOD transaction and the largest to date	• Planning application submitted in March 2021 • Expected to be determined in 2022
Hillingdon Gardens, Hillingdon	• 514 units	• Planning consent achieved in March 2021 • Judicial Review upheld the planning permission
Gallions Close, Barking	• 233 units • 250sqm commercial space	• Planning application submitted in June 2021 • Expected to be determined in the first half of 2022
Thames Road, Barking	• 131 units • 2,000sqm commercial space	• Planning application submitted in June 2021 • Expected to be determined in early 2022
Telephone Exchange, Staines	• 206 units	• Appeal against rejection submitted in August 2021 and upheld in January 2022

LOOKING AHEAD

6 Asset management live projects (2020: 6)	**c.3,300** New home potential (2020: 3,100)	**2,199** Asset management plots submitted for planning in the year (2020: 1,127)
c.£20.0m Walthamstow net fees generated over the life of the contract	**£27.8m** Asset management revenue recognised (2020: £24.4m)	**1,097** Asset management plots granted planning in the year (2020: nil)

Delivering homes across tenures

Through our subsidiary companies, Rosewood Housing and Hugg Homes, we are able to offer homes in a range of tenures and across all affordability levels.

Rosewood Housing is a for-profit, registered provider of affordable housing, offering homes for both shared ownership and affordable rent.

Hugg Homes provides local authorities and private renters with high-quality, modular accommodation. Located on dormant land waiting for planning permission and construction to commence, the homes are let in line with local housing allowance rates or at discount to market rents.

PROGRESS REPORT

Progress

Rosewood Housing

- Launch of nine Rosewood Housing shared ownership homes within the Randalls development in Uxbridge following completion in September 2021. Three reservations and two completions were achieved by the end of the calendar year.
- Acquisition of 26 affordable homes within Phase 1 at Wilton Park, Beaconsfield (21 shared ownership, 5 affordable rent) in December 2021.
- Productive relationships built with sector specific lenders across both its shared ownership and affordable rent portfolio.

Hugg Homes

- Schemes remain at high occupancy – in excess of 99% on the privately let homes.
- Resolution to grant planning permission for 48 units at Cheshunt Lakeside, Cheshunt. These units will be located on land adjacent to the existing 32 Hugg Homes. The 32 existing units will be relocated to the new site alongside 16 new units.

Group Finance Director's review

> "The Group has delivered on its commitment to reduce net debt and will continue to target further reductions. We have also successfully grown our asset management, partnership housing and housebuilding activities."

Nish Malde
Group Finance Director

Introduction

Whilst COVID-19 had a disruptive effect on the first half of the year operationally, the underlying strength of the housing market and demand for the quality homes built by the Group held sway over the wider economic uncertainties. Following what was a period of record sales activity, in the second half of the year, and with the extension of the fiscal stimuli provided by the Government, the land market heated up. Demand for land and residential property in the South and South East, the areas in which the Group operates, continues to remain strong.

As a result, the Group has delivered on its commitment to reduce net debt and will continue to target further reductions. We have also successfully grown our asset management, partnership housing and housebuilding activities. Although the Group's share price continues to trade at a significant discount to its published net EPRA value per ordinary share, the focus on positive cash generation, when set alongside our operational achievements, will continue to drive value in the coming financial year.

Net debt and borrowings

The Board's key strategic objective was to reduce the Group's net debt. I am therefore pleased to report that the Group's net debt has reduced by £30.1m, some 20.3%, from £148.2m (30 September 2020) to £118.1m at the financial year end. This represents net gearing of 64.5% (30 September 2020: 85.7%) and net gearing based on EPRA net assets of £246.4m of 47.9% (30 September 2020: 63.0%).

Subsequent to the financial year end, there has been further debt reduction arising as a result of the advanced receipt of £8.3m from the contract for the forward sale of 161 homes in Poole.

Changes in performance measures for EPRA

In October 2019, the European Public Real Estate Association (EPRA) published new Best Practice Recommendations for financial disclosures by listed real estate companies. The Group supports standardised reporting to improve the quality and comparability of information for investors. The BPR introduced two new measures of net asset value: EPRA net tangible assets (NTA) and net disposal value (NDV). We have adopted these guidelines in the year ended 30 September 2021 and consider EPRA NTA to be the most relevant measure for our business. EPRA NTA will now be our primary measure of net asset value, replacing our previously reported EPRA net assets and EPRA net assets per share measures. We have also restated the EPRA NAV to EPRA NTA as of 30 September 2020 for comparative purposes, including the prior period adjustment as disclosed in Note 41.

£118.1m
Net debt
2020: £148.2m

Balance sheet

The Group's net assets have increased to £183.0m at 30 September 2021 (30 September 2020: £173.0m), mostly due to the retained profit after tax that the Group has reported for this financial year.

The EPRA NTA at 30 September 2021 increased to £246.4m (30 September 2020: £235.2m). Net asset value per ordinary share increased to 80.10p (30 September 2020: 76.31p) and EPRA NTA per ordinary share was 107.84p per share (30 September 2020: 103.75p). A reconciliation of EPRA tangible net asset value is on page 45.

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

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

The Group transferred further residential and commercial property from assets held for sale as it is intended that these will be held for long-term purposes. In addition, 18 residential properties at Wilton Park, Beaconsfield have been transferred from investment properties to inventories, as these properties are being demolished to make way for the construction of a link road, which the Group is required to construct under a legal agreement with the local authority. The balance of investment properties, amounting to £36.0m (2020: £43.5m), principally comprises the remaining existing residential properties at Wilton Park. In accordance with IFRS 16 Leases, the lease of our head office in Beaconsfield and a car have been capitalised and classified as right-of-use assets at £0.9m (2020: £1.2m), with a corresponding lease liability of £0.9m (2020: £1.2m) at the year-end.

Investment in joint ventures consists of the Group's four joint ventures, the most significant of which is our investment at Cheshunt, held through Cheshunt Lakeside Developments Limited (CLDL), which amounted to £4.2m (30 September 2020: £6.3m). In addition, there were amounts due from joint ventures, held as a non-current asset, being £32.7m (30 September 2020: £28.6m). Similarly, other receivables due after more than one year, of £22.0m (30 September 2020: £20.7m), represents the amount due from our joint venture partner in CLDL, which is secured by way of a charge over their share of profits from the development.

Inventories have reduced to £163.9m (30 September 2020: £173.6m), due to land sales and sales of residential property. Trade and other receivables due within one year have increased to £116.9m (30 September 2020: £60.9m), principally due to a significant increase in management fees accrued from our asset management activities. These fees will be received as the relevant sites are monetised.

As explained above, net debt at the year end was £118.1m (2020: £148.2m). Gross borrowings were £130.2m (30 September 2020: £163.9m) with cash balances of £12.1m (30 September 2020: £15.7m).

During the year, the Group repaid loan facilities with Homes England, which financed our development at Chapel Riverside in Southampton, and also repaid facilities from mainstream lenders which financed some of our land and housebuilding projects.

At the year end, the Group had drawn down £33.9m of our £65.0m revolving credit facility with HSBC (30 September 2020: £42.4m), leaving headroom for future housebuilding projects of £30.6m (30 September 2020: £22.6m). This facility expires in March 2023.

At the year end, the accrued liability to holders of Zero Dividend Preference (ZDP) shares was £32.0m (30 September 2020: £30.2m). The accrued liability is due to be repaid to the holders of ZDP shares in April 2024, unless extended with the agreement of the ZDP holders, before that date.

Operational performance

The Group's revenue for the year to 30 September 2021 has increased sharply to a record £181.7m (30 September 2020: £124.0m), boosted by the sales of 216 private homes (30 September 2020: 96) (excluding those via joint ventures) and bulk sales to BtR operators. The average selling price increased to £262,000 (30 September 2020: £240,000).

The Group's weekly net reservation rate per active sales outlet, excluding joint ventures, was 1.09 for the year (30 September 2020: 0.65), which underlined the strength of the market in the areas in which Inland Homes operates. Purchasers of 45% (30 September 2020: 56%) of our new homes made use of the Help to Buy scheme, excluding joint ventures. Our forward order book of homes reserved and exchanged as at the year end amounted to £33.4m (30 September 2020: £37.5m).

The total number of plots within our land bank decreased marginally, after the sale of 601[1] residential plots by the Group, including plots from within our asset management business.

The revenue from our partnership housing activity was £60.3m (30 September 2020: £51.8m) from contracts across six sites. As at 30 September 2021, the forward order book for partnership housing contract income was £164.7m (30 September 2020: £105.8m), with two new contracts secured during the year for total revenue of £131.3m. The Group's focus will continue to be in growing the partnership housing activity as it

£246.4m

EPRA net tangible assets

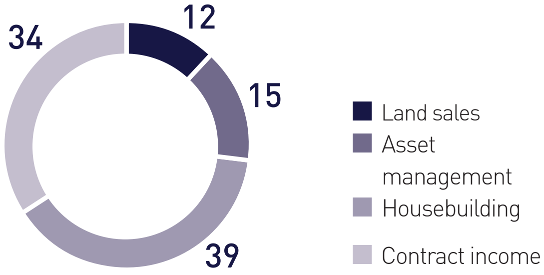
2020: £235.2m

107.84p

EPRA net tangible assets per ordinary share

2020: 103.75p

Revenue by segment (%)



[1] Includes plots within the asset management division owned by third parties.

generally secures a land sale together with a forward income stream, providing a good balance to the Group's business model.

The Group's asset management division, which acts on behalf of property investors to procure sites and provide planning and management services, has six live projects (30 September 2020: six projects) in Greater London. During the financial year, the Group earned management fees of £27.8m (30 September 2020: £24.4m) from these contracts. The transactions are structured so that they require significantly reduced investment and working capital from Inland Homes and are also, generally, non-recourse to the Group. Once these sites receive planning consent, they are sold to Build to Rent (BtR) or other purchasers, which can often lead to a partnership housing contract for the Group.

Other revenue of £1.8m (30 September 2020: £2.3m) includes letting income from investment properties and short-term rents from brownfield sites being processed through the planning system.

Gross profit increased to £32.0m (30 September 2020: £22.0m) because of higher profits from land sales, management fees and private homes sold by the Group.

The gross profit margins of the Group's partnership housing and housebuilding businesses are currently unsatisfactory. As previously reported with the Interim Results for the six-months ended 31 March 2021, the Group became aware of approximately £3.5m of unforeseen additional costs relating to one housebuilding site and a single partnership housing contract. These costs were somewhat offset by £0.4m of additional revenue from higher selling prices achieved from the Group's housebuilding sites.

In common with many in the industry, the Group has also experienced mid-single digit cost inflation, some of which has been mitigated by higher than forecast selling price of its new homes. There are, however, recent signs that some of the more pronounced price rises over recent months are beginning to subside. The industry has also witnessed some ongoing constraints in the supply chain and intermittent labour shortages. These factors have also impacted gross margins during the year and will continue to have an impact in the current financial year.

The Group wrote off £0.5m work-in-progress relating to aborted land transactions (30 September 2020: £2.1m) and made provisions for £3.4m where future cost overruns are envisaged following detailed project reviews (30 September 2020: £0.1m). At 30 September 2021, the Group has contingency provisions of £3.1m (30 September 2020: £4.0m).

As a result, the Group has undertaken a number of measures to improve both operational efficiency and commercial delivery, with the objective of improving margins in the partnership housing and housebuilding businesses. The Group has moved to further standardise drawings and specifications in order to assist onsite construction efficiency and to deliver costs savings through design evolution and centralised procurement deals. Improvements have also been made to the Group's IT system, which has improved transparency and accountability in the project evaluation process. As a result of the steps taken and the planned ongoing work in this area, the Board currently expects to see some margin improvement in the coming financial year.

Consequently, gross margin reduced to 17.6% (30 September 2020: 17.7%) and operating margin increased to 11.6% (30 September 2020: 9.5%). A detailed analysis by operating segment is shown in Note 10 to the Financial Statements on pages 119–123.

Administrative expenses have significantly decreased to £7.5m (30 September 2020: £12.6m), as the Group rationalised its operations into the six operating businesses. Administrative overheads comprise salary costs for the main Board (as disclosed in the Remuneration Report on pages 78-82) and non-operational staff totalling £6.1m (30 September 2020: £8.7m), central overhead of £0.8m (30 September 2020: £4.4m) and depreciation of £1.1m (30 September 2020: £1.3m).

Net finance costs

Finance costs of £9.3m (30 September 2020: £9.5m) comprised principally of bank and other loan interest, amortisation of arrangement fees and exit fees, non-utilisation fees and interest rolled up on the Zero Dividend Preference shares (ZDPs). Finance income of £1.5m (30 September 2020: £1.1m) includes interest from joint ventures and associates, other interest receivable and notional interest income on long-term receivables. Finance costs were relatively high until near the end of the financial year, when the Group's borrowings fell as a result of the significant number of land and private home sales affected. Interest on development funding is capitalised as required by IAS 23. No interest was capitalised during the year (30 September 2020: £0.8m).

Taxation

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

The total tax charge of £3.6m combines a current taxation charge of £4.3m and a deferred tax credit of £0.7m and represents an effective rate of 27.3% of the profit before tax. The current corporation tax rate is 19% and the difference between the expected tax charge and the actual tax charge is mainly due to the interest accrued on the ZDPs, which are disallowed for tax purposes.

Prior year adjustment

The Group has a prior year adjustment in respect of deferred contingent consideration payments for the site at Wilton Park, Beaconsfield not being recognised in prior periods.

Site assembly occurred in 2010 when the Group entered into two land option contracts which committed to deferred contingent consideration payments on grant of a planning permission for the site over a period from the date of the planning consent. The two land option contracts also contained standard overage clauses which are triggered in certain future circumstances based on the actual delivery of housing for the site.

The Group did not recognise in 2019 the deferred contingent consideration payments on the grant of a planning permission. The liability of £6.0m was unconditionally triggered in September 2019 of which, £4.8m remains unpaid at 30 September 2021.

Earnings per share and dividends

Basic earnings per share increased to 4.21p per ordinary share (30 September 2020: 0.65p per ordinary share), reflecting the Group's improved retained profit after tax in this financial year.

Going Concern

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

The Directors have performed detailed sensitivity analyses to test the Group's future liquidity and banking covenant compliance based on several scenarios.

The Directors have a reasonable expectation that the Group and parent Company have adequate resources to continue in operational existence for the foreseeable future. The Directors therefore consider it appropriate to prepare the Financial Statements on the Going Concern basis. Further details can be found in Note 2 on pages 102–103.

Outlook

We ended this financial year having achieved a significant reduction in the Group's net debt to £118.1m, whilst holding a land bank of 10,055 plots. We are well positioned to serve the private housebuilding and partnership housing sectors with land, asset management and construction services over the short, medium and long term.

Demand for housing in our market of the South and South East of England continues apace and in the Budget on 27 October 2021, the Government announced its desire to utilise Britain's brownfield land to help address the housing crisis, investing £1.8bn to deliver 160,000 new homes. Brownfield land is at the heart of Inland Homes' business and the Group is accordingly well placed to benefit from the Government's stated intention to unlock more brownfield sites.

The focus for the coming financial year continues to be the reduction in Group net debt and the improvement of margins in the partnership housing and housebuilding businesses. Externally, our award-winning new homes continue to delight customers and investors alike. The Group's land pipeline of brownfield and strategic sites located in the South and South East of England leaves the Group well placed to make further progress in the coming year.

Nish Malde
Group Finance Director
31 January 2022

	Previously reported measures		New measures	
	EPRA net assets £m	EPRA triple net asset value £m	EPRA NTA £m	EPRA NDV £m
At 30 September 2021				
Net assets attributable to equity shareholders	**183.0**	**183.0**	**183.0**	**183.0**
Adjustments for:				
Revaluation of projects	**61.8**	**61.8**	**61.8**	**61.8**
Deferred tax on investment property revaluation	**1.7**	**1.7**	**1.7**	**-**
Other intangible assets	**-**	**-**	**(0.1)**	**-**
Adjustment for:				
Deferred tax on investment property revaluation	**-**	**(1.7)**	**–**	**–**
Deferred tax on project revaluation	**-**	**(15.4)**	**–**	**–**
EPRA net asset value used in per share calculation	**246.5**	**229.3**	**246.4**	**244.8**
EPRA net asset value (pence per share)	**107.88**	**100.38**	**107.84**	**107.14**

	Previously reported measures		New measures	
	EPRA net assets £m	EPRA triple net asset value £m	EPRA NTA £m	EPRA NDV £m
At 30 September 2020				
Net assets attributable to equity shareholders	173.0	173.0	173.0	173.0
Adjustments for:				
Revaluation of projects	59.8	59.8	59.8	59.8
Deferred tax on investment property revaluation	2.6	2.6	2.6	-
Other intangible assets	-	-	(0.2)	-
Adjustment for:				
Deferred tax on investment property revaluation	-	(2.6)	–	–
Deferred tax on project revaluation	-	(11.4)	–	–
EPRA net asset value used in per share calculation	235.4	221.4	235.2	232.8
EPRA net asset value (pence per share)	103.84	97.66	103.75	102.69

Our principal risks

Our principal risks
Successful risk management is a fundamental part of our business as we pursue our strategic objectives.

Risk management overview
The Board has overall responsibility for stewardship of risk management and ensuring the Group maintains the appropriate level of risk to achieve its objectives. During the year, the Board further strengthened its governance of risk arrangements and established a Governance and Risk Committee to provide a focal point for the coordination of risk management activity. Further information about the Governance and Risk Committee can be found on page 76.

Risks and opportunities are factors which are continually considered when the Board is making decisions about future strategy. Our approach to risk management and assurance ensures we maintain a balance between risk and reward that achieves our strategic objectives without exposing the Group to unacceptable levels of risk. This is set within the context of the rapidly changing external environment resulting from the pandemic, climate issues, regulatory and economic change; all of which have a significant and immediate impact on our business.

Risk framework
The Board seeks to embed a culture of risk awareness and control in all business activities. Risk management controls are built into every aspect of the Group's daily operation, ranging from the assessment of the prospects of planning success, building safely and selling effectively to achieve long-term success through the property market cycle.

Risk assessment
Our risk appetite is defined by the level of risk we are willing to take in order to execute our strategy or deliver on a project. Whilst some risk is inevitable, we believe that risks which relate to health and safety, our financial viability and our reputation must always be actively managed and mitigated to minimise the probability of them crystallising. Our risk appetite at any time is also influenced by the external environment (legal, economic, political), the Group's perceived internal strengths and weaknesses and the Group's financial capacity.

Formal assessment at Board level includes consideration of the principal risks to ensure they remain appropriate, as well as a review of the key and emerging risks identified by the business, their risk profile and mitigating factors. This takes place annually and was completed at the Governance and Risk Committee meeting in November 2021, with formal sign off by the Board following that meeting.

At an operational or micro level, our senior management team applies specialist local and professional knowledge to identify new risks and monitor existing operational and strategic risks. An effective and formal system of risk management and internal controls exists across all our sites.

The roles and responsibilities of the Board, its committees and all levels of management in the identification and management of risk are summarised below:

Risk management framework

The Board

The Board has overall responsibility for risk oversight, for maintaining a robust risk management and internal control system, and for determining the Group's appetite for exposure to the principal risks to the achievement of its strategy.

Governance and Risk Committee

The Governance and Risk Committee supports the Board in the management of risk and has delegated authority to review the effectiveness of risk management and internal controls within the business. The Committee identifies and keeps under review the Group's principal and emerging risks and related mitigation strategies.

Operational level

Operationally, the Group maintains an effective system of site-level risk management and internal control which is embedded in every aspect of our daily operations. Local knowledge and expertise are utilised to identify and monitor new and existing risks.

Updates to the principal risk register

COVID-19

At the time of writing, we are experiencing a surge in cases of COVID-19 as the Omicron variant drives up infection rates. The health and safety of our staff continues to be our number one priority and we will respond to changing Government guidance as soon as it is announced. The Board continues to monitor the impact to the business of the ongoing pandemic.

Supply chain and labour markets

The economic recovery to date remains fragile with labour market and supply chain disruption affecting the price and availability of goods, services and skilled labour, with significant volatility in inflation. The Board identified the risks associated with this ongoing disruption in the Interim Report and it is now a principal risk. Work to establish effective mitigation strategies to prevent this risk impacting on our delivery programme is ongoing and is closely monitored by the Governance and Risk Committee on behalf of the Board.

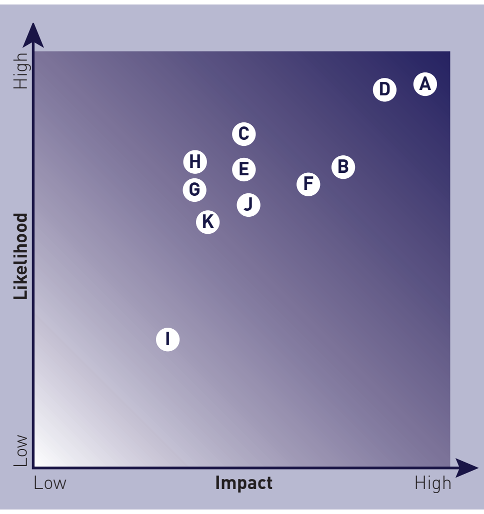
Brexit

Brexit-related uncertainties have diminished although we remain in a period of transition with businesses still adapting to life outside the EU. As such, any ongoing potential impacts or factors associated with Brexit are reflected as part of broader Group risks around supply chain and economic uncertainty.

Chapel Riverside, Southampton

Principal risks heat map

The heat map opposite illustrates the relative inherent and residual positioning of our principal risks from an impact and likelihood perspective. The increasing regulatory climate and current economic uncertainty we are experiencing, driven largely by COVID-19 and leaving the EU, has resulted in an increase in the residual rating of two of our principal risks (Government policy and planning regulations and impact of the market environment on mortgage availability and housing demand). Further information is detailed in the principal risk table on the following pages.



Key to risks:

A A major incident impacts the UK
B Adverse economic conditions
C Adverse Government policy and planning regulations
D Climate-related risk
E Inability to source and develop suitable land at the appropriate cost and quality
F Access to site labour and materials
G Failure to effectively manage major projects to industry standard margins
H Health and safety
I Staff
J Solvency and liquidity
K Cyber and business continuity

Risk scale explanation

Likelihood scale	Definition
1	Rare – not likely to happen, or will only happen in exceptional circumstances
2	Unlikely – not expected to happen, but there is a remote possibility that it will occur
3	Possible – may occur on some occasions but not frequently
4	Likely – is likely to occur or will happen on more occasions than not
5	Certain – likely to occur in the majority of cases

Impact scale	Definition
1	Insignificant – one or more of the following: no impact on service, slight impact on reputation, complaint possible, litigation possible
2	Minor – one or more of the following: slight impact on service, slight impact on reputation, complaint possible, litigation possible
3	Moderate – one or more of the following: some service disruption, potential for adverse publicity (avoidable with careful handling), complaint probable, litigation probable
4	Significant – one or more of the following: service disruption, adverse publicity unavoidable (local media), complaint probable, litigation probable
5	Major – one or more of the following: service interrupted for significant time, major adverse publicity not avoidable (national media), major litigation expected, resignation of senior management and Board, widespread loss of beneficiary confidence

Environmental, Social, Governance and climate-related risks

The newly established Governance and Risk Committee has been tasked with ensuring the Group has an effective Environmental, Social and Governance (ESG) framework in place. A crucial element of this is our assessment of ESG-related risks. The Committee recognises the importance of ensuring that we define the most relevant ESG risk factors for the Group and that these are incorporated into our risk management framework.

Further details on our ESG framework can be found on pages 55–64, including details of our cross-departmental working parties established to develop and implement strategy in the specific areas of ESG.

Environmental risks

We know that one of the key emerging risks for the Group is climate change, which has short, medium and long-term implications for our business and is now considered a principal risk to the business. To fully understand the implications, the Committee has instigated a detailed review of key risks and opportunities to the Group's business model. This review incorporates both the physical effects of changing weather, as well as transition risks, such as the uncertainty caused by legislation, policy and societal changes to reduce the impact of climate change. The review will also take into account the financial implications of the risks associated with climate change.

Social risks

We recognise that climate change is only one aspect of our ESG framework. COVID-19 has brought social risks into sharp focus and the Committee recognises the importance of identifying these risks as part of our overall assessment. Staff well-being, workforce engagement, diversity and inclusion are just some of the social factors that we have identified in our ESG framework and details of our commitments in these areas are set out on pages 55–64. Our cross-departmental working parties will have a key role in defining, assessing, and managing social risk in the short term as we look to incorporate ESG risks into our overall risk management framework.

Governance risks

Whilst governance risks can be difficult to quantify, we recognise that the reputational impact can be significant. Therefore, identifying governance-related risks is a critical element of our assessment of overall ESG risk. Our ESG framework sets out our commitment to strong leadership and a robust corporate governance framework that promotes accountability and ethical business practice. As with social risk, cross-departmental working parties will have a key role in defining, assessing, and managing governance risks in the short term as we look to incorporate ESG risks into our overall risk management framework.

Dagenham Dock, Dagenham

Our principal risks CONTINUED

Principal risks

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

Risk	Description	Consequences of risk	Existing mitigations and internal controls	Rating	Change since last year
A **A major incident impacts the UK**	A major incident or event, such as the COVID-19 pandemic, could lead to national restrictions which have a material impact on the Group	• Significantly reduced revenue or no revenue for a period of time • Severe impact on cash flow • Difficulties in meeting the Group's liabilities • Danger of breaching banking covenants • Significant impact on staff welfare, health and well-being	• Balanced business model with private housebuilding and contracting activities complementing each other and its land trading business • The Group's response to the unforeseen pandemic has resulted in many operational changes to help mitigate the impacts of potential future outbreaks, such as ensuring IT capabilities to accommodate efficient home working • Maintaining sufficient headroom within existing borrowing facilities	High	→

B
Adverse economic conditions
	A decline in macro-economic conditions in the UK and/or a downturn in conditions affecting the UK residential housing market, or a decline in the propensity of people to buy homes	• A fall in the demand for housing and a material decline of both transaction levels and house prices as a result of low consumer confidence impacted by:
		  • higher unemployment or fear of unemployment
		  • ongoing economic uncertainty
		  • weak real wage growth and reduced disposable income
		  • rising interest rates
		  • growing inflation
		  • restriction in the availability of mortgages
		  • business uncertainty due to policy changes
		  • downward land and investment property portfolio valuation
			• Economic environment considered before committing to significant transactions or events, such as land purchases and sales launches
			• Control over land acquisitions
			• Refined strategic priorities to maximise market opportunities
			• Sound financial forecasting and scenario planning
				High	→

↑ Increased → No change N New risk

Risk	Description	Consequences of risk	Existing mitigations and internal controls	Rating	Change since last year
C **Adverse Government policy and planning regulations**	Potential changes in Government policy and its local implementation, such as changes to the planning system, the tax regime, housing, environmental or building regulations, or amendment of the Help to Buy scheme	• Risk of delay or refused planning decisions • Uncertainty around design solutions • Programmes and commencements on site disrupted • Increased costs due to excessive planning conditions (CIL and Section 106), increasing environmental and other taxes • Increased costs due to more challenging sustainability targets and fire and safety regulations • Adverse effect on revenues, margins and asset values • Failure to comply with the requisite laws or regulations may lead the Group to be fined and suffer reputational damage • Reduction in sales resulting from changes to the Help to Buy scheme	• Considerable in-house technical and planning expertise available to address the prevailing regulations • Relationships maintained with local authorities, planning officers and local communities to better understand underlying policy and planning prospects • Regularly review prospects of the strategic land portfolio, with processes and appraisals in place to minimise disruption • Focus on acquiring development sites already allocated for development • Potential impact of changes in regulations are communicated throughout the relevant departments • Ensuring a greater proportion of future product is within the price range of the revised Help to Buy scheme, extended until spring 2023	High	↑
D **Climate-related risk**	Climate-related risks are continually evolving. In the short term, the risks are focused on meeting regulation reporting requirements and customer and shareholder expectations in our approach to sustainability. In the medium to long term, the Group must adapt to the new ways of working and changes to the climate in which we operate.	• Reputational damage as a result of failure to meet Environmental, Social and Governance targets leading to inability to secure finance • Increased costs resulting from implementation of new technologies and methods of construction • Reduced supply availability as a result of changes in climate patterns • Disruption to build as a result of extreme weather events	• Established a number of cross-departmental working parties to oversee the business response to climate risk which feed into the newly formed Governance and Risk Committee • Additional resource allocated within the business to develop our approach to meeting carbon net zero targets • Review of Future Homes Standard to adapt and plan for compliance • Engaged external consultant to assist the Group in understanding the regulatory and legislative requirements, and help us develop our approach to meeting these	Medium/ High	N

Our principal risks CONTINUED

Risk	Description	Consequences of risk	Existing mitigations and internal controls	Rating	Change since last year
E **Inability to source and develop suitable land at the appropriate cost and quality**	An inadequate supply of suitable land in the right location, or the inability to convert the unconsented land portfolio into viable consented sites, may frustrate the Group's growth	• Portfolio depletion – fewer longer-term sites to replenish the portfolio at good margins • Impact to in-house construction arm/self-build function • Operational start dates delayed on site	• All potential land acquisitions are subject to a robust appraisal process to ensure viability • Highly experienced Land and Planning teams employed with strong track record of securing sites and planning consents • Targeted approach to land acquisitions through dedicated Land team • Local insight and established relationships with agents and vendors give us a competitive edge • Focus on optimising our existing land bank	Low	→
F **Access to site labour and materials**	Shortage of materials and skilled labour leads to increased costs and delays in construction	• Costs may increase beyond budget impacting on profitability • Failure of a key supplier as a result of increased costs and ongoing economic uncertainty • Reduction in build quality as a result of lack of skilled labour and certain build materials	• Identification and rationalisation of key supply chain partners • Strong relationships developed with key partners which has improved service delivery and cost management • Fixed price agreements in place with suppliers and subcontractors • Key supplier audit programme to assess risks to the reliability of supply continuity • Continuous visibility of build forecast changes communicated to the suppliers to ring-fence stock and mitigate long-lead materials and lengthy delays	High	N

↑ Increased → No change N New risk

Risk	Description	Consequences of risk	Existing mitigations and internal controls	Rating	Change since last year
G **Failure to effectively manage major projects to industry standard margins**	Unforeseen operational delays caused by disputes with third parties, adverse weather conditions or lack of project oversight could lead to delay, increased costs or termination of a project	• Increased costs and reduced margins • Reduced quality of product • Health and safety issues • Reputational damage	• Sites are monitored as a portfolio by the Board before any major acquisitions are made • Each site has a detailed plan prepared, including costs, labour utilisation and timing and is managed by the Group's Operating Board and by on-site management • Checks in place to ensure personnel adhere to internal controls • Regular management and project team monitoring • Ensuring appropriate insurance is in place • Dedicated COVID-19 resource to monitor on site compliance	Medium/ High	→
H **Health and safety**	A deterioration in the Group's health and safety measures, including future COVID-19 spikes of variants, put people at risk	• Immediate personal injury or damage to property • Reputational damage • Prosecution/ imprisonment/ significant fines • Remediation or legal costs • Programme delays and inability to reach forecast figures/market expectation	• Strong safety culture driven by Directors and senior staff • Experienced health and safety professionals provide advice and support, monitor culture and undertake regular reviews • Health and safety workshops for all staff • Monitoring of COVID-19 situation nationally	Medium/ High	→

Our principal risks CONTINUED

Risk	Description	Consequences of risk	Existing mitigations and internal controls	Rating	Change since last year
I **People**	Inability to attract and retain high-calibre employees at all levels	• Inability to meet strategic objectives • Pressured workloads where teams are under-resourced • Over reliance on consultants and agency staff • Inefficiencies and delays to operations resulting in increased costs could adversely affect the Group's financial results and prospects	• Remuneration packages are regularly benchmarked against industry standards to ensure competitiveness • Dedicated HR team which monitors pay structures and market trends • Providing quality training and professional development opportunities, including through our graduate and apprenticeship programmes • Development of preferred supplier list of specialist recruitment firms • Implementation of People Plan and associated measurement of KPIs to ensure we have the support systems, policies and practices in place to attract and retain the right people	Low	→
J **Solvency and liquidity**	Difficulty in procuring borrowing facilities at competitive rates and insufficient cash headroom	• Liquidity crisis and inability to meet ongoing operational costs and other commitments • Danger of breaching banking covenants • Lack of development funding limits our ability to be agile in response to changes in the economic environment and to future development opportunities	• Regular review at Board level of detailed cash flow forecasts which are subject to sensitivity analysis • Strong relationships with financial institutions through regular engagement • Monitoring our current facilities to ensure sufficient headroom to allow us to take advantage of land opportunities • Realising sales where capital can be better deployed elsewhere	High	→
K **Cyber and business continuity**	Cyber security risks such as data breaches, hacking and failure of the Group's IT security systems	• Financial penalties and sanctions • Reputational damage • Loss of personal and/or business information • Outage of IT systems leading to operational disruption • Phishing attacks and ransom demands • Fraud leading to financial loss	• Group has a fully tested disaster recovery system that is tested regularly by a third-party supplier • Deep-dive review by a third-party security specialist • Boundary firewall at each location • Email encryption and two-factor authentication in place • Anti-virus software on all devices	Medium	→

↑ Increased → No change N New risk

Environmental, Social and Governance (ESG)

Inland Homes has a clear purpose: to maximise the value in land using its land, build and planning expertise.

Maximising the value of land goes beyond shareholder returns. It is about delivering long-lasting social, environmental and economic value through our activity for our employees, suppliers and subcontractors, and the communities in which we operate.

We already have a proud history of adding value through our land remediation and construction activity, but we want to do more. Our business has grown and diversified and so too, therefore, has the impact of our operations. As a responsible business, and against the rapidly escalating climate emergency, we want to embed sustainability within every area of the business and play our part in tackling climate change.

We have started on this journey this year, putting in place an Environmental, Social and Governance (ESG) framework. The framework sets out the scope of our ambition, with high-level commitments and timelines for success in each of the three areas. The framework has supported the business in putting in place the structures and support systems which will enable us to roll out our full ESG strategy in the year ahead.

We have aligned our framework to the UN Sustainable Development Goals (SDGs), identifying four goals where our ESG activity will make a positive contribution:

Patchworks, Walthamstow

- 8 DECENT WORK AND ECONOMIC GROWTH — Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
- 11 SUSTAINABLE CITIES AND COMMUNITIES — Make cities and human settlements inclusive, safe, resilient and sustainable
- 12 RESPONSIBLE CONSUMPTION AND PRODUCTION — Ensure sustainable consumption and production patterns
- 15 LIFE ON LAND — Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss

Environmental

Our commitment

We will ensure our business activities protect and enhance the environment around us

We will ensure that our planning, procurement and build policies and practices set clear standards for responsible environmental management and support us in becoming a carbon net zero business by 2050. Our responsibilities span throughout the project life cycle, from land acquisition to after sales care.

SDGs

11 SUSTAINABLE CITIES AND COMMUNITIES

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

15 LIFE ON LAND

Link to our corporate values

Lasting legacy

Stronger together

Focus area: net zero

By building homes which are more energy efficient, making changes to how we operate as a business and implementing lower-carbon technologies, we will reduce our carbon emissions year-on-year, meeting the requirements of the Future Homes Standard and achieving net zero by 2050.

The targets below have been developed in consultation with an external sustainability consultant who has assessed our business against others in the industry and identified where and in what timeframe carbon reductions can be achieved.

We have received a reduction in our carbon intensity this year from 0.0078kgCO2e per £1 turnover to 0.0055kgCO2e per £1 turnover. This has been achieved despite operational activity levels increasing across sites as COVID-19 public health restrictions eased, with the move to hybrid working patterns for office-based staff and greater use of virtual meetings delivering benefits. We are committed to making year-on-year improvements, as outlined below.

Objective	Target	Progress
Build homes which are more energy efficient to reduce operational carbon	• Minimum 31% reduction from 2013 Building Regulations in line with Future Homes Standard 2021 Part L • 70% reduction from Group 2021 baseline data by 2030 • 100% reduction from Group 2021 baseline data by 2050	• All new planning applications compliant with 2021 changes to Building Regulations Part F and L • Two partnership housing schemes under construction already comply with the 2021 Future Homes Standard Part L requirements • Completed a desktop cost analysis of energy efficiency measures that can be implemented across our house types to achieve compliance with 2025 Standard
Use lower-carbon building materials and manufacturing methods to reduce embodied carbon	• Achieve year-on-year improvements to reach net zero by 2050	• Off-site manufacturing and Modern Methods of Construction task force formed • Costing exercise complete and case study to be implemented in the year ahead
Become a more energy efficient business in our daily operations to reduce on site carbon	• 20% reduction from Group 2021 baseline data by 2025 • 40% reduction from Group 2021 baseline data by 2030 • 100% reduction from Group 2021 baseline data by 2050	• Contracts entered into to purchase 100% renewable energy across our offices and development sites • Hybrid home/office working policy implemented

Focus area: biodiversity and conservation

The Environment Bill was passed into law in November 2021, making it law for developments to achieve a minimum 10% biodiversity net gain (BNG) across developments. With our history of brownfield site remediation, our projects often already deliver much greater gains.

Objective	Target	Progress
Work with local governments, wildlife groups, landowners and other stakeholders to support their priorities for nature conservation to enhance biodiversity both on site and in the wider community	Deliver 10% BNG at a minimum	Our planning application submitted this year at Cavalry Barracks, Hounslow will, if approved, deliver a 51% BNG Our approved plans for Hillingdon Gardens, Hillingdon will achieve a 26% BNG and a 0.4 Urban Greening Factor Habitat units at Patchworks, Walthamstow will increase by an estimated 232% as a result of our activity

Focus area: circular economy

A circular economy is based on the principles of designing out waste and pollution, keeping products and materials in use and regenerating natural systems.

Objective	Target	Progress
Divert construction waste material from landfill	Year-on-year improvements to reach 100% of waste material diverted from landfill	97% of waste over the reporting period was diverted from landfill, with 3,156 tonnes of waste removed in total and 3,063 tonnes diverted
Implement lower waste manufacturing methods across developments	To be developed	Off-site manufacturing and Modern Methods of Construction task force formed to research feasibility

Hillingdon Gardens, Hillingdon

Environmental CONTINUED

Statement of carbon emissions

This is our second-year reporting carbon emissions. The report is compliant with UK legislation as set out in the Streamlined Energy and Carbon Reporting (SECR) and covers energy use and associated greenhouse gas emissions relating to gas, electricity and transport, intensity ratios and energy efficiency actions.

	This reporting period (Oct 2020–Sep 2021)	Prior reporting period (Oct 2019–Sep 2020) *
Total electricity use	2,189,607kWh	2,048,864kWh
Total gas use	732,822kWh	330,753kWh
Total transport fuel	496,187kWh	2,131,833kWh
Total energy from other fuels	92,041kWh	Combined with above
Total energy use (all sources)	3,510,657kWh	4,511,450kWh
Total carbon emissions (electricity)	638tCO2e**	478tCO2e
Total carbon emissions (gas)	157tCO2e	61tCO2e
Total carbon emissions (transport fuel)	169tCO2e	517tCO2e
Total carbon emissions (other sources)	29tCO2e	Combined with above
Total carbon emissions	993tCO2e	1,055tCO2e
Total number of staff (average for period)	138 staff	156 staff
Carbon Intensity ratio 1	0.0055kgCO2e per £1 turnover	0.0078kgCO2e per £1 turnover***
Carbon Intensity ratio 2	7,198kgCO2e per member of staff	6,765kgCO2e per member of staff

* All data covering reporting period October 2019 to September 2020 produced and supplied by ECA Business Energy

** Includes 131.8tCO2e Well to Tank WTT and Transmission and Distribution emissions (not included in previous period)

*** Data covering reporting period 1 October 2019 to September 2020 calculated using ECA Business Energy data and turnover supplied by Inland Homes

Carbon and energy efficiency actions

We have implemented the policies below for the purpose of increasing the business' energy efficiency in the relevant financial year:

- Moved to hybrid working for office-based staff
- Implemented and encouraged use of video conferencing
- Reduced travel and client visits as a result of the COVID-19 pandemic
- Signed contracts to purchase 100% green energy

Methodology used in the calculation of disclosures

ESOS methodology (as specified in Complying with the Energy Savings Opportunity Scheme version 6, published by the Environment Agency, 21.01.21) used in conjunction with Government GHG reporting conversion factors.

For carbon only related matters, the SECR methodology as specified in 'Environmental reporting guidelines: including Streamlined Energy and Carbon Reporting and greenhouse gas reporting' was used in conjunction with Government GHG reporting conversion factors:

- assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/850130/Env-reporting-guidance_inc_SECR_31March.pdf

SECR methodology notes

1. SECR methodology as specified in 'Environmental reporting guidelines: including Streamlined Energy and Carbon Reporting and greenhouse gas reporting' used in conjunction with Government GHG reporting conversion factors:
   - assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/850130/Env-reporting-guidance_inc_SECR_31March.pdf
2. Intensity ratios calculated using:

   Number of staff.
   - Number of employees at beginning of period = 127
   - Number of employees at end of period = 149
   - Average number of staff = 138

   Turnover.
   - Turnover £181.7m
3. The calculations have been approved by a PAS51215 compliant body
4. Data estimation – none
5. All data covering reporting period October 2019 to September 2020 produced and supplied by ECA Business Energy
6. Carbon Intensity ratio 1 for reporting period Oct 2019–Sep 2020 calculated using ECA Business Energy data and turnover supplied by Inland Homes

Social

Our commitment

We will deliver long-term social and economic value through investment in people and communities

Our investment goes beyond bricks and mortar. We are committed to meeting the needs of our stakeholders and adding long-term social and economic value through what we do. We foster strong partner and employee relationships, recognising we are stronger together, to support us in delivering thriving, sustainable communities which people are proud to call home.

SDGs

8 DECENT WORK AND ECONOMIC GROWTH
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Link to our corporate values

Lasting legacy

Stronger together

Our people are our greatest asset

Focus area: people and skills

We aspire to build a high-performing team of empowered individuals who give their best to the business, their colleagues and our communities. We know our people are our greatest asset and we want to ensure we have the support structures, systems, policies and procedures in place to enable them to succeed.

To do this, we are developing our People Plan. We have identified five key objectives within this people strategy and in the year ahead we will implement activities and Key Performance Indicators (KPIs) to measure our performance in each area.

Focus area: equality and inclusion

Embracing equality and diversity is a cornerstone of good business – it allows us to draw on the wide range of skills and talents available so that we can be innovative and creative as a business. Everyone, regardless of their colour, race, religion or belief, whether they are pregnant or on maternity leave, gender, gender reassignment, marital or civil partnership status, sexual orientation, disability or age will be treated with fairness, honesty, respect and dignity.

Everyone working for, or with, us is responsible for helping us achieve these commitments so that we have a positive and happy working environment, where people are treated with dignity and respect, and where individual differences and the contributions of everyone is recognised and valued.

We updated our Diversity and Equality Policy this year and in the year ahead will focus on ensuring all our employment practices are in line with our diversity and equality principles. This work will form part of our People Plan.

The year in summary

Our workforce	As at 30 September 2021
Number of employees	149
Gender diversity	69% male 31% female
Average length of service	2.8 years
Number of apprentices in role	10

Our workforce	As at 30 September 2020
Number of employees	128
Gender diversity	67% male 33% female
Average length of service	3.16 years
Number of apprentices in role	7

Our People Plan objectives

Attract and select
Recruit and select people with the knowledge, skills and attitude to make our business a success

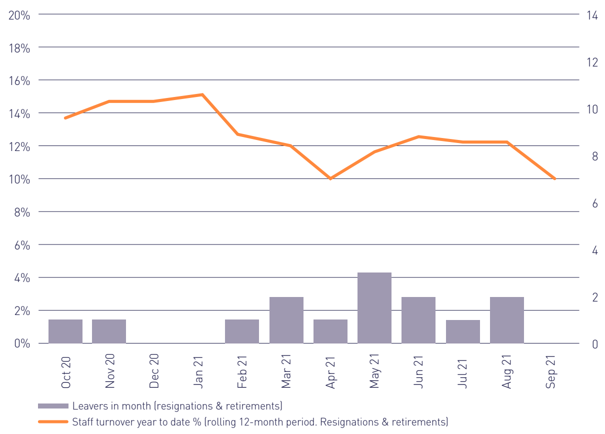
Value and reward
Our pay and reward reflects business success, is competitive and drives exceptional personal performance

Policies and procedures
Develop policies and procedures that support the business and our people to reflect compliance and best practice

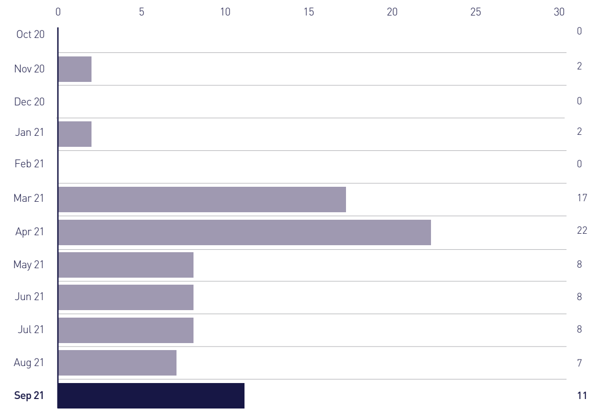
Empower and engage
Our people are supported to do a great job and feel passionate about our business

Develop and succeed
Our people are encouraged to drive their own development and are given the opportunity to grow

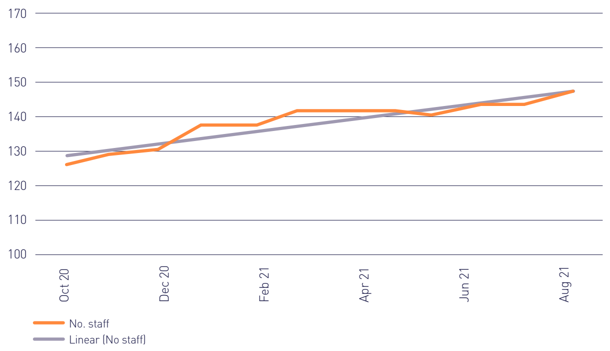
Staff turnover – 12-month rolling period



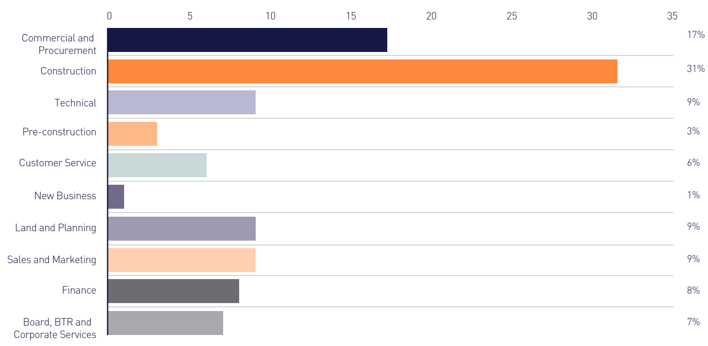
Number of training days – 12-month rolling period



Number of staff – 12-month rolling period



Workforce breakdown as at 30 September 2021



Chapel Riverside, Southampton

Focus area: communities

A new community is more than just new houses. Our commitment to placemaking ensures we add long-term social and economic value to the lives of those in the communities in which we operate.

Objective	Performance	Priorities for the year ahead
Actively engage with stakeholders, including local authorities, property owners, businesses, schools and residents' associations to ensure their aspirations for a project are heard, understood and help shape our plans	• Engagement with resident groups, Chiltern Society and local authority led to amended planning application at Glynswood, with building height reduced and a more landscape-led design • Active members of the Broxbourne and Hounslow Chambers of Commerce • Presented and exhibited at the Hounslow Chamber of Conference Regeneration and Recovery forum	• Ongoing stakeholder engagement a core function of the business in shaping project plans
Invest in parks and public open spaces, education and community buildings and roads and other infrastructure to add long-term value	• Contributed £1.4m via Section 106, legal agreements and CIL payments (2020: £1.4m)	• Complete the 'missing link' of the A355 Relief Road and (subject to approval) deliver a new community hub, café, purpose-built premises for a nursery and nearly five acres of parkland at Wilton Park, Beaconsfield
Be active members of the communities in which we operate	• Participated in and sponsored numerous community events and charities including community fairs, local sporting groups and charity fundraisers • Engaged two apprentices within our Cheshunt Lakeside development	• Finalise and implement a calendar of community events at Cavalry Barracks, Hounslow as part of our commitment to opening up the site for community benefit • Implement a Community Investment Programme to formalise our sponsorship and partnership activity • Engage an additional resource to support our community engagement activity
Be responsible members of the communities in which we operate	• Achieved an average Considerate Constructors Scheme score of 41/50, with all schemes receiving a rating of 7 (Very Good) or higher against each of the five assessment criteria – appearance, community, environment, safety and workforce	• Core part of our business operations

Focus: support housing need by delivering homes across a range of tenures

We work with partners and through our subsidiaries Rosewood Housing and Hugg Homes to offer homes in a range of tenures and across all affordability levels.

We have built collaborative and strong partnerships to date with Clarion Housing Group, A2 Dominion, Newlon Housing Trust, Sigma Capital Group, PGIM, Homes England, B3Living, Bournemouth, Christchurch and Poole Council, and Kooky, building homes for both affordable and private rent.

Our subsidiary, Rosewood Housing, is a registered provider of affordable housing, offering homes for both shared ownership and affordable rent. Hugg Homes supports local authorities in meeting crisis accommodation need, providing high-quality, modular accommodation on land within our portfolio where construction is yet to begin.

Objective	Performance	Priorities for the year ahead
Maintain our commitment to delivering homes for private sale which are of exceptional quality and at a price point that is within reach of our target first-time buyer market	• Average selling price of £262,000 (2020: £240,000) • 45% customers (excluding joint ventures) bought using Help to Buy	• Meet buyer demand by delivering more houses than apartments
Support local authorities in meeting short-term housing need through our subsidiary Hugg Homes	• 54 Hugg Homes tenanted • Resolution to grant planning permission for 48 units at Cheshunt Lakeside, Cheshunt	• Sign lease with Broxbourne Borough Council for the 48 units
Deliver affordable homes through our subsidiary Rosewood Housing	• 26 homes added to Rosewood's portfolio at Phase 1, Wilton Park, Beaconsfield (21 shared ownership, 5 affordable rent) in December 2021 • Nine shared ownership homes launched to market at Randalls, Uxbridge	• Complete construction of the homes at Wilton Park, Beaconsfield
Support the delivery of affordable and private rental homes by working in partnership with local authorities, affordable housing providers and Build to Rent operators	• £164.7m partnership housing forward order book (30 September 2020: £105.8m) • 1,257 partnership homes under construction across six sites (30 September 2020: 1,302)	• Complete construction at Church Road, Ashford, Afrex House, Alperton and Randalls, Uxbridge

Governance

Our commitment

We will act responsibly and lead by example

Strong leadership and commitment from the Board, together with a robust corporate governance framework, promotes accountability and ethical business practice across all activities. We will make no compromises on safety as we focus on achieving our objectives. These values and behaviours extend to dealings with our supply chain and partnerships.

SDGs

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Link to our corporate values

Safety first

Our people are our greatest asset

Focus area: strong governance structure

In recognition of the importance and breadth of ESG matters, and in line with our commitment to embed sustainability within all areas of the business, we have established a Governance and Risk Committee with delegated authority to oversee delivery in the short term. The Board recognises that as work in this area develops, a separate committee focused solely on this area may be needed and will review this need in the year ahead. An ESG management group and cross-departmental working parties are responsible for developing the strategy and its implementation.

Focus area: health and safety

Making no compromises on safety is one of our key values. The safety culture is driven by strong leadership from the top down. Each employee is empowered to intervene to reduce risk and prevent injury or harm.

We seek to recruit the best-quality staff with a wealth of experience from across the residential construction sector and this is reflected in the standards on site. We also hold a strong belief in investment in people, promoting individuals and providing support for their career progression.

Objective	Performance	Priorities for the year ahead
Make no compromises on safety	• 60% reduction in total accidents compared to the previous reporting year • Accident Frequency Rate of 0.16 • Implemented a robust home-working and hybrid-working policy to ensure staff can be flexible in their working arrangements, while providing the appropriate health and safety support	• Reinstate our annual safety conferences in early 2022. These conferences reinforce safety messages and enable staff to test and challenge current working procedures, embrace new technology and be at the centre of the decision-making process for future improvements.

Focus area: ethical standards and values

Our commitment is to lead by example, ensuring that we set ethical business practices that extend to our dealings with our supply chain and subcontractors. These practices are subject to ongoing review to ensure best practice across our operations.

Objective	Performance	Priorities for the year ahead
Ensure a zero-tolerance approach to modern slavery, both in our business operations and across our supply chain	• Formalised our process for ensuring subcontractors are not engaged with modern slavery or labour exploitation practices. The process is documented within the Standard Operating Procedures which forms part of the Quality Management System (QMS) process. It allows us to understand our supply chain, where it sources its labour from and how that labour is treated • Heat-mapping exercise underway to trace where the products we install are sourced from and identify if any of those products trace back to known modern slavery hot spots • Agreement signed with Construction Line who will provide us with access to their subcontractor verification platform. With the changes to our procurement process through the QMS, approximately 90% of our subcontractors will be members of Construction Line.	• Implement the agreement with Construction Line to roll-out the subcontractor verification process and extend this to members of our supply chain over the year ahead • Roll-out a modern slavery awareness package to staff. This includes training, visual awareness (digital and on site), induction package and Construction Skills Certification Scheme (CSCS) card check, and ongoing monitoring. • Finalise and implement a formal process to confirm labour agencies we work with have formal processes in place to combat modern slavery and labour exploitation

Dagenham Dock, Dagenham

Section 172 reporting

HOW THE BOARD COMPLIED WITH ITS SECTION 172 DUTY

The Board recognises that the long-term success of the business is dependent on maintaining relationships with our key stakeholders and having consideration for the external impact of the Company's activities. The table below identifies our key stakeholders, how we engage and how their views have shaped our decision-making. Further details about our standards of business conduct, including our values, can be found on page 59.

Customers

Why they are important

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

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

Stakeholder priorities

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

How we engage

Through advertising campaigns, and via our dedicated and professional Sales and Customer Service teams. We also hold 'meet the builder' sessions and homebuyer demonstrations.

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

What we have done

- Invested in our customer relations teams
- Offered a key worker discount
- Supported homebuyers in the home buying search by offering virtual tours

Communities and the environment

Why they are important

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

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

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

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

Stakeholder priorities

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

How we engage

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

We work with schools, colleges and universities to raise aspirations, increase awareness of construction and develop the talent of the next generation.

What we have done

- Contributed £1.4m via Section 106, legal agreements and Community Infrastructure Levy payments
- Achieved an average 41/50 Considerate Constructors Scheme score

Investors and lenders

Why they are important

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

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

Stakeholder priorities

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

How we engage

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

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

What we have done

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

Employees

Why they are important

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

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

Stakeholder priorities

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

How we engage

We encourage open and constructive discussions throughout the business. We engage with our employees in many ways, including through an employee engagement survey, intranet, team meetings, messages from the CEO, newsletters and regular business updates from the Executive team.

What we have done

- Introduced a hybrid office/home working policy
- Developing a People Strategy
- Formed a cross-departmental ESG working party with a remit that includes workforce engagement and diversity and inclusion

Suppliers and subcontractors

Why they are important

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

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

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

Stakeholder priorities

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

How we engage

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

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

What we have done

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

Government and regulators

Why they are important

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

Stakeholder priorities

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

How we engage

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

What we have done

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

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

During the year, the Board was closely involved in all key decisions of the Company, providing rigorous evaluation, risk management and challenge to maintain strong governance.

In accordance with Section 172 of the Companies Act 2006, the Board considers the likely consequences of our strategy and long-term decisions, taking into account the interests of our key stakeholders. This can be demonstrated in our business model on pages 30–31, through our approach to sustainability on pages 55–64 and throughout our strategic priorities on pages 20–23.

The table below provides a summary of some of the key strategic decisions taken by the Board in order to support the ongoing success of the Group, whilst considering the interests of our stakeholders.

KEY BOARD DECISIONS AND CONSIDERATIONS

Board Governance arrangements

Governance and Risk Committee

The Board keeps under continuous review the structure of its Board and Committees to ensure they remain fit-for-purpose and appropriate for the Group's strategic growth aspirations. The Board recognises that effective risk management and internal controls are critical elements in ensuring the ongoing success of the Group and the decision was taken to establish a separate committee with delegated authority for oversight of governance and risk arrangements. Further information on risk management can be found on pages 46–54. Further details about the Governance and Risk Committee can be found on page 76.

ESG framework

Maximising the value of land goes beyond shareholder returns. It is about delivering long-lasting social, environmental and economic value through our activity for our employees, suppliers and subcontractors, and the communities in which we operate. We have started on this journey this year, putting in place an Environmental, Social and Governance (ESG) framework. The framework sets out the scope of our ambition, with high-level commitments and timelines for success in each of the three areas. More detail can be found on pages 55–64.

Delivering on key strategic objectives

Focus on a reduction in the Group's net debt position

The reduction of net debt has been a priority and the Group has achieved a 20.3% reduction. This year-on-year reduction has been driven by the sale of residential plots, private home sales predominantly from our large, flatted developments and the first sales of the existing residential properties at Wilton Park, formerly occupied by Ministry of Defence service personnel.

Submission of major brownfield planning applications

Whilst the general economic outlook remains uncertain, there is a fundamental shortage of high-quality, affordably priced housing across the UK, and particularly in the South and South East of England. Further details on our land portfolio can be found on pages 6–7.

Growth of our asset management division

Our asset management activity enables the Group to earn substantial fees generally with a significantly reduced capital investment and working capital requirement. Growing this area of business is a focus for the Group. Further details can be found on pages 40–41.

Focus on growing partnership housing activity

This year we have seen a substantial increase in the Group's partnership housing contract income, driven by the demand from affordable housing providers and Build to Rent operators. The opportunities we pursue support the Government's efforts to increase affordable housing and create wider economic activity. We recognise that we have a part to play in building sustainable communities and our planning submissions reflect this and include new schools, enhanced public realm and community facilities.

Working arrangements and supporting staff through the challenges of COVID-19

The Board took the decision to move to hybrid working as the default working arrangements for most roles usually based at Head Office. Our Hybrid and Home Working Policy was rolled out over the summer of 2021, with additional guidance provided to managers to support the move away from managing an office-based team. Our pulse survey demonstrated that the majority of staff were supportive of the new working arrangements, but we recognise that working away from an office environment could impact on well-being for some. Tips and guidance were shared with all staff on how best to maintain a work-life balance under the new arrangements, with a reminder of the support on offer through the Employee Assistance Programme, via our Mental Health First Aiders and more generally within the sector.

This Strategic Report was approved by the Board on 31 January 2022 and signed on its behalf by:

Stephen Wicks
Chief Executive Officer

Governance

Board of Directors

Simon Bennett
Non-executive Chairman

A R N I

Appointment to the Board
2007

Key strengths and experience
- Capital markets and financial expertise
- More than 30 years' experience in investment banking and providing corporate and broking advice

Simon is a chartered accountant with extensive experience in investment banking and providing corporate finance and broking advice to growing companies. He has worked for a number of the world's largest banks and has wide-ranging experience of both the international debt and equity markets. He was Head of Corporate Finance and Head of mid and small caps teams at Credit Lyonnais Securities (now Credit Agricole), as well as head of Corporate Broking at Fairfax IS plc and Sanlam Securities.

Other current appointments
Simon established Incremental Capital LLP in 2004 to provide corporate finance advice to mid and small cap companies. In addition, Simon is a partner at Glenmill Partners, which provides impartial advice to entrepreneurs and growing companies. Simon is Chairman of Drumz plc, the AIM-listed technology investment company and is a Non-executive Director of Kwalee Ltd, the developer and publisher of games for digital distribution.

Stephen Wicks
Chief Executive Officer

Appointment to the Board
2005

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

Stephen has worked in the construction and housebuilding sector all of his working life and has extensive experience in the acquisition of large-scale development opportunities. He was the founding shareholder and Chief Executive of Country and Metropolitan plc, which floated on the main market of the London Stock Exchange in 1999, with a market capitalisation of £6.9m, until its disposal in 2005 to Gladedale Holdings plc for approximately £72m.

Other current appointments
None.

Nish Malde
Group Finance Director

Appointment to the Board
2005

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

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

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

Gary Skinner
Group Managing Director

Appointment to the Board
2018

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

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

Other current appointments
None.

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

Carol Duncumb
Non-executive Director

A R N I

Appointment to the Board
2021

Key strengths and experience
- Experienced CEO and Non-executive Director with a proven track record of delivering exceptional shareholder return
- Significant commercial experience gained in the retail sector

Carol is a former plc CEO with more than 35 years' experience in the fashion industry. She has extensive knowledge of design, manufacturing and supply to a wide-range of well known retailers. During her career, Carol has led a MBO on heritage menswear brand Wolsey, subsequently selling it to Matalan plc, delivering exceptional shareholder value.

More recently, Carol was a Non-executive Director of Mattioli Woods plc and during her seven years on the Board, she advised on multiple acquisitions, as well as rapid growth strategies. She continues to work with the Senior Executive team as a mentor.

Other current appointments
Chairman of Wotter Group Ltd, an app that helps businesses understand the engagement and well-being of their employees to reduce poor morale and Executive burn-out.

Brian Johnson
Non-executive Director

A R N I

Appointment to the Board
2018

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

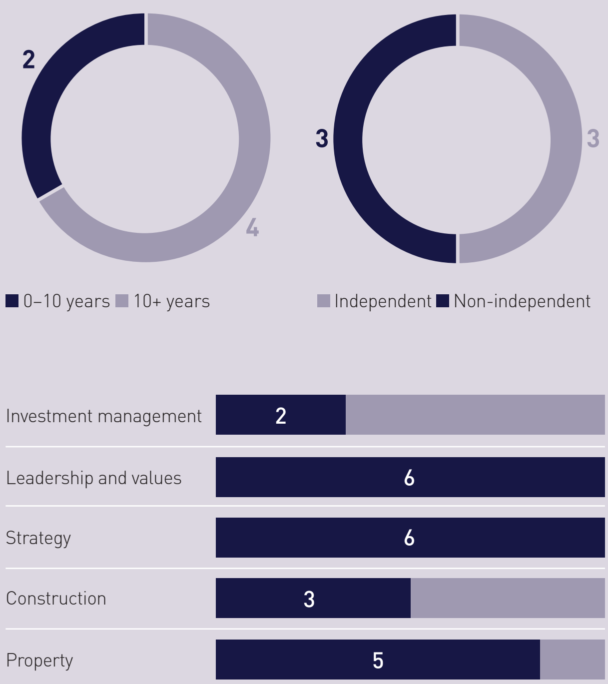
Brian brings a wealth of sector expertise, having held senior management and Non-executive positions within the housing, social care and commercial sectors. He was Chief Executive at CityWest Homes, Moat Homes Ltd and at Metropolitan Housing Trust. In addition, Brian was previously a Non-executive Director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

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

Kat Worth
Group Company Secretary

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

BOARD BALANCE



Corporate governance statement

“The Board’s primary objective has been to navigate the business through this time of uncertainty, ensuring that we emerge in a strong position, having continued to drive forward with our strategy.”

Simon Bennett
Non-executive Chairman

An introduction from our Chairman

The Board’s primary objective has been to navigate the business through this time of uncertainty, ensuring that we emerge in a strong position, having continued to drive forward with our strategy. I am therefore pleased to report that it has been a year of tangible progress in the delivery of Inland Homes’ strategic objectives.

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

Culture

The Board is responsible for setting the Company’s culture and for defining and demonstrating the Company’s values and behaviours from the top. We know that culture is established by leadership and by example, but this also needs to be underpinned by clear policies and codes of conduct which ensure that our obligations to shareholders and other stakeholders are clearly understood and met.

The Board is led in these respects by the Chairman, who ensures the Board operates correctly, setting its own culture and, by extension, that of the Company in its operations and its dealings.

A balanced Board

We saw a number of changes to our Board during the year, with Terry Roydon stepping down as Non-executive Chairman in March 2021. We welcomed Carol Duncumb to the Board as a Non-executive Director during the year. Carol brings with her a wealth of experience as a former CEO and a seasoned Non-executive Director. We look forward to working with Carol in the years ahead.

We recognise the importance of having a Board with the necessary mix of skills, experience and personal qualities to deliver the strategy of the Company for the benefit of the shareholders and the wider stakeholder community. Appointments to the Board are therefore based on merit and judged against objective criteria. Our Board members have high-ethical values and demonstrate strong leadership qualities. We have a strong mix of knowledge and experience relevant to our business, including finance sector, public markets, investor relations and property. Further details about our Directors can be found on pages 70-71.

The Board has continued to comprise of six directors: a Non-executive Chairman, two further Non-executive Directors and three Executive Directors.

In line with the Code, the Board considers that all Non-executive Directors remain independent. The independence of our Non-executive Directors is reviewed to confirm they remain independent from executive management and free from any business or other relationship which could materially interfere with the exercise of their judgment.

How the Board operates

The Board is collectively responsible for the Group’s strategy and its overall management. Through entrepreneurial leadership and a flexible business model, the Board is able to promote long-term growth and value for shareholders. The Strategic Report on pages 13-68 summarises how the Board achieves this.

The Executive Directors are responsible for business operations and for ensuring that the necessary resources are in place to carry out the Group’s strategic aims. The Non-executive Directors provide an independent view of the Group’s business, constructively challenging management and helping to develop and inform strategy. The Board as a whole is responsible for reviewing key strategic issues and decisions. Performance is monitored through evaluation of financial information and monitoring the return on strategic investments.

As Chairman, and with the support of the Group Company Secretary, I have responsibility for ensuring that Directors receive accurate, timely and clear information. Directors are aware of their right to have any concerns recorded in the Board meeting minutes. The Group Company Secretary ensures that all Directors are kept abreast of changes in relevant legislation and regulations, with the assistance of the Group’s advisers where appropriate.

ROLES AND RESPONSIBILITIES

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

Chairman

I am ultimately responsible for leadership of the Board and ensuring its effectiveness in all aspects of its role. Setting the Board's agenda, ensuring the flow of timely information and facilitating effective contribution for all Directors is a key aspect of the role.

Chief Executive Officer

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

Group Finance Director

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

Group Managing Director

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

Senior Independent Director

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

Group Company Secretary

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

Non-executive Directors

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

Matters reserved for the Board

Whilst the Board delegates some activity to its subcommittees, final approval sits with the Board on certain matters. These include:

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

Details of the key decisions taken by the Board can be found in the S172 Statement on page 68.

The Board has ultimate responsibility for the Group's system of internal control, but responsibility for monitoring and ensuring the ongoing effectiveness of this framework is delegated to the Governance and Risk Committee. Further details can be found on page 76. The principal risks faced by the business are set out on pages 46–54.

Subcommittees
The Board has delegated specific responsibilities to the Audit, Governance and Risk, Remuneration and Nominations Committee.

Each committee has written terms of reference setting out its duties, authority and reporting responsibilities. These terms of reference are kept under review to ensure they remain appropriate and reflect any changes in legislation, regulation or best practice.

Details of the Governance and Risk, Audit and Remuneration Committees can be found on pages 76–82.

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

The Nominations Committee undertook a detailed recruitment process with support from advisors Tyzac Partners during the early part of the financial year, which resulted in Carol joining the Board in March 2021.

Board meetings
The Board scheduled six formal meetings during the year. A number of other shorter Board meetings were held between formal meetings in order to discuss specific issues. Attendance of these shorter meetings has not been included in the table below. In particular, the focus of these meetings was the developing COVID-19 situation. The Board met in order to assess and respond to the uncertainty, challenges and opportunities which the pandemic created for the business. Whilst Board and Committee meetings provide time for debate and decision making, informal communication channels also operate to ensure open dialogue and information sharing with the Non-executive Directors and the Executive team between meetings.

Although not formally members of the Board committees, Nish Malde, Stephen Wicks and Gary Skinner are invited to attend as and when required. Attendance has been included in the table below. All Non-executive Directors are invited to attend Committee meetings for those Committees they do not sit on. Attendance has not been included in the table below.

Name of Director	Independent	No. of Board meetings attended	No. of Remuneration Committee meetings attended	No. of Audit Committee meetings attended	No. of Governance and Risk Committee meetings attended	No. of Nominations Committee meetings attended
Terry Roydon (resigned 08 March 2021)	Yes	4/4	n/a	3/3	n/a	1/1
Simon Bennett	Yes	10/10	1/1	4/4	1/1	1/1
Brian Johnson	Yes	10/10	1/1	4/4	1/1	1/1
Carol Duncumb (joined 08 March 2021)	Yes	5/6	1/1	2/2	0/1	n/a
Stephen Wicks	No	8/10	n/a	3/4	n/a	n/a
Nish Malde	No	10/10	n/a	4/4	1/1	n/a
Gary Skinner	No	10/10	n/a	n/a	1/1	n/a

Directors are expected to attend all meetings of the Board and committees and the Board is satisfied that all Directors are able to allocate sufficient time to the Company to discharge their responsibilities effectively. In the event that Directors are unable to attend a meeting, their comments on the business of the meeting will be discussed in advance with the Chairman so that their contribution can be included in the wider Board discussion.

Board induction
The importance of induction and training is recognised by the Board and the Company has established procedures whereby all newly appointed Directors, including Independent Non-executive Directors, receive a formal induction. Our approach is tailored to existing knowledge and experience as a Director and may include training and continuing familiarisation with the Company's business, strategy, operations systems, the principles underlying their duties as a Director, and wider issues relating to the sector we operate in. For newly appointed Independent Non-executive Directors, this induction also includes visits to our key sites and meeting with key members of the senior management teams and external advisers.

By way of example, Carol's induction process focused on the Company's strategy, operational structure and key challenges. It included:

- a comprehensive document pack of Company and Board information, including analyst and broker reports;
- 1-2-1 meetings with the Executive Director and other Non-executives on the Board;
- a meeting with the Group Company Secretary;
- meetings with key members of the management team, particularly in relation to Carol's role as Chair of the Remuneration Committee;
- meetings with the Company's key advisers; and
- visits to a selection of development sites.

Board effectiveness

The Board recognises that evaluation provides a valuable feedback mechanism to maximise strengths and highlight areas for development. This year we saw Simon Bennett take over as Chairman and Carol Duncumb join us a Non-executive Director. The Board was in agreement that a review of effectiveness would be more beneficial once Simon and Carol had settled into their respective roles. We will therefore look to evaluate the Board in the next financial year.

The Corporate Governance Statement is available on the Group's website at www.inlandhomesplc.com

Principle		Application
01	**Establish a strategy and business model which promote long-term value for shareholders**	It has been a year of tangible progress in the delivery of Inland Homes' strategic objectives. Our key strategic priorities have been to reduce net debt whilst making further progress in maximising the value of the Group's valuable land bank, growing the asset management division and sustaining the demand for high-quality, affordably priced homes. Further details on our strategy and business model can be found on pages 20–23 and 30–31.
02	**Seek to understand and meet shareholder needs and expectations**	We have a clear responsibility to engage with shareholders as the owners of our business. We know that this engagement helps us gain a better understanding of the impact of our decisions on shareholder interests, as well as gain an insight into their needs and expectations. Pages 65–68 set out how we do this.
03	**Take into account wider stakeholder and social responsibilities and their implications for long-term success**	The Board recognises that the long-term success of the business is dependent on maintaining relationships with our key stakeholders. Balancing the needs and expectations of our stakeholders has never been more important and we are committed to working together to navigate the challenges ahead. Pages 65–68 provide further details on how we are doing this.
04	**Embed effective risk management, considering both opportunities and threats, throughout the organisation**	Successful risk management is a fundamental part of our business as we pursue our strategic objectives. Details about our risk framework, including the newly formed Governance and Risk Committee and our approach to Environmental, Social and Governance (ESG) risk, can be found on page 76.
05	**Maintain the Board as a well-functioning, balanced team, led by the Chair**	The Board recognises that a well-functioning, balanced Board ensures the Company reaches its full potential. Our current Directors' details, including their skills and experience, are set out on pages 70–71.
06	**Ensure that, between them, the Directors have the necessary up-to-date experience, skills and capabilities**	Our Board appointments are made on merit and against objective criteria, including personal characteristics. We know that diversity within our membership strengthens the Board and this is something we are mindful of as we review the skills and experience needed to drive forward our strategy. More details about our Directors and their skills and experience can be found on pages 70–71.
07	**Evaluate Board performance based on clear and relevant objectives, seeking continuous improvement**	We know that Board effectiveness goes to the heart of success and the Board is committed to undertaking an evaluation of its performance and that of individual Board Directors.
08	**Promote a corporate culture that is based on ethical values and behaviours**	Our principles are embodied across the Group and inform every aspect of our business operations and decision-making. The ESG report (pages 55–64) demonstrates our culture and values in action.
09	**Maintain governance structures and processes that are fit-for-purpose and support good decision-making by the Board**	Under the leadership of the Chairman, the Board has collective responsibility for the governance structure of the Group to ensure the Company's strategy is delivered effectively. It is important to us that the framework we have in place is appropriate for our business model and this is something we keep under continuous review.
10	**Communicate how the Company is governed and is performing, by maintaining a dialogue with shareholders and other relevant stakeholders**	Engagement with our key stakeholders is vital to the success of our business. Details of how we do this can be found on pages 65–68.

Governance and risk committee report

"The Committee was established during the financial year to further strengthen the governance arrangements in place to support the Group's internal controls and risk management systems."

Brian Johnson
Chair of the Governance and Risk Committee

Key responsibilities

- To ensure the effectiveness and efficiency of the Group's internal controls framework
- To review the Group's risk management framework and ensure it operates effectively
- Debate and agree changes to the principal risk register
- To ensure that the Group has an appropriate Environmental, Social and Governance (ESG) strategy in place
- To ensure that short and long-term objectives of the ESG strategy are developed and that key metrics are identified and reported on

I am pleased to present the Governance and Risk Committee Report for the year ended 30 September 2021. It provides shareholders with an overview of the responsibilities of this Committee.

The Committee was established during the financial year to further strengthen the governance arrangements in place to support the Group's internal controls and risk management systems. The Board has also delegated oversight of the Group's Environmental, Social and Governance (ESG) strategy to this Committee in the short term but recognises that a separate committee may need to be established as this area of work develops.

Membership

The Committee consists of the following independent Non-executive Directors: myself (as Chairman), Simon Bennett and Carol Duncumb. Members of the management team may attend Committee meetings by invitation if required. We ensure Committee members have the skills and knowledge relevant to the remit of the Committee, as well as the personal attributes to enable us to work with management and to challenge matters if needed.

Risk management and internal controls

The Committee has delegated responsibility for monitoring the risk profile of the business and for oversight of the Group's risk management framework. Details of the risk framework are set out in the risk section of the Strategic Report on pages 46–54. The Group's principal risks were reviewed and updated by the Committee at its November 2021 meeting and were recommended to the Board for subsequent approval.

The Committee is also responsible for monitoring the Group's internal controls and processes, including its financial, operational and compliance controls, and reports to the Board on these matters. The Group does not currently have an internal audit function but the Committee keeps under review whether such a function ought to be established. At present, the Committee believes that management is able to derive assurance as to the adequacy and effectiveness of internal controls and risk management procedures without one.

Environmental, Social and Governance

Currently, the committee is tasked with oversight of the Group's ESG strategy. The focus for the Committee this year has been to ensure that the appropriate ESG framework is agreed and established. The framework sets out the scope of our ambition, with high-level commitments and timelines for success in each of the three areas. The framework has supported the business in putting in place the structures and support systems which will enable it to roll out its full ESG strategy in the year ahead. The Committee has a key strategic role in overseeing this strategy. Further details can be found on pages 55–64.

Brian Johnson
Chair of the Governance and Risk Committee

Audit committee report

> The Audit Committee is responsible for ensuring the financial performance of the Group is properly measured and reported on."

Simon Bennett
Non-executive Chairman

Key responsibilities

- Reviewing the 2021 Report and Accounts
- Considering the external audit report and management representation letter
- Reviewing the Going Concern Basis of Preparation
- Consideration of key audit matters and how they are addressed
- Reviewing the 2021 and 2022 audit plan
- Reviewing the suitability of the external auditor
- Reviewing the interim results
- Reviewing significant estimates and judgements

I am pleased to present the Audit Committee Report for the year ended 30 September 2021. It provides shareholders with an overview of the activities carried out by the Committee during the period. The Audit Committee is responsible for ensuring the financial performance of the Group is properly measured and reported on. Its role includes monitoring the integrity of the financial statements (including annual and interim accounts and results announcements), reviewing any changes to accounting policies, reviewing and monitoring the extent of the non-audit services undertaken by external auditors, advising on the appointment of external auditors and meeting with external auditors without the Executive Directors and management present.

Membership

The Committee consists of the following independent Non-executive Directors: myself (as Chairman), Brian Johnson and Carol Duncumb, from her appointment to the Board in March 2021. Members of the management may attend Committee meetings by invitation if required. We ensure Committee members have the skills and knowledge relevant to the remit of the Committee, as well as the personal attributes to enable us to work with management and external auditors and to challenge matters if needed.

Role of the external auditor

The Audit Committee monitors the relationship with the external auditor, BDO LLP, to ensure we maintain auditor independence and objectivity. As part of its review, the Committee monitors the provision of non-audit services by the external auditor.

Audit process

The auditor prepares an audit plan for the review of the full period financial statements. The audit plan sets out the scope of the audit, areas to be targeted and audit timetable. This plan is reviewed and agreed in advance by the Audit Committee. Following the audit, the auditor presented its findings to the Audit Committee for discussion. No major areas of concern were highlighted by the auditor during the period; however, areas of significant risk and other matters of audit relevance are regularly communicated.

Simon Bennett
Chair of the Audit Committee

Remuneration committee report

> I am keen to ensure the Policy continues to be fully aligned with business strategy and the rest of the workforce, with decisions made by the Committee linked to business performance within the context of the wider external environment."

Carol Duncumb
Remuneration Committee Chair

Key responsibilities

- The Remuneration Committee determines and agrees with the Board the policy for the remuneration of the Executive Directors
- The Remuneration Committee also reviews the design and determined targets for performance-related pay schemes and share incentive plans for approval by the Board and shareholders
- The Executive Directors of Inland Homes are Stephen Wicks, Chief Executive, Nish Malde, Group Finance Director and Gary Skinner, Group Managing Director

Statement from the Chair of the Remuneration Committee

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the year ended 30 September 2021. The Committee has considered the principles set out in the QCA Code and evolving best practice in preparing this report, which details remuneration paid to the Executives during the financial year and the remuneration policy (the Policy) for the forthcoming financial year and beyond.

Remuneration Policy

As the new Chair of the Remuneration Committee, I am keen to ensure the Policy continues to be fully aligned with business strategy and the rest of the workforce, with decisions made by the Committee linked to business performance within the context of the wider external environment.

The Committee delayed undertaking a review of the Policy during the year due to the ongoing uncertainty resulting from COVID-19. However, it is intended to carry out this review, including finalising a new long-term incentive plan, in 2022 given the initial impact of the pandemic has now been assessed and strategic measures implemented in response. The Committee remains focused on ensuring a pay structure that allows for appropriate reward and recognition of the Executives, balanced against stakeholder interests and uncertain external influences.

Workforce

The Policy will continue to be considered in the context of remuneration policies and practices for the wider workforce. In line with this, pay and reward arrangements for our staff are also overseen by the Committee. It is intended that during the early part of 2022, the Group will focus on wider employee pay structures and it intends to review current arrangements to ensure these are appropriate and in line with best practice.

2020/21 awards

Despite the ongoing market uncertainty, we started this financial year with cautious optimism and have continued to make good progress on our strategic objectives. Reduction of net debt remains a priority and subject to the timing of the grant of planning permission(s), land sales and receipt of management fees, we presently expect to report a further significant reduction in net debt in the coming financial year.

Nevertheless, as in the previous financial year, the Executive Directors have waived entitlement to a bonus payment for the year ended 30 September 2021. This is in part to support the priority to reduce net debt but also in recognition of the measures taken to mitigate the impact of the ongoing pandemic, which included receiving Government support and voluntary reductions in pay. The Board hopes to be in a position to resume bonus payments in 2022.

Committee remit

The Terms of Reference for the Committee are based on the QCA template and were reviewed and updated at the December 2021 Committee meeting. In addition to determining the Policy for executive remuneration, it was agreed that the Committee will have responsibility for setting the framework for the remuneration of the Group's Operating Board.

Closing remarks

The Committee believes that the decisions taken with respect to awards for the financial year ended 30 September 2021 support our strategic objectives and are appropriate given the challenges presented by both the COVID-19 pandemic and the changing market conditions.

As we look forward, the Committee remains focused on ensuring appropriate reward and recognition of the Executive Directors, whilst aligning with the wider workforce and shareholder expectations. We recognise that flexibility of reward and recognition is key in uncertain times and this will be at the forefront of our thinking as we review our Policy and look to implement a new LTIP in 2022. The Committee is committed to an open and transparent dialogue with shareholders on the issue of Executive remuneration and we look forward to seeking views in the new year.

On behalf of the Committee and the Board, I would like to thank all shareholders for your continued support during this challenging year.

Carol Duncumb
Remuneration Committee Chair
31 January 2022

Membership of the Committee currently consists of Carol Duncumb as Chair of the Committee, Simon Bennett, the Company's Non-executive Chairman and Brian Johnson, Senior Non-executive Director. The Executive Directors, Group Company Secretary and Head of HR are invited to attend. The Committee meets formally three times a year and on such other occasions as may be required.

Current policy for Executive Directors' remuneration

The policy for Executive Directors' remuneration is designed to attract, motivate and retain high-calibre individuals with a competitive remuneration package. The remuneration policy takes into account the overall performance of the Group and the individual Executive Directors and the prevailing pay structures in the markets in which Inland Homes operates.

The Executive Directors' remuneration is designed to provide a balance between fixed and variable rewards, although it is recognised that it is common industry practice for total remuneration to be significantly influenced by annual bonuses and long-term incentive plans. Consequently, remuneration packages for individual Executive Directors comprise a basic salary, a deferred bonus plan, a long-term incentive plan and benefits in kind. In agreeing the basic salary and annual bonuses, in addition to the factors outlined above, the Remuneration Committee considers the aggregate remuneration to be received by the individual Executive.

In 2013, in line with best corporate governance and market practice at that time, the Remuneration Committee introduced a new deferred bonus plan and a long-term incentive plan for the Company's Executive Directors. These were designed to incentivise the Executive Directors to grow the business and maximise returns to shareholders. The latter is known as The Inland Homes plc 2013 Incentive Plan (2013 LTIP). It operated for a period of six years and was approved by shareholders in general meeting in December 2013.

As referenced above, this scheme has now run its course and the Remuneration Committee has been working with the Group's remuneration consultants to formulate a new long-term incentive plan to replace the 2013 LTIP.

Basic salary

The basic salaries of the Executive Directors are reviewed on an annual basis. The Remuneration Committee seeks to establish a basic salary for each position commensurate with the individual's responsibilities and performance, taking into account comparable salaries for similar companies of a similar size in the same market.

Deferred Bonus Plan

The Deferred Bonus Plan came into effect on 1 July 2013. It provided an opportunity for the Executive Directors to earn up to 100% of basic annual salary as an annual bonus. The plan provides for 50% of an Executive Director's bonus entitlement to be mandatorily deferred into ordinary shares in the Company. Bonuses are based on a percentage of the individual Executive Director's base salary as follows:

- 50% of salary for 'on target' performance; and
- a further 50% of salary for 'out-performance'.

For example, for achieving 90% of on target performance there will be a discretionary bonus of up to 25% of salary (and pro rata between 90% and 100% of on target performance) and there will be no bonus for less than 90% of on target performance.

The target is measured by reference to two equally weighted performance measures, namely:

i. profit before taxation as compared with brokers' market forecasts following the announcement of the preliminary results of the previous accounting period; and
ii. net debt levels.

Once the quantum of the Executive Directors' bonuses has been calculated, these will be settled up to 50% in cash and up to 50% by the issue of ordinary shares of the Company. The issue of any ordinary shares awarded under the Deferred Bonus Plan will be deferred for three years and will be subject to forfeiture in the event that an Executive Director leaves the Company as a 'bad leaver', but is not subject to any further performance conditions.

Long-term incentive plans

The Company currently operates an unapproved share option scheme, which is open to all employees of Inland Homes.

Awards under the unapproved share option scheme are made on a periodic basis to the Company's Directors and employees. The share options in this scheme vest three years after the date of grant and have an exercise period of seven years. The schemes are equity-settled.

The 2013 LTIP is now in abeyance having come to the natural end of its life. The following is a summary of the principal features and terms of the 2013 LTIP, which has now run its course:

1. Creation of growth shares

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

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

2. Vesting and exchange of growth shares

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

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

3. Participants

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

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

Of this total, as at 30 September 2021, in aggregate a further 2,285,076 ordinary shares (equivalent to 0.99% of the total issued ordinary share capital) were available to be issued to the Participants, under the terms of the 2013 LTIP, as the Performance Targets had been met. The remaining 4,547,928 ordinary shares (equivalent to 1.98% of the total issued ordinary share capital at the period end) have now lapsed as the Performance Targets have not been met.

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

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

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

4. Performance targets

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

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

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

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

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

5. Dilution

Originally, in order for all the 9,647,928 ordinary shares in the Company to become issuable under the 2013 LTIP, the price for each Inland Homes ordinary share, in the absence of a takeover, would have had to have more than doubled before the end of the final performance period, when compared with the Initial Base Price of 46.5p per ordinary share. This increase would have been equivalent to an approximate 14% annual compound rise in the ordinary share price over the life of the 2013 LTIP.

As at 30 September 2021, a total of 2,285,076 ordinary shares (equivalent to 0.99% of the total issued ordinary share capital) have been earned but not been issued yet to the remaining Participants.

6. Change of control

The 2013 LTIP allowed realisation from three years after the award, provided the Performance Targets had been met. As is customary, the 2013 LTIP provided for early vesting of growth shares in the event of a takeover of Inland Homes before the expiry of the plan, such that all the growth shares would vest, provided that the offer price was greater than the share price required to achieve the Performance Target for the relevant performance period in which the takeover occurs.

2022 Long-term Incentive Plan (2022 LTIP)

As set out in more detail above, the 2013 LTIP scheme has now run its course and the Remuneration Committee has been working with the Group's remuneration consultants to formulate the terms of a new long-term incentive plan, in accordance with current best practice. This process has been considerably delayed by the COVID-19 global pandemic and the uncertainty this has caused for the housebuilding industry and the wider UK economy. As a result, whilst the future remains uncertain, the Remuneration Committee intends to introduce the 2022 LTIP for shareholder approval in due course.

Other benefits

Depending on the exact terms of each individual Executive Director's service contract with the Company, they are entitled to a range of benefits, including either a car allowance or a fully expensed company car, contributions to pension schemes, private fuel, private health care insurance, permanent health insurance and death in service insurance.

Service contracts and notice periods

Each of the Executive Directors are employed on rolling contracts subject to one year's notice from either Inland Homes or the Executive Director in relation to Stephen Wicks and Nish Malde, and three months' notice in relation to Gary Skinner. These contracts contain confidentiality provisions and restrictive covenants for the Company's protection.

The Executive Directors' service contracts do not provide specifically for any termination payments, although the Company might make payments in lieu of notice. For this purpose, such payments would consist of basic salary and other benefits for the relevant period and, depending on the circumstances, any awards due to Stephen Wicks or Nish Malde under the 2013 LTIP.

Non-executive Directors

Inland Homes currently has three Non-executive Directors: Simon Bennett, the Chairman and Chair of the Audit Committee, Carol Duncumb, Chair of the Remuneration Committee and Brian Johnson, Senior Independent Director and Chair of the Governance and Risk Committee and the Nominations Committee.

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

The Non-executive Directors' letters of appointment do not provide specifically for any termination payments, although the Company might make payments in lieu of notice.

Non-executive Directors' fees are determined by the Executive Directors, having regard to the requirement to attract high-calibre individuals with the right experience, the time requirements and the responsibilities incumbent on an individual acting as a Non-executive Director for a company, such as Inland Homes, listed on AIM. The Non-executive Directors are not eligible for annual discretionary bonuses and do not participate in the Company's long-term incentive plans.

The current service contracts of the Executive Directors, the letters of appointment of the Non-executive Directors and the Rules of the 2013 LTIP are available for inspection at the Company's registered office during normal office hours.

Directors' remuneration table

The remuneration of each of the Directors for the year ended 30 September 2021 is set out in detail below.

	2021							Year ended 30 September 2020
	Salary/ fees £000	Bonus £000	Benefits £000	Pension £000	Total remuneration £000	Social security costs £000	Total remuneration and social security £000	Total remuneration and social security £000[3]
Executive Directors								
S D Wicks[1]	384	45[2]	26	–	455	62	517	372
N Malde[1]	384	45[2]	25	–	454	62	516	372
G Skinner	280	35[2]	12	14	341	44	385	323
Non-executive Directors								
T Roydon (until March 2021)	42	–	–	–	42	6	48	52
S Bennett	55	–	–	–	55	6	61	52
B Johnson	42	–	–	–	42	5	47	40
C Duncumb (from March 2021)	28	–	–	–	28	2	30	–

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

2 The payment of bonuses awarded for the fifteen-month period ended 30 September 2019 was deferred due to COVID-19. These bonuses were paid during the year ended 30 September 2021

3 Salary shown reflects temporary salary reductions taken during the year

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

Directors' interests in the Company's ordinary shares are disclosed on page 83 in the Directors' Report. The share options held by the Directors in the unapproved share option scheme are set out below:

	Stephen Wicks	Nish Malde[1]	Gary Skinner
Total options outstanding at 30 September 2021	–	–	750,000
Representing:			
Options exercisable 17 July 2021 to 16 July 2028 at 67.00p	–	–	250,000
Options exercisable 18 March 2022 to 17 March 2029 at 61.30p	–	–	500,000
	–	–	750,000

1 Nish Malde exercised options over ordinary shares of 10 pence each under the unprovided share option scheme, resulting in a total gain of £483,750

2013 LTIP

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

The awards vested to date to current Directors of the Group in respect of which further ordinary shares are to be issued as at 30 September 2020 and 30 September 2021 were as follows:

	Ordinary shares of 10p each
S D Wicks	5,076
N Malde	2,280,000

As at 30 September 2021, 2,285,076 ordinary shares (equivalent to 1.10% of the total issued ordinary share capital) have been earned but not yet issued to the remaining Participants.

Approval

This report was approved by the Board on 31 January 2022 and signed on its behalf by:

Carol Duncumb
Chair of the Remuneration Committee

Directors' report

> "The Directors present their Annual Report on the affairs of the Group, together with the Financial Statements and Auditor's Report, for the year ended 30 September 2021."

Kat Worth
Group Company Secretary

The Directors present their Annual Report on the affairs of the Group, together with the Financial Statements and Auditor's Report, for the year ended 30 September 2021. The Corporate Governance Statement also forms part of this Directors' Report.

Directors

The Directors of the Company during the financial year were:

Terry Roydon (resigned 08 March 2021)
Simon Bennett
Brian Johnson
Carol Duncumb (joined 08 March 2021)
Stephen Wicks
Nish Malde
Gary Skinner

Results and dividend

Results for the year ended 30 September 2021 are set out in the Group Statement of Comprehensive Income on page 95. The Directors are not recommending a dividend for the year ended 30 September 2021.

Share capital and substantial shareholders

The Company's issued share capital as at 30 September 2021 was 230,091,045 ordinary shares of 10p each. 1,627,500 ordinary shares are held by the Company's Employee Benefit Trust. Details of movements in the Company's issued share capital can be found in Note 39 of the Financial Statements.

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

Major shareholders	Shareholding
Mr Dixon	9,000,000
Downing LLP	6,571,322

This table excludes Director's shareholdings, which are detailed below.

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

Directors' and officers' liability insurance and independent advice

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

Post balance sheet events

Details of post balance sheet events are given in Note 43 of the Financial Statements on page 152.

Directors and Directors' interests

	As at 30 September 2021			As at 30 September 2020		
	Number of ordinary shares	**Number of growth shares**	**Number of share options**	Number of ordinary shares	Number of growth shares	Number of share options
S D Wicks	**17,763,571**	**–**	**–**	17,763,571	–	–
N Malde	**11,496,792**	**–**	**-**	10,996,792	380	1,500,000
G Skinner	**82,105**	**–**	**750,000**	82,105	–	750,000
S Bennett	**125,000**	**–**	**–**	125,000	–	–
C Duncumb	**–**	**–**	**–**	–	–	–
B Johnson	**–**	**–**	**–**	–	–	–

More information about the Directors can be found on pages 70–71.

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

Political donations
The Company did not make any political donations or incur any political expenditure during the reporting period to 30 September 2021, or in the prior period.

Auditor
As far as the Directors are aware, there is no relevant audit information (that is, information needed by the Group's auditor in connection with preparing their report) of which the Group's auditor is unaware. Each Director has taken all reasonable steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the Group's auditor is aware of that information.

Annual General Meeting
The Notice covering the AGM, together with the proposed resolutions, is contained in the document accompanying this report. The AGM will be held on 21 March 2022 at 11 am. The Notice of Meeting will be published on our website at: www.inlandhomesplc.com/investors/agm/

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

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that period. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with international standards in conformity with the requirements of the Companies Act 2006, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Group will continue in business.

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

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

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

Stakeholder involvement policies
Directors believe that the involvement of employees, customers and suppliers is an important part of the business culture and contributes to the successes achieved to date. Read more about our engagement with stakeholders on pages 65-68.

Corporate Governance Code
Details of our compliance with the QCA Governance Code can be found on pages 72-75.

Streamlined Energy and Carbon Report
All measured emissions from activities which the Group has financial control over are reported on page 58.

Approval
This report was approved by the Board on 31 January 2022 and signed on its behalf by:

Kat Worth
Group Company Secretary

Financial Statements

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

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 30 September 2021 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with international accounting standards in conformity with the requirements of the Companies Act 2006;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Inland Homes Plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2021 which comprise the Group statement of comprehensive income, the Group statement of financial position, the Company statement of financial position, the Group and Company statements of changes in equity, the Group statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

We considered the ability of the Group and the Parent Company to continue as a going concern to be a key audit matter based on our assessment of the significance of the risk and the effect on our audit strategy. Refer to Note 2 (Basis of preparation).

Our evaluation of the Directors' assessment of the Group and the Parent Company's ability to continue to adopt the going concern basis of accounting and in response to the key audit matter included:

- We assessed the appropriateness of the Group's cash flow forecasts in the context of the Group's 30 September 2021 financial position, the expected land and house sales and other contractual revenue.
- We considered the potential effects that the continuing Covid-19 pandemic could have on trade. In assessing the potential effects, we considered the previous lockdowns and its impacts on trade.
- We evaluated the key assumptions in these forecasts and considered whether these appear reasonable, for example by comparing sales revenue to contractually secured future revenue and expected sales prices to forward sales and historic sales data in the area and expected completion of sites as per project appraisals.
- The Group has a number of facilities that fall due for repayment in the period to 31 March 2023 as disclosed in Note 2. We obtained supporting documentation in the form of bank statements and facility agreements to verify the facilities that have been repaid or refinanced post period end. For the remaining facilities that fall due in the period to 31 March 2023 we obtained the Directors' views on their ability to obtain alternatives sources of finance to replace existing facilities, the Directors' views on and evidence of the continued support of their lenders and the ability to obtain finance on unencumbered assets.
- We checked that the information used in the covenant compliance calculations were consistent with the forecasts to 31 March 2023 including the sufficiency of headroom in the downside scenarios.
- We considered the Group's overheads and the level of discretionary spend in the Group and the Directors' ability to flex this in base case scenarios.
- For scenarios in which the Directors may be forced to utilise capital markets to raise additional finance, we discussed the timeframe required to achieve this and agreed the ability to issue shares without pre-emption to the Group's 2020 Annual General Meeting minutes.
- We reviewed the disclosures provided relating to the going concern basis of preparation and considered whether these were consistent with the Directors' going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

Coverage	100% (2020: 100%) of Group profit before tax 100% (2020: 100%) of Group revenue 100% (2020: 100%) of Group total assets		
Key audit matters		**2021**	**2020**
	Valuation of investment properties and carrying value of trading properties	Y	Y
	Revenue and profit recognition	Y	Y
	Recoverability of receivables from Joint Ventures and the Associate and other significant receivables	Y	Y
	Going concern	Y	Y
	Prior period adjustments	Y	N
Materiality	Group financial statements as a whole £4m (2020: £3.9m) based on 1% (2020: 1%) of total assets		

An overview of the scope of our audit

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

For the purposes of the Group audit, the Parent Company, nine subsidiaries and one joint venture were considered significant components and were subject to full scope audit procedures performed by the Group engagement team. The remaining non-significant components were also subject to full scope audit procedures performed by the Group engagement team. All components are based in the UK. Our audit work on these components was executed at the level of materiality applicable to the relevant component, which in each instance was lower than Group materiality.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Conclusions related to going concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How the scope of our audit addressed the key audit matter
Valuation of investment properties and carrying value of trading properties (Note 4, 19, 28 and 30) The Group owns a portfolio of properties which are held as either investment properties or trading properties. Determination of the fair value of investment properties and the carrying amount of trading properties is considered a significant audit risk due to the subjective nature of certain assumptions and the potential for management bias inherent in each valuation. Valuations are either carried out by the Directors or external valuers. Each valuation requires consideration of the individual nature of the property, its location, its cash flows and comparable market transactions. The majority of the Group's property interests are in the course of development. The valuation of these properties requires estimation of the expected sales value the completed developments will achieve with deductions for future build costs to completion, which requires significant judgements. The valuation of the Group's income generating investment properties requires significant judgements to be made in relation to the appropriate market capitalisation yields and estimated rental values. As a result of the significant assumptions and judgements required, this was considered to be a key audit matter.	**Trading properties** Our audit work included, but was not restricted to, the following: • We agreed a sample of data used by the Directors or external valuers, back to source documentation, including title deed and tenancy agreements. • We assessed the competency, independence and objectivity of the external valuers, which included making enquiries regarding interests and relationships that may have created a threat to the valuer's objectivity. • We assessed the movement in the valuation of the property portfolio against our own expectations, based on externally available metrics and wider economic and commercial factors, and challenged the Directors, as appropriate, for those valuations which fell outside of our range of expectations through discussion and inspection of corroborating information to determine the appropriate valuation. • We obtained all copies of any planning permission documents received in the year to support the uplift in land values. • We obtained project appraisals prepared by the Directors for each development and: – Reviewed and assessed costs to complete and compared these to actual costs for completed developments of a similar nature; – Considered the historic accuracy of cost and sales forecasts; – Reviewed the level of costs to complete that were fixed by way of procurement; – For a sample of properties that have been exchanged, reserved or sold post year end we obtained supporting documentation and compared the prices achieved to those in the development appraisals. Where no activity has occurred, we performed a comparison of prices achieved on similar properties sold or comparable market transactions; and – We visited a sample of the Group's development sites and considered the stage of the development compared to the costs to complete in the project appraisal. **Investment properties** Our audit work included, but was not restricted to, the following: • We obtained the valuation schedules prepared by the Directors and; – Evaluated the competence and capability of the Directors; – Confirmed that the basis of the valuation was in accordance with requirements of accounting standards; and – Discussed the basis of the valuation, the assumptions used and the valuation movements in the year with the Directors; • We considered whether movements in the valuations are consistent with our own expectations based upon market comparable transactions and changes in industry benchmarks and challenged those valuations which fell outside of our expectations. We did this by holding discussions with the Directors and obtaining an explanation for the reasons why these valuations were outside of our expectations. We obtained supporting evidence to corroborate explanations received from the Directors. • We compared the significant valuation inputs, such as current rent, lease terms and yields, used by the Directors against our own expectations, underlying supporting evidence and, where relevant, market data. • For a sample of investment properties we corroborated the rental income to supporting leases. **Key observations** We did not identify any indicators to suggest that the valuation of the Group's investment properties and the carrying value of the Group's trading properties are inappropriate.

Key audit matter	How the scope of our audit addressed the key audit matter
Revenue and profit recognition (Note 4, 9) The group has numerous sources of revenue out of which we consider the sale of land and buildings, contract income and management fee income to pose specific risks. Proceeds from the sale of land and buildings should only be recognised once the risks and rewards of ownership have passed to the buyer which is considered to be legal completion. There is a risk that revenue and profits on house sales could be recognised before completion. The accounting for the revenue from construction contract income is inherently complex and involves significant judgement particularly with regard to assessing the stage of completion of the project. Revenue from long term contracts is recognised based on the input method by considering the costs incurred to date, relative to the total estimated forecast revenue. Profit is recognised once the Directors are able to make an estimate of the outcome with reasonable certainty. The Group is involved in the provision of certain development and planning application management fee services to third parties. The accounting for revenue from such contracts is inherently complex and involves significant judgement in terms of the identification of performance obligations under applicable accounting standards and where appropriate the stage of performance against those obligations and the measurement and recognition of any deferred consideration where relevant.	Our audit work included, but was not restricted to, the following: **Sale of land and buildings** • We agreed a sample of sales to the sales contract, the legal letter of completion and the proceeds to bank. To address cut off, we tested a sample of sales that occurred in September 2021 and checked that completion took place pre year end per the date of the legal letter of completion. For revenue recognised post year end we obtained the legal letter of completion for the associated sale and checked that it was recognised in the correct period. • We reviewed the realised margin on the land and building sales in the year compared to the expected margin obtained from the development appraisal. Refer to the Valuation of investment properties and carrying value of trading properties key audit matter above for work completed on the development appraisals. • For land sales we obtained the sale and purchase agreements and considered the substance of the transactions and whether the risks and rewards of ownership had been transferred and whether the transaction met the criteria for revenue recognition under applicable accounting standards. We obtained managements forecast margin calculation and compared to our own independently set expectations in terms of gross development value and costs to complete. **Construction contract income** For each development contract we obtained copies of the construction contract and performed the following: • We agreed the total value of the development to the signed contract. • We discussed with management to understand and challenge other areas of judgment taken including anticipated completion date and impact of any delays, whether there are any disputes with third parties on the contract and the reason for any movements in forecasts from tender to 30 September 2021. We obtained corroborating evidence for the explanations provided. • We obtained management's calculation of the costs to date compared to the expected costs to complete; We compared the costs to complete to forecast and corroborated the percentage of costs that had been procured at the year-end and enquired of management as to cost overruns since the year-end and compared to the latest appraisals. We challenged management where there are substantial costs yet to procure and agreed a sample of un-procured subcontractor costs to relevant support. • We compared the stage of completion against the proportion of profit recognised to date. • We reviewed incremental costs incurred of obtaining contracts and agreed the treatment to the relevant accounting standard and the accounting policies. **Management fee income** For each contract we obtained copies of the management fee contract and performed the following: • We obtained a copy of management's paper regarding the revenue recognition policy for the contract. We challenged the judgements made in relation to the performance obligations identified with management and considered these in light of our review of the contract and requirements of applicable accounting standards. • We obtained management's assessment of the Group's performance against the performance obligations identified in each contract. For performance obligations that were met in the period we agreed to external sources or direct confirmation with the associated customer. • We obtained management's paper considering any constraint of revenue in accordance with applicable accounting standards. We challenged management regarding the assumptions made of the future recoverability of revenue recognised as per the underlying project appraisal. Refer to the *Valuation of investment properties and carrying value of trading properties* key audit matter above for work completed on the development appraisals. **Key observations** We did not identify any indicators to suggest that the revenue and profit recognition from the sale of land and buildings, from construction contract income or from management fee income has been recognised inappropriately.

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

Key audit matter	How the scope of our audit addressed the key audit matter
Recoverability of receivables from Joint Ventures (Note 4, 25) and the Associate (Note 4, 26) and other significant receivables (Note 4, 29) The Group has made a number of loans to Joint Venture and Associate entities where the recoverability of these receivables is underpinned by the net realisable value of the underlying development held within the Special Purpose Vehicle ("SPV"). There are also a number of other significant receivables due from management fee contracts. The recoverability of these receivables is dependent on either the value of the land or the profitability of completed developments over which the Group holds security. The valuation and profitability of the developments is subject to significant judgments and assumptions. Because of the significance of these receivables and the judgements involved in assessing recoverability we considered this to be a key audit matter.	Our audit procedures over the value of land and profitability of completed developments are those set out in the *valuation of investment properties and carrying value of trading properties* key audit matter outlined earlier in this report. We then compared those values to the respective receivable balances. **Key Observation** We did not identify any indicators to suggest that the receivables from Joint Ventures and the Associate, and other significant receivables are not recoverable at the amount recorded in the financial statements.
Prior period adjustments (Note 41) During the year the Directors identified a liability for deferred consideration on one of the development sites that had not been appropriately accounted for in previous periods. During the audit process a classification adjustment was identified between investment in subsidiaries and trade and other receivables related to the parent company statement of financial position. Additionally, a second adjustment was identified related to inappropriate netting off of intercompany balances. Prior period adjustments were recognised for all of these matters. There is a risk that these adjustments were incorrectly or incompletely identified and not presented in accordance with the requirements of accounting standards.	Our audit work included, but was not restricted to, the following: • We obtained an understanding of the deferred consideration and agreed the amount and terms to the underlying agreement. • We performed audit procedures through a sample selection of development sites to verify there were no other instances of deferred consideration or other key terms that are not accounted for. • We obtained an understanding of the nature of the balances in the parent company balance sheet and verified whether they related to an investment in subsidiary or intercompany balances. • We agreed the counterparties in the intercompany schedule to underlying agreements as appropriate. • We agreed the treatment of these adjustments to the relevant accounting standard and the accounting policies. • We considered the appropriateness of the disclosures made in the financial statements for these adjustments. • We consulted with BDO internal technical experts to assess and challenge the conclusions reached by the audit team based on the evidence provided by management of the accounting treatment and classification of the adjustments. **Key Observation** Based on the procedures performed, we consider that prior period adjustments have been appropriately recognised in the annual report and financial statements.

Our application of materiality

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

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

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

	Group financial statements		**Parent company financial statements**	
	2021	2020	2021	2020
Materiality	£4,000,000	£3,900,000	£610,000	£740,000
Basis for determining materiality	1% of Group total assets		90% of Group specific materiality	
Rationale for the benchmark applied	We determined that Group total assets would be the most appropriate basis for setting overall financial statement materiality, as we consider this to be one of the principal considerations for members in assessing the financial performance of the Group.		Capped at 90% of Group specific materiality given the assessment of the components aggregation risk.	
Performance materiality	£2,200,000	£2,145,000	£335,500	£555,000
Basis for determining performance materiality	55% of materiality In determining performance materiality we have considered the following factors: • Our risk assessment, including our assessment of the Group's overall control environment; and • Our past experience of the audit, including expected total value of known or likely misstatements.		Capped at 90% of Group specific performance materiality given the assessment of the components aggregation risk.	75% of materiality In determining performance materiality we have considered the following factors: • Our risk assessment, including our assessment of the Parent Company's overall control environment; and • Our past experience of the audit, including expected total value of known or likely misstatements

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

Specific materiality

We also determined that for other classes of transactions, balances or disclosures that impact adjusted earnings (being profit before tax adjusted for investment property valuations), a misstatement of less than materiality for the financial statements as a whole, specific materiality, could influence the economic decisions of the users of the financial statements. As a result, we applied a specific materiality of £685,000 (2020: £825,000) to these areas which represents 5% of the three year average adjusted earnings (2020: 5% of the three year average adjusted earnings). The three year average was taken to better reflect a consistent basis in a business where there are inconsistent operational cycles and trading activity.

We further applied a performance materiality level of 55% (2020: 55%) of specific materiality to ensure that the risk of errors exceeding specific materiality was appropriately mitigated.

Component materiality

We set materiality for each component of the Group based on a % of assets, adjusted profit before tax or revenue (capped at 90% of group specific materiality) dependent on the size and our assessment of the risk of material misstatement of that component. Component materiality ranged from £1 to £610,000. In the audit of each component, we further applied performance materiality levels of 75% of the component materiality (capped at 90% of group specific performance materiality) to our testing to ensure that the risk of errors exceeding component materiality was appropriately mitigated.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £80,000 (2020: £75,000) for all items audited to financial statement materiality, and £13,700 (2020: £20,000) for all items audited to specific materiality. The reporting threshold applied for the Parent Company was set at £13,700 (2020: £37,000). We also agreed to report differences below these thresholds that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Report and Accounts other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Group and Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Parent Company financial statements are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the legal and regulatory framework applicable to the Group and the industry in which it operates and considered the risk of acts by the Group which were contrary to applicable laws and regulations, including fraud. We considered the significant laws and regulations to be the Companies Act 2006, the AIM Listing Rules, DTR rules, and the applicable accounting framework.

Our procedures included:

- Agreement of the financial statement disclosures to underlying supporting documentation to assess compliance with those laws and regulations having an impact on the financial statements;
- Enquiries of management and the Audit Committee as to their identification of any non-compliance with laws or regulations, or any actual or potential claims;
- Review of minutes of Board meetings throughout the period;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations and performing our own checks of compliance with relevant requirements.

We also assessed the susceptibility of the Group's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements. We identified specific fraud risks with respect to the valuation of investment property and carrying value of trading properties and revenue and profit recognition which have been included as key audit matters and our audit response is set out in that section of our audit report.

In relation to the risk of management override of internal controls which was also identified as a fraud risk, we reviewed journal entries processed during and subsequent to the year end and evaluated whether there was evidence of bias that represented a risk of material misstatement due to fraud. We selected a sample of journal entries which met our risk criteria and agreed the entry to supporting documentation and agreed the entry was appropriate.

We communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

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

Use of our report

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

Christopher Young (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
London, UK

31 January 2022

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

Group statement of comprehensive income

for the year ended 30 September 2021

Continuing operations	Note	**Year ended 30 September 2021 £m**	Year ended 30 September 2020 as restated £m	Fifteen-month period ended 30 September 2019 £m
Revenue	9, 10	**181.7**	124.0	147.9
Cost of sales	10	**(148.0)**	(99.2)	(115.4)
Expected credit loss	29	**(1.7)**	(2.8)	–
Gross profit		**32.0**	22.0	32.5
Administrative expenses	10, 11	**(7.5)**	(12.6)	(15.7)
Gain on sale of joint venture interest	25	**–**	–	12.6
Share of (loss) / profit of joint ventures	25	**(1.9)**	2.0	2.0
Share of (loss) / profit of associate	26	**(0.1)**	(0.2)	0.2
Revaluation of assets held for sale	30	**(1.2)**	2.0	–
Loss on sale of controlling interest in subsidiary	25	**–**	(2.0)	–
Loss on sale of property, plant and equipment	20	**(0.1)**	–	–
Loss on sale of assets held for sale	30	**(0.8)**	–	–
Revaluation of investment property	19	**0.6**	0.6	1.1
Operating profit		**21.0**	11.8	32.7
Finance cost - interest expense	14	**(9.3)**	(9.5)	(9.4)
Finance income - interest receivable and similar income	15	**1.5**	1.1	1.7
Profit before tax		**13.2**	3.4	25.0
Current tax charge	16	**(4.3)**	(0.9)	(1.1)
Deferred tax credit / (charge)	16	**0.7**	(0.5)	0.7
Total profit for the year / period		**9.6**	2.0	24.6
Revaluation of quoted investments	23	**–**	(0.6)	(0.4)
Total profit and comprehensive income for the year / period		**9.6**	1.4	24.2

Earnings per share for profit attributable to the equity holders of the Company during the year/period				
– basic	17	**4.21p**	0.65p	11.79p
– diluted	17	**4.13p**	0.64p	11.49p

The accompanying Notes form an integral part of these Financial Statements.

Group statements of financial position

at 30 September 2021

Company number: 5482990

	Note	As at 30 September 2021 £m	As at 30 September 2020 as restated £m	As at 30 September 2019 as restated £m
ASSETS				
Non-current assets				
Investment properties	19	**36.0**	43.5	49.3
Property, plant and equipment	20	**4.8**	5.6	6.3
Right-of-use assets	21	**0.9**	1.2	–
Intangible assets	22	**0.1**	0.2	0.3
Investments in quoted companies	23	**0.5**	0.5	1.1
Investment in joint ventures	25	**4.2**	8.8	8.0
Amounts due from joint ventures	25	**32.7**	–	1.0
Investment in associate	26	**1.0**	1.1	1.3
Other receivables	29	**36.3**	22.3	21.8
Total non-current assets		**116.5**	83.2	89.1
Current assets				
Inventories	28	**163.9**	178.8	197.6
Trade and other receivables	29	**116.9**	60.9	45.4
Assets held for sale	30	**1.4**	12.5	4.7
Amounts due from associate	26	**3.1**	3.1	3.3
Amounts due from joint ventures	25	**3.9**	42.2	34.8
Cash and cash equivalents	31	**12.1**	15.7	10.9
Total current assets		**301.3**	313.2	296.7
TOTAL ASSETS		**417.8**	396.4	385.8
LIABILITIES				
Current liabilities				
Bank loans and overdrafts	32	**(30.7)**	(41.5)	(48.0)
Other loans	32	**(22.3)**	(25.3)	–
Trade and other payables	33	**(84.5)**	(32.8)	(47.7)
Deferred income	37	**(5.5)**	(10.0)	–
Amounts due to joint ventures	25	**–**	(6.2)	–
Lease liabilities	34	**(0.3)**	(0.3)	–
Corporation tax		**(4.3)**	(3.1)	(2.2)
Other financial liabilities	36	**(12.4)**	(2.0)	(4.1)
Total current liabilities		**(160.0)**	(121.2)	(102.0)
Non-current liabilities				
Bank loans	32	**(37.6)**	(43.9)	(82.1)
Other loans	32	**–**	(13.1)	(7.2)
Deferred income	37	**–**	(2.1)	–
Lease liabilities	34	**(0.6)**	(0.9)	–
Other financial liabilities	36	**(3.6)**	(10.3)	(5.2)
Zero Dividend Preference shares	32	**(32.0)**	(30.2)	(25.9)
Deferred tax	27	**(1.0)**	(1.7)	(1.2)
Total non-current liabilities		**(74.8)**	(102.2)	(121.6)
TOTAL LIABILITIES		**(234.8)**	(223.4)	(223.6)
Net current assets		**141.3**	192.0	194.7
Net assets		**183.0**	173.0	162.2
EQUITY				
Share capital	39	**23.0**	22.8	20.7
Share premium account	39	**43.9**	43.7	36.4
Employee benefit trust	39	**(1.1)**	(1.1)	(1.1)
Special reserve	39	**1.1**	1.1	1.1
Retained earnings	39	**116.1**	106.5	105.1
TOTAL EQUITY		**183.0**	173.0	162.2

The Financial Statements were approved and authorised for issue by the Board of Directors on 31 January 2022.

Stephen Wicks
Director

Nish Malde
Director

The accompanying Notes form an integral part of these Financial Statements.

Company statements of financial position

at 30 September 2021

Company number: 5482990

	Note	As at 30 September 2021 £m	As at 30 September 2020 as restated £m	As at 30 September 2019 as restated £m
ASSETS				
Current assets				
Trade and other receivables	29	**119.1**	103.5	79.7
Cash and cash equivalents	31	**7.3**	8.2	7.1
Total current assets		**126.4**	111.7	86.8
TOTAL ASSETS		**126.4**	111.7	86.8
LIABILITIES				
Non-current liabilities				
Trade and other payables	33	**(32.1)**	(30.3)	(26.2)
Total current liabilities		**(32.1)**	(30.3)	(26.2)
Current liabilities				
Other loans	32	**(7.0)**	(7.0)	–
Trade and other payables	33	**(0.5)**	(0.8)	(0.6)
Total current liabilities		**(7.5)**	(7.8)	(0.6)
TOTAL LIABILITIES		**(39.6)**	(38.1)	(26.8)
Net current assets		**118.9**	103.9	86.2
Net assets		**86.8**	73.6	60.0
EQUITY				
Share capital	39	**23.0**	22.8	20.7
Share premium account	39	**43.9**	43.7	36.4
Employee benefit trust	39	**(1.1)**	(1.1)	(1.1)
Special reserve	39	**1.1**	1.1	1.1
Retained earnings	39	**19.9**	7.1	2.9
TOTAL EQUITY		**86.8**	73.6	60.0

Retained earnings for the Company includes a profit after tax for the year of £12.8m (2020: profit after tax of £4.2m).

The Financial Statements were approved and authorised for issue by the Board of Directors on 31 January 2022.

Stephen Wicks
Director

Nish Malde
Director

The accompanying Notes form an integral part of these Financial Statements.

Statements of changes in equity

for the year ended 30 September 2021

Group	Share capital £m	Share premium £m	Employee Benefit Trust £m	Special reserve £m	Retained earnings £m	Total £m
As at 30 September 2019	**20.7**	**36.4**	**(1.1)**	**1.1**	**105.1**	**162.2**
Total profit for the period	–	–	–	–	2.3	2.3
Other comprehensive income	–	–	–	–	(0.6)	(0.6)
Transactions with owners:						
Issue of ordinary shares	2.1	7.3	–	–	–	9.4
As at 30 September 2020 - as previously stated	22.8	43.7	(1.1)	1.1	106.8	173.3
Effect of prior period adjustment	–	–	–	–	(0.3)	(0.3)
As at 30 September 2020 – as restated	**22.8**	**43.7**	**(1.1)**	**1.1**	**106.5**	**173.0**
Total profit for the period	–	–	–	–	9.6	9.6
Other comprehensive income	–	–	–	–	–	–
Transactions with owners:						
Exercise of share options	0.2	0.2	–	–	–	0.4
As at 30 September 2021	**23.0**	**43.9**	**(1.1)**	**1.1**	**116.1**	**183.0**

Company	Share capital £m	Share premium £m	Employee Benefit Trust £m	Special reserve £m	Retained earnings £m	Total £m
As at 30 September 2019	**20.7**	**36.4**	**(1.1)**	**1.1**	**2.9**	**60.0**
Total profit for the period	–	–	–	–	4.2	4.2
Transactions with owners:						
Issue of ordinary shares	2.1	7.3	–	–	–	9.4
As at 30 September 2020	**22.8**	**43.7**	**(1.1)**	**1.1**	**7.1**	**73.6**
Total profit for the period	–	–	–	–	12.8	12.8
Transactions with owners:						
Exercise of share options	0.2	0.2	–	–	–	0.4
As at 30 September 2021	**23.0**	**43.9**	**(1.1)**	**1.1**	**19.9**	**86.8**

The accompanying Notes form an integral part of these Financial Statements.

Group statement of cash flows

for the year ended 30 September 2021

	Year ended 30 September 2021 £m	Year ended 30 September 2020 as restated £m	Fifteen-month period ended 30 September 2019 as restated £m
Cashflow from operating activities			
Profit for the year/period before tax	**13.2**	3.4	25.0
Adjustments for:			
- depreciation – property, plant and equipment	**0.8**	1.0	0.7
- depreciation – right-of-use assets	**0.3**	0.3	–
- amortisation	**0.1**	0.1	–
- share-based payments	**–**	–	0.3
- revaluation of investment property	**(0.6)**	(0.6)	(1.1)
- revaluation of assets held for sale	**1.2**	(2.0)	–
- interest expense	**9.3**	9.2	9.4
- interest receivable and similar income	**(1.5)**	(1.1)	(1.7)
- gain on sale of joint venture interest	**–**	–	(12.6)
- loss on sale of controlling interest in subsidiary undertaking	**–**	2.0	–
- IFRS 15 opening adjustment	**–**	–	0.2
- loss on sale of property, plant and equipment	**0.1**	–	–
- loss on sale of assets held for sale	**0.8**	–	–
- share on loss/(profit) of joint ventures	**1.9**	(2.0)	(2.0)
- share of loss/(profit) of associate	**0.1**	0.2	(0.2)
Corporation tax payments	**(3.1)**	–	(5.6)
Changes in working capital:			
- decrease/(increase) in inventories	**30.8**	(45.4)	(56.0)
- increase in trade and other receivables	**(50.8)**	(11.8)	(3.7)
- increase in trade and other payables	**50.6**	22.1	7.9
- (decrease)/increase in deferred income	**(6.6)**	12.1	–
- increase/(decrease) in other financial liabilities	**0.7**	(3.8)	5.6
- increase/(decrease) in trading balance due to/from joint ventures	**–**	(0.1)	4.1
Net cash inflow/(outflow) from operating activities	**47.3**	(16.4)	(29.7)
Cashflow from investing activities			
Interest received	**–**	0.2	1.0
Purchase of property, plant and equipment	**(0.1)**	(0.3)	(5.4)
Purchase of intangible assets	**–**	–	(0.3)
Purchase of investment property	**(5.3)**	(1.7)	(1.5)
Additions of assets held for sale	**(0.8)**	–	–
Proceeds from sale of subsidiary	**1.0**	–	–
Proceeds from sale of investment property	**–**	1.4	–
Proceeds from sale of assets held for sale	**6.4**	–	–
Purchase of controlling interest in joint venture	**(0.4)**	–	–
Loans provided under management fee contracts	**(17.7)**	(3.4)	(4.2)
Loans provided to joint ventures	**(4.1)**	(13.6)	(19.9)
Amounts repaid by joint ventures	**9.7**	9.2	–
Distribution of profit from joint venture	**0.4**	2.4	1.0
Amounts repaid by associate	**–**	–	2.6
Net cash outflow from investing activities	**(10.9)**	(5.8)	(26.7)
Cashflow from financing activities			
Interest paid	**(5.7)**	(5.8)	(7.0)
Repayment of borrowings	**(53.5)**	(33.4)	(20.0)
Repayment of lease liabilities	**(0.3)**	(0.3)	–
New loans	**20.4**	44.7	52.6
Repayment of loan from joint ventures	**(1.3)**	–	–
Proceeds from loan from joint ventures	**–**	3.1	–
Proceeds from other financing arrangements	**–**	6.6	–
Proceeds from issue of shares	**–**	9.4	–
Issue of Zero Dividend Preference shares	**–**	2.7	6.2
Equity dividends paid to ordinary shareholders	**–**	–	(5.0)
Exercise of share options	**0.4**	–	0.1
Net cash (outflow)/inflow from financing activities	**(40.0)**	27.0	26.9
Net increase/(decrease) in cash and cash equivalents	**(3.6)**	4.8	(29.5)
Net cash and cash equivalents at beginning of year	**15.7**	10.9	40.4
Net cash and cash equivalents at end of year	**12.1**	15.7	10.9

The accompanying Notes form an integral part of these Financial Statements.

Notes to the financial statements

for the year/period ended 30 September 2021

1. Nature of operations and general information:

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

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

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

At 30 September 2021, the Group, directly or indirectly, held interests in equity via holdings of ordinary shares of the following:

Company name	Principal activity	Holding and voting rights
Subsidiary undertakings		
Appletree Farm Cressing Limited	Real estate development	100%
Aston Clinton Developments Limited	Real estate development	100%
Basildon Developments Limited	Real estate development	100%
Basildon United Football, Sports & Leisure Limited	Real estate development	100%
Brooklands Helix Developments Limited	Real estate development	100%
Bucks Developments Limited	Real estate development	100%
Bucknalls Developments Limited	Real estate development	100%
Bulwark Properties Limited	Real estate development	100%
Chapel Riverside Developments Limited	Real estate development	100%
Dormant Company 04528421 Limited	Dormant company	100%
Dormant Company 06758784 Limited	Dormant company	100%
Dormant Company 06764423 Limited	Dormant company	100%
Dormant Company 08631901 Limited	Dormant company	100%
Dormant Company 08813334 Limited	Dormant company	100%
Dormant Company 08944533 Limited	Dormant company	100%
Dormant Company 09437864 Limited	Dormant company	100%
Dormant Company 09775087 Limited	Dormant company	100%
Dormant Company 10651624 Limited	Dormant company	100%
Dormant Company 11694060 Limited	Dormant company	100%
Dormant Company 12369803 Limited	Dormant company	100%
Dormant Company 12727169 Limited	Dormant company	100%
Dormant Company 12812913 Limited	Dormant company	100%
High Wycombe Developments No. 2 Limited	Real estate development	100%
Hitchin Properties Limited	Real estate development	100%
Hugg Homes Limited	Letting or operating of real estate	100%
Inland (STB) Limited	Provision of finance	100%
Inland Commercial Limited	Real estate development	100%
Inland Corporate Limited	Holding company	100%
Inland Developments Limited	Real estate development	100%
Inland Finance Limited	Real estate development	100%
Inland Homes (Essex) Limited	Real estate development	100%
Inland Homes 2013 Limited	Holding company	100%
Inland Homes Developments Limited	Real estate development	100%
Inland Lifestyle Limited	Real estate development	100%
Inland Limited	Real estate development	100%
Inland Partnerships Limited	Real estate development	100%
Inland Property Finance Limited	Provision of finance	100%
Inland Property Limited	Real estate development	100%
Inland Strategic Land Limited	Real estate development	100%
Inland ZDP PLC	Provision of finance	100%
Poole Investments Limited	Real estate development	100%
Rosewood Housing Limited	Real estate development	100%

1. Nature of operations and general information CONTINUED

Company name	Principal activity	Holding and voting rights
Wilton Park Developments Limited	Real estate development	100%
Interests in joint ventures		
Centre Square Commercial Limited	Letting or operating of real estate	50%
Centre Square Lifestyle Limited	Letting or operating of real estate	50%
Cheshunt Lakeside Developments Limited	Real estate development	50%
Delamare Estate (Cheshunt) Limited	Real estate development	50%
Europa Park LLP	Real estate development	50%
Gardiners Park LLP	Real estate development	50%
High Wycombe Developments Limited	Real estate development	50%
Interests in associate		
Troy Homes Limited	Real estate development	25%

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

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

- Europa Park LLP and Gardiners Park LLP which are registered at Springfield Lodge, Colchester Road, Chelmsford, Essex, CM2 5PW
- Troy Homes Limited which is registered at 5 Technology Park, Colindeep Lane, Colindale, London, NW9 6BX

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

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

Incorporation of subsidiaries
During the year ended 30 September 2021, the Group incorporated the following subsidiaries:

- Inland Lifestyle Limited on 9 February 2021
- Zenith Living (Barking) Limited on 15 February 2021

Acquisition of subsidiaries
During the year ended 30 September 2021, the Group acquired the following subsidiaries:

- Appletree Farm Cressing Limited on 9 October 2020
- Hitchin Properties Limited on 31 August 2021
- Aston Clinton Developments Limited on 31 August 2021

The Group acquired 50% of the share capital of Bucknalls Developments Limited on 30 September 2021, 50% of Dormant Company 09437864 Limited on 10 February 2021 and 50% of the share capital of West Drayton Developments Limited on 17 March 2021, previously joint ventures.

Disposals of subsidiaries
During the year ended 30 September 2021, the Group disposed of:

- Inland Commercial Property Limited on 9 January 2021. A loss of £4,000 arose on disposal.
- Zenith Living (Barking) Limited on 25 February 2021. No profit or loss arose on this disposal.

Liquidation of subsidiaries
During the year ended 30 September 2021, the Group liquidated the following subsidiaries:

- West Drayton Developments Limited on 22 June 2021
- Merrielands Crescent Dagenham LLP on 13 July 2021
- Inland Helix Limited on 16 July 2021

Investments in joint ventures
The Group holds the following interests in joint ventures:

- **Centre Square Commercial Limited:** In August 2020, High Wycombe Developments Limited incorporated this subsidiary to hold commercial property at a site in High Wycombe, Buckinghamshire for net rental income purposes and long-term capital gain. The results are consolidated by High Wycombe Developments Limited and are, therefore, included in these disclosures in Note 25.
- **Centre Square Lifestyle Limited:** In November 2019, High Wycombe Developments Limited incorporated this subsidiary to hold residential investment property at a site in High Wycombe, Buckinghamshire for net rental income purposes and long-term capital gain. The results are consolidated by High Wycombe Developments Limited and are, therefore, included in these disclosures in Note 25.
- **Cheshunt Lakeside Developments Limited and Delamare Estate (Cheshunt) Limited:** In April 2018, the Group entered into a joint venture whose purpose was to obtain planning permission and develop land at Cheshunt, Hertfordshire. 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 and promote return by way of a performance payment.

- **Europa Park LLP:** In November 2016, the Group entered into a joint venture which acquired a site in Ipswich, Suffolk. The development completed in the six-month period ended 31 March 2021 and the entity exists to support the defects period of the completed development.
- **Gardiners Park LLP:** In November 2016, the Group entered a joint venture with Constable Homes Limited to develop a site in Basildon, Essex. The development completed in the six-month period ended 31 March 2021 and the entity exists to support the defects period of the completed development.
- **High Wycombe Developments Limited:** In December 2019, the Group entered into a joint venture to develop a site of private units in High Wycombe, Buckinghamshire. The development was completed in the year.

Investment in associate

The Group holds an interest in Troy Homes Limited. In October 2015, the Group acquired 25% of Troy Homes Limited, a premium housebuilder, and is entitled to 25% of the net returns.

2. Basis of preparation

The Group Financial Statements have been prepared under the historical cost convention, except for certain financial instruments and investment properties which are measured at fair value and in accordance with applicable international accounting standards in conformity with the requirements of the Companies Act 2006 and as issued by the International Accounting Standards Board. These Financial Statements have also been prepared in accordance with those parts of the Companies Act 2006 that are relevant to companies that prepare their financial statements in accordance with IFRS. The Parent Company Financial Statements have been prepared in accordance with FRS 101, Financial Reporting Standards Reduced Disclosure Framework.

The balance sheet heading relating to the Company's investments in subsidiaries has been amended to "Fixed assets" from "Non-current assets" to be consistent with the Company's presentation of its balance sheet in accordance with the balance sheet formats of the Companies Act 2006. Assets are classified in accordance with the definitions of fixed and current assets in the Companies Act instead of the presentation requirements of IAS 1 Presentation of Financial Statements.

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

The Consolidated Financial Statements are presented in GBP, which is also the Group and Parent Company's functional currency.

Disclosure exemptions adopted

In preparing the Financial Statements of the Parent Company, advantage has been taken of all disclosure exemptions conferred by FRS 101. The Parent Company Financial Statements do not include:

- a statement of cash flows;
- the effect of future accounting standards not yet adopted; and
- disclosure of related party transactions with other wholly owned members of the Group headed by Inland Homes plc.

In addition, and in accordance with FRS 101, further disclosure exemptions have been adopted because equivalent disclosures are included in the Consolidated Financial Statements of Inland Homes Plc. The Parent Company Financial Statements do not include certain disclosures in respect of:

- Financial Instruments (other than certain disclosures required as a result of recording financial instruments at fair value); and
- Fair value measurement (other than certain disclosures required as a result of recording financial instruments at fair value).

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

Going concern

The Directors are required to assess the Group's ability to continue as a going concern for a period of at least the next twelve months.

The Group's going concern assessment considers its principal risks which are set out in the "Principal risks and uncertainties" section on Pages 46 to 54.

The Board has reviewed the performance of the Group for the current reporting period and prepared forecasts for a period covering fifteen months from the date of approval of this Annual report.

In preparing forecasts the Directors have considered the prevailing market conditions and current and known future disruptions brought about by COVID-19, alongside the other risks and uncertainties, including credit risk and liquidity risk, the present inflationary economic climate, the current and future forecast demand for land with planning consent and the current and expected future housing market conditions in the South and South East of England where the Group operates.

The Base Case forecast includes all known and anticipated cash inflows and confirms that the Group has sufficient working capital for the foreseeable future. The Group currently has forward residential home sales of £31.0m, which includes a large block sale to a third party scheduled to complete during the third quarter of the financial year ending 30 September 2022. Additionally, the Group has a forward partnership housing contract income order book of £186.8m. The Group, excluding joint ventures, currently has annualised residential and commercial rental income of c£1.5m.

The Directors have also assumed the continuation of stringent cash management procedures and debt reprofiling strategy, which have been in place since March 2020 and which saw reduction in net debt in the year ended 30 September 2021. The Directors have also assumed a continuation of this strategy in the period under review and expect net debt to reduce in the current year ending 30 September 2022.

These procedures have seen net debt decreased from £148.2m at 30 September 2020 to £118.1m at 30 September 2021.

The Group has done a considerable amount of work in successfully extending the time profile of its debt facilities. The undrawn debt facilities at 30 September 2021 were £33.9m. The main strategic objective of the Group in the current financial year remains the reduction of both net debt and net gearing.

This includes two loan facilities with the same lender amounting to £10.3m, of which £7.0m was repaid in November 2021 and £2.0m was repaid in December 2021. The remaining £1.3m has been extended to 31 December 2023. Three loan facilities amounting to £37.9m have been refinanced to 30 June 2023. The balance of remaining borrowing facilities falling due for repayment within one year represents amounts secured on residential unit sales which will be repaid in full as those residential sales complete. At the date of this report, the Group has borrowing facilities totalling £27.0m falling due for repayment within twelve months.

A revolving credit facility of £65.0m expires in March 2023 of which £29.8m is drawn down at the date of this report. The Directors intend to commence a dialogue with the lender during the current financial year to 30 September 2022 to further extend the existing facility. This existing lender has supported the Group since March 2019 and has supported numerous successful house building development sites since that date.

A second revolving credit facility of £14.9m has been extended to May 2022 with an agreement in principle from the lender to extend this further to May 2027, with an option for the Group to break at the end of three years. As demonstrated by the positive reprofiling changes made to the Group's debt, explained above, the Directors hold positive relationships with funders and have held constructive discussions with all existing and several other potential lenders.

At the date of this report there is no binding commitment to extend or refinance these RCF facilities beyond the dates referred to above but in view of the recent track record, the strength of the relationships, the availability of security for lenders and the number of options available, the Directors expect to be able to do so.

The Directors have performed detailed sensitivity analyses to test the Group's future liquidity and forecast banking covenant compliance based on several scenarios.

The Group has forecast planned land sales in the next twelve months as part of its normal course of business and as part of the Group's going concern review, the Directors have considered the impact of a delay of three months on each of these sales in isolation. They have also considered, again in isolation, a price reduction of 10% on all residential unit sales that are not in the hands of solicitors. Finally, the Group considered a delay in residential unit sales by three months. None of these individual scenarios leads to an issue with either the Group's liquidity or its debt covenants.

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

- Only residential unit sales that have exchanged or are currently with solicitors to exchange will complete as forecast and all residential units that are available for sale are delayed by three months; and
- All planned land sales and where applicable management fees, where contracts have not been exchanged at the date of this report are delayed by six months.

Under this severe, but plausible scenario the Group may have to consider using capital markets to raise additional debt or equity to generate additional liquidity for the Group to meet its obligations as they contractually fall due. The Group has in place an approved mandate to use capital markets without pre-emption to issue up to approximately 46 million shares and successfully raised £9.9m, before expenses, in May 2020. Additionally, under this severe, but plausible scenario, the postponement or deferral of completions would delay revenue and profit recognition under IFRS 15 'Revenue from Contracts with Customers' but means that the Group would still remain completely covenant compliant with all of its lenders. Based on those assumptions, the Group would remain able to meet its debts as they fell due.

The Strategy outlined above details our approach but, the Board is mindful that no one can forecast exactly how changing macroeconomic circumstances post pandemic will play out and how this may affect the Group, industry and the wider economy for the foreseeable future. In particular, future changes to government policy relating to the housing market could have implications for the Group as it would for many other businesses. Such a situation would require the Board to re-examine the Group's financial position at the time and if necessary, report any significant adverse changes.

At the time of approving the Annual Report and after making appropriate enquiries, the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. The Directors therefore consider it appropriate to prepare the financial statements on the going concern basis.

3. Changes in accounting policies

The principal accounting policies are described in Note 4 and are consistent with those applied in the Group's Financial Statements for the year ended 30 September 2021 and the year ended 30 September 2020, as amended to reflect the adoption of new standards, amendments and interpretations which became effective in the year as shown in Note 5.

4. Significant accounting policies

Basis of consolidation

The Group's Financial Statements consolidate the Financial Statements of the Company and all of its subsidiary undertakings drawn up to 30 September 2021. Where the Company has control over an investee, it is classified as a subsidiary. The Company controls an investee if all three of the following elements are present: power over the subsidiary; exposure, or rights to, the variable returns from its involvement with the subsidiary; and the ability to affect those returns through its power over the subsidiary. The Group obtains and exercises control through voting rights. Further information can be found in Notes 1 and 24.

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

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

Business combinations

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

Segmental reporting

The Group has a number of operating segments. In identifying these operating segments, management generally follows the Group's service lines representing its main activities. Each of these operating segments are managed separately.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are allocated to the central support segment. This primarily relates to the Group's headquarters.

Revenue

The Group has adopted IFRS 15 'Revenue from Contracts with Customers'. This establishes a principles-based approach for revenue recognition and is based on the concept of recognising revenue for obligations only when they are satisfied and the control of goods or services is transferred.

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

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

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

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

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

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

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

Sales of land and sales of reversionary freeholds

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

Sales of residential units

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

4. Significant accounting policies CONTINUED

Contract income

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

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

Costs to obtain contracts

The Group recognises as an asset incremental cost incurred to obtain future build contracts where the costs would not have been incurred otherwise. A contract asset is amortised on a systematic basis proportionate to the amount of revenue recognised in an accounting period.

Management planning and land management services

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

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

Overages

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

Golden brick income

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

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

Shared ownership sales

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

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

Shared ownership properties are split proportionately between Inventories and Investment Properties based on the current element relating to First Tranche sales. The split is made at the point of completion of the sale to the third party. The assumptions on which the First Tranche proportion has been based include, but are not limited to, matters such as the affordability of the shared ownership properties, local demand for shared ownership properties, and general experience of First Tranche shared ownership sales within the wider social housing sector. As at 30 September 2021, the average First Tranche sales percentage assumed for vacant shared ownership properties is 30%. If there is a change in percentage used, this will affect the proportion of inventory and investment property recognised with a higher assumed First Tranche sales percentage resulting in a higher inventory value and a lower investment property value.

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

Administrative expenses

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

Employee benefits

Defined contribution retirement benefit scheme

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

Equity-settled share-based payment

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

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

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options or LTIPs expected to vest.

Estimates are subsequently revised if there is any indication that the number of share options or LTIPs expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options or LTIPs ultimately exercised are different to that estimated on vesting.

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

Government grants – furlough
Grants for revenue expenditure are netted against the cost incurred by the Group. Where retention of a government grant is dependent on the Group satisfying certain criteria, it is initially recognised as deferred income. When the criteria for retention have been satisfied, the deferred income balance is released to the Consolidated Statement of Comprehensive Income.

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

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

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

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

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

Investment property
Investment properties are those properties which are not occupied by the Group and which are held for long-term rental yields, capital appreciation or both.

Investment property also includes investment property under construction that will be developed for future use as investment property.

Investment properties are initially measured at cost, including related transaction costs. At each subsequent reporting date they are remeasured to their fair value. Movements in fair value are included in the Group Income Statement. Investment properties are valued by the Directors based on up-to-date market information.

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

Any gain or loss resulting from the sale of an investment property is immediately recognised in the Group Income Statement. An investment property is derecognised on disposal. When the Directors consider that the status of the property has changed to being a development property it is transferred to inventories. A property is transferred to inventories when management changes its intentions and there is evidence of the change in use, such as the cessation of future rental income, or the commencement of development with a view to sell. When a partial disposal or transfer is made, the proportion relating to the disposal or transfer is derecognised.

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

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

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

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

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

Leased assets
The Group has applied IFRS 16 regarding the recognition of leased assets.

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

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Group

4. Significant accounting policies CONTINUED

- The Group has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract
- The Group has the right to direct the use of the identified asset throughout the period of use. The Group assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

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

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

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

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

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

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

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

The Group as a lessor

In accordance with IFRS 16, as a lessor, the Group classifies its leases as either operating or finance leases.

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

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

Intangible assets

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

Research costs are recognised in the Income Statement as incurred.

The rates generally applicable are:

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

Investment in subsidiaries (Company only)

Subsidiaries are entities in which the Company has control. Investments in subsidiaries are held in the Company's Statement of Financial Position at cost less impairment.

Joint ventures and associate

Joint ventures are entities in which the Group has shared control with another entity, established by contractual agreement. Where the Group has significant influence but not control or joint control over the financial and operating policy decisions of another entity, it is classified as an associate. Joint ventures and associates are initially recorded in the Group Statement of Financial Position at cost and are accounted for using the equity method. All subsequent changes to the share of interest in the equity of joint ventures and associates are recognised in the Group's carrying amount of the investment. Changes resulting from the profit or loss generated are recognised in the Group's carrying amount of the investment and in 'share of profit of joint ventures' for joint ventures and 'share of profit of associate' for associates in the Group Income Statement and, therefore, affect the net results of the Group.

These changes include subsequent depreciation, amortisation or impairment of the fair value adjustments of assets and liabilities. If the share of losses equals its investment, the Group does not recognise further losses, except to the extent that there are amounts receivable that may not be recovered or there are further commitments to provide funding. Both realised and unrealised gains on transactions between the Group and its joint ventures and associates are eliminated to the extent of the Group's investment in joint ventures and associates. Realised and unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. The accounting policies of the joint ventures and associates are consistent with those of the Group.

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

Inventories

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

Land options
The Group holds a number of land options that were bought for the potential to exercise the option and either develop the land or sell with planning permission. The land options are initially capitalised at cost and considered for any impairment indication annually. The impairment review includes consideration of the resale value of the option, likelihood of achieving planning consent and current recoverable value as determined by the Directors.

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

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

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

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process, the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for all other receivables are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, 12-month expected credit losses are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Group's financial assets measured at amortised cost comprise trade and other receivables, cash and cash equivalents and amounts due from joint ventures (other than those held at fair value through profit and loss) and associates in the Consolidated Statement of Financial Position.

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

Fair value through other comprehensive income
The Group has investments which are not accounted for as subsidiaries, associates or joint ventures. For those investments, the Group has made an irrevocable election to classify the investments at fair value through other comprehensive income rather than through profit or loss as the Group considers this measurement to be the most representative of the business model for these assets. They are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal, any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

Dividends are recognised in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment, in which case the full or partial amount of the dividend is recorded against the associated investments carrying amount.

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

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

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

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

Investment property is held at fair value.

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

The results of assets disposed during the year are included in the Consolidated Statement of Comprehensive Income in the appropriate segment, up to the date of disposal.

Financial 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.

4. Significant accounting policies CONTINUED

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

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

Borrowing costs

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

Deferred income

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

Guarantees

All guarantees are deemed to be insurance contracts. A financial guarantee is recognised where a contract requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Share capital and other equity reserves

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Share premium represents amounts subscribed for share capital in excess of nominal value less directly attributable issue costs.

Employee benefit trust represents the purchase of the Company's own shares which are deducted from total equity until they are issued to employees under the Deferred Bonus Plan.

Special Reserve represents the capitalisation of the Parent Company's reserves to allow for the possibility of distributions in the future. A copy of this resolution is available from Companies House.

Treasury Reserve represents the purchase of the Company's own shares which are deducted from total equity until they are issued to employees under the share option plan.

Retained earnings represents cumulative net gains and losses recognised in the Group Income Statement together with other items such as dividends and share-based payments.

Employee Benefit Trust

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

Dividends

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

5. Adoption of new accounting standards

In the year ended 30 September 2021, the Group has adopted amendments and interpretations endorsed by the EU that were effective for the first time. These had no material impact on the Financial Statements.

New standards adopted during the year

The following standards, amendments and interpretations endorsed by the EU were effective for the first time for the Group's year ended 30 September 2021 and had no material impact on the Financial Statements.

- IFRS 3 'Definition of a Business' (Amendments to IFRS 3);
- IFRS 16 'Leases' COVID-19 Related Rent Concessions (Amendments to IFRS 16);
- Amendments to References to the Conceptual Framework in IFRS Standards; and
- IAS 1 and IAS 8 'Definition of Material' (Amendments to IAS 1 and IAS 8).

Standards in issue but not yet effective

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

- IFRS 9, IAS 38 and IFRS 7 'Interest Rate Benchmark Reform' (Amendments to IFRS 9, IAS 38 and IFRS 7);
- Classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Amendments to IFRS 3 'Business Combinations';

- Amendments to IAS 16 'Property, Plant and Equipment';
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets';
- Reference to the Conceptual Framework (Amendments to IFRS 3);
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2);
- Definition of Accounting Estimates (Amendments to IAS 8);
- Annual Improvements (2018–2020 Cycle) IFRS 1, IFRS 9, IAS 41 and Illustrative Examples accompanying IFRS 16; and
- IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Return Reform – Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16).

6. Significant judgements, key assumptions and estimates

The preparation of financial statements in accordance with IFRS requires the use of certain critical accounting estimates and judgements. It also requires management to exercise judgement in the process of applying the Group's accounting policies. The Group's significant accounting policies are stated in Note 4. Not all of these accounting policies require management to make difficult, subjective or complex judgements or estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results may differ from those estimates. The following is intended to provide an understanding of the policies that management consider critical because of the level of complexity, judgement or estimation involved in their application and their impact on the Financial Statements.

Significant judgements

Revenue recognition (Note 9)

The Directors are required to exercise judgement in respect of revenue recognition for asset management fees (see below) and contract income, where estimates are involved in determining the proportion of costs. There is no judgement required for land sales, housebuilding, rental income nor investment properties revenue.

Overages

Estimates are involved when determining how much revenue to recognise in relation to variable consideration where Inland Homes is entitled to an overage in relation to future sales at a site sold by Inland Homes to a customer. When determining how much of the variable revenue to recognise at the point of sale, the Directors estimate the amount that they would expect to receive based on market evidence for current house prices. They then consider the risk of a significant reversal of this revenue in future periods and constrain it accordingly.

Land and house building sales margins

There are significant estimates involved in determining the appropriate profit margin to recognise on land and residential sales. Assumptions are required to be made as to future costs to complete and future sales prices to be achieved on the remaining units. The Directors use detailed project appraisals for each development to determine the appropriate profit margin to recognise; which forecasts the costs to complete on such developments and the anticipated sales prices; and which have been determined based on the type, specification and location of the property. The financial outturn in both the current year and prior period relating to land and housebuilding sales margins is disclosed in Note 10.

Management fee income

The Group recognises revenue in respect of management services equal to the amounts entitled. The management fee formula in the contract reflects progress at any given time of the satisfaction of the contract's underlying performance obligations, which involves judgement.

There were a number of material management service contracts that were either ongoing or commenced in the period. For each management service contract there are a number of milestones and obligations. The Directors had to make significant judgements for each contract based on:

- whether each milestone constituted a distinct performance obligation;
- whether the obligations have been satisfied;
- whether the revenue is recognised at a point in time or over time;
- whether the achievement of a successful planning outcome is highly probable in the context of the scheme; and
- whether it is highly probable the third-party asset with planning produces a suitable economic return for the Group to recover its management fee in full.

The Directors have a number of judgements to consider in recognising revenue from management service contracts which are if revenue:

- should be recognised over time or at a point in time. The Directors recognise management fee income when the customer benefits only once the obligation is met;
- meets all of the criteria to be recognised under IFRS 15; and
- is highly probable that a significant reversal will not occur. In making that decision, the Directors have to consider whether there is sufficient certainty that they will get planning permission and whether that permission will be for a scheme that generates sufficient value to ensure the Group recovers management services fees due.

The Directors were required to exercise judgement in respect of revenue recognition for the following contracts as set out below. For all of the following management contracts a key judgement is an assessment of the collectability of management fees on achieved planning and the eventual sale price of the site, which is based on the assessment of value of the land once planning is achieved.

6. Significant judgements, key assumptions and estimates CONTINUED

The significant judgements made were in relation to the following contracts:

Hillingdon Gardens:
For the contract at Hillingdon Gardens, it was determined that there were a number of distinct performance obligations of which no further performance obligations were satisfied in the year to 30 September 2020 and of which three were satisfied in the year to 30 September 2021. The contract was entered into in the period to 30 September 2019 where five performance obligations were satisfied in the 15-month period. It was concluded that these were distinct on the basis the customer benefited from each of the milestones and that these milestones were considered separable in the context of the contract. Planning obligations are considered to be one milestone achieved when the grant of planning is awarded. The performance obligations recognised were considered satisfied in the period as control of the relating service was transferred to the customer before the year end. For the remaining performance obligations still to be satisfied, it was determined by the Directors that they will be recognised in future periods at a point in time, given they all meet the criteria to be recognised at a point in time.

Walthamstow:
For the contract at Walthamstow, it was determined that there were a number of distinct performance obligations of which three were satisfied in the year to 30 September 2020 and of which four were satisfied in the year to 30 September 2021.

The contract was entered into in January 2020. It was concluded that these were distinct on the basis that the customer benefits from each of the milestones as they are actioned. Planning obligations are considered to be one milestone achieved when the grant of planning is awarded. The performance obligations recognised were considered satisfied in the period as control of the related service was transferred to the customer before the year end. The contract is now complete.

Hounslow:
For the contract at Hounslow, it was determined that there were a number of distinct performance obligations of which one was satisfied in the year to 30 September 2020 and one in the year to 30 September 2021. The contract was entered into in August 2020. It was concluded that these were distinct on the basis that the customer benefits from each of the milestones as they are achieved. Planning obligations are considered to be one milestone achieved when the grant of planning is awarded. The performance obligations recognised were considered satisfied in the period as control of the related service was transferred to the customer before the year end.

For the remaining performance obligations still to be satisfied, it was determined by the Directors that they will be recognised in future periods at a point in time, given they all meet the criteria to be recognised at a point in time.

Discounting and deferred consideration
The Group has a number of deferred consideration receipts and payments which are generated from its activities in the land market. Where a receipt or payment is due within one year it is not discounted. Where a receipt or payment is due after more than one year it is discounted. The discount rate chosen is with reference to the underlying rate of return related to the deferred consideration.

Likelihood of achieving planning – inventories (Note 28)

The Group values inventories at the lower of cost and net realisable value. The net realisable value is based on the judgement of the probability that planning consent will be granted for each site. The Directors believe that, based on the Group's experience, planning consent will be given. If planning consent was not achieved then a provision may be required against inventories. The cost value is based on actual costs incurred at the date of signing the Financial Statements taking account of an estimation of costs to complete. The judgement of costs to complete is based on the Directors' experience and if actual plus projected costs are higher than net realisable value then a provision would be required against inventories. Inventories of £21.9m (2020: £3.3m) are held at net realisable value. A provision of £2.6m (2020: £2.1m) was recognised during the year.

Assets held for sale (Note 30)

At 30 September 2021, the Directors' intention is to sell some residential properties over the year ending 30 September 2022.

These assets have been classified as held for sale at their fair value. The Directors have made a judgement that the properties will sell within the next twelve months.

Timing and recoverability of repayment – amounts due from joint ventures and associate (Notes 25 and 26)

Certain amounts due from the joint ventures are contractually repayable on demand and the amounts due from the associate are repayable over the term of the underlying development. At each balance sheet date the Directors review the forecasts of the underlying developments and make a judgement as to the likely timing of the recoverability of each loan and whether they will be recovered within the normal operating cycle of the business. Amounts are then disclosed as either due in less than one year or greater than one year accordingly. The recoverability of receivables are dependent on the future profitability of land and development sales. The judgements involved are the same as outlined above for inventories.

Other financial liabilities (Note 36)

During the prior year, the Group transferred legal title of land to a third party with a contract that contains a put and call option and did not recognise any revenue. At 30 September 2021, the Group had a put and call option over the land with a third party that can be triggered in certain circumstances where planning is achieved or after a certain elapsed time period by either party.

There is significant judgement involved as to whether or not this transaction should be accounted for as revenue or as a financing arrangement on the initial transfer of legal title of the land and in determining whether the put and call option could be exercised, on what grounds and at what time. The Directors consider that it is highly probable either they or the third party will trigger the option in greater than one year and, therefore, under IFRS 15, have accounted for the options as an other financial liability and this relates to a financing agreement and not a land sale.

Key sources of estimation uncertainty

Cost of and net realisable value of inventories (Note 28)

In applying the Group's accounting policy for the valuation of inventories, the Directors are required to assess the expected selling price and costs to sell each of the plots or units that constitute the Group's land bank and work in progress. The uncertainty relates to both land and work in progress. Cost which requires estimation includes the cost of acquisition of sites, the cost of infrastructure and construction works, allocation of site wide costs and legal and professional fees incurred during development prior to sale. Estimation of the selling price is subject to significant inherent uncertainties, in particular the prediction of future trends in the market value of land. The critical judgement in respect of receipt of planning consent (see above) further increases the level of estimation uncertainty in this area.

Fair value of investment properties (Note 19)

The fair value of materially completed investment property is determined by independent valuation experts using the highest and best use method, subject to current leases and restrictions, as this has been assessed currently as the best use of these assets. Investment properties awaiting construction are valued by the Directors using an appraisal system; critical accounting estimates relate to the forecasts prepared in order to assess the carrying value. See Note 19 for information about valuation methodology and assumptions made.

Deferred consideration on transfer of beneficial interest in Cheshunt Lakeside Developments Limited (Notes 25 and 36)

The Group discounts deferred consideration payable or receivable using the discounted cash flow method; the Group considers the expected timing of payments and receipts and uses the third-party cost of debt capital as the most appropriate discount rate and these are considered to be significant estimates.

The Group sold its beneficial interest of 50% of Cheshunt Lakeside Developments Limited on deferred terms during the fifteen-month period ended 30 September 2019 and estimated a discount to present value calculated from the date of disposal. At 30 September 2021, this is shown as an other receivable of £22.0m (2020: £20.7m) disclosed in Note 29. Further details of Cheshunt Lakeside Developments Limited are provided in Note 25.

The impact of a change in the discount rates by one percent up on the receipt would be a reduction in the receivable of £0.8m and the impact of a change in the discount rates by one percent down on the receipt would be an increase in the receivable of £1.6m.

Management do not envisage a timing opportunity where the receipt of the receivable could be brought forward. The impact of a delay in receipt of 12 months, at the current discount rate, would be a reduction in the receivable of £0.7m.

7. Financial instruments

Financial risk management

The Group's activities expose it to a variety of financial risks: credit risk; liquidity risk; interest rate risk and price risk. The Group's overall risk management programmes focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out centrally under policies approved by the Board of Directors, as set out on pages 46 to 54.

(a) Credit risk

The Group's significant concentrations of credit risk are its loans to joint ventures and the associate and deferred receipts on disposal of investment in subsidiaries and joint ventures and management fees, which are adequately covered by the underlying values of the assets within the joint ventures and associate or legal charges over the land within the vehicle disposed of or from where management fees are due. Further information can be found in Notes 24, 25, 26 and 29. It has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

The Group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the year-end date, as summarised below:

	As at 30 September 2021 £m	As at 30 September 2020 £m	As at 30 September 2019 £m
Classes of financial assets - carrying amounts			
Investments in quoted companies	**0.5**	0.5	1.1
Cash and cash equivalents	**12.1**	15.7	10.9
Amounts due from joint ventures in less than one year	**3.9**	42.2	34.8
Amounts due from joint ventures in more than one year	**32.7**	–	1.0
Amounts due from associate in less than one year	**3.1**	3.1	3.3
Receivables due in more than one year	**36.3**	22.3	21.8
Trade and other receivables	**116.3**	63.8	44.4
	204.9	147.6	117.3

The Group's policy is to only deal with creditworthy counterparties. A creditworthy counterparty is defined by the Group as a counterparty that carries a minimal risk that the counterparty in a transaction cannot honour its obligation to the Group.

Counterparties are assessed on contract inception through externally available information where legal charges are not available over the underlying asset and are reviewed periodically to determine if there are any changes in creditworthiness or other circumstances that may bring the financial viability of the counterparty into some doubt.

All new contracting and management service contracts entered into are with reputable parties and are subject to acceptance procedures, which include detailed creditworthiness checks. This procedure ensures that collectability is probable (i.e. more likely than not), prior to commencement of the contract. In this regard, no instances have been identified in the past where the collectability of the sales consideration has been considered improbable at the time of contract commencement.

In any instance where part of the consideration is deferred, the Group endeavours to seek and secure a legal charge over underlying property assets held until such time that all elements of the deferred consideration have been fully received, at which point that legal charge is released.

The Group has assessed loans and advances due from joint ventures and associate and have concluded there is a minimal risk of default. Default is defined and assessed as a risk of missed payment of interest and/or principal or a failure to honour the financial terms in place between the Group and the joint ventures and associate in question.

The assessment of credit risk for amounts due from joint ventures are based on a consideration of known future cash flows which have been sensitised, based on the most likely, the worst case and mid-case scenarios. These cash flows are reviewed against what is due and expected to be paid and analysis made of whether this is sufficient to repay monies based on the financial terms in place between the Group and the joint ventures in question.

The assessment of credit risk for amount due from the associate are based on net valuations. The valuation of properties has been sensitised based on the most likely, the worst case and a mid-case scenario downturn in valuations. These valuations are reviewed against what is due and expected to be paid and analysis made of whether this is sufficient to repay monies based on the financial terms in place between the Group and associate in question.

Loans to joint ventures are secured via charge over either the underlying asset, the future dividends of, or the future profits generated by, the relevant entity based on the agreement between the joint venture or associate in question. The Group does not rely on this collateral in taking its position of reviewing and/or recognising an expected credit loss.

At the balance sheet date there are no financial assets that are credit impaired.

Management has determined there has not been a significant increase in credit risk on loans to subsidiaries from the Parent Company and loans to joint ventures and associate for the Group during the year ended 30 September 2021 or the year ended 30 September 2020.

Due to the short-term nature of trade and other receivables, the Group does not anticipate any material default and the Directors do not consider the macro economic environment conditions (inflation, exchange rates and property prices) to substantially change in the short term.

The vast majority of trade and other receivable balances relate to property transactions and are short term in nature. As a housing developer, the risk of not receiving settlement on sales or services are low and as such, no trade and other receivables are deemed credit impaired.

The Group's management considers that all the above financial assets for each of the reporting dates under review are of good credit quality. Further information on the concentration of credit risk can be found in Note 29.

Other forms of credit risk are for liquid funds and other short-term financial assets but these are considered negligible, since the counterparties are reputable banks with high-quality credit ratings.

Credit ratings of the financial institutions holding the Group's cash deposits as at 30 September 2021 are shown below:

Financial institution	Long-term credit rating – Fitch	Long-term credit rating – Moody's	Cash at bank £m
HSBC	A+	A3	12.1
Barclays	A+	A1	–
Aldermore	n/a	n/a	–
Metro	B+	n/a	–

Aldermore Bank is privately owned so no credit rating is provided.

Credit ratings of the financial institutions holding the Group's cash deposits as at 30 September 2020 are shown below:

Financial institution	Long-term credit rating – Fitch	Long-term credit rating – Moody's	Cash at bank £m
HSBC	AA–	A1	11.0
Lloyds	A+	A1	4.7
Barclays	A+	A1	–
Aldermore	n/a	n/a	–
Metro	B+	n/a	–

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash balances and ensuring availability of funding through an adequate amount of credit facilities. The Group aims to maintain flexibility in funding by keeping credit lines available. The Group also purchases property under deferred consideration arrangements.

See Note 32 for the maturity analysis of borrowings and details of the undrawn committed borrowing facilities at the year end.

7. Financial instruments CONTINUED

(c) Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate due to changes in interest rate.

The Group's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to risk. Most of the Group's borrowings are at variable rates as outlined in the table in Note 32. The Group does not use hedging arrangements to limit the interest rate risk.

Market rate sensitivity analysis

The analysis below shows the sensitivity of the Group Income Statement and net assets to a 0.5% change in interest rate on the Group's financial instruments that are affected by market risk. These financial instruments consist solely of borrowings.

	As at 30 September 2021 £m	As at 30 September 2020 £m	As at 30 September 2019 £m
0.5% increase in interest rates			
Interest on borrowings	**(0.7)**	(0.8)	(0.6)
Interest on cash deposits	**0.1**	0.1	0.1
Total impact on pre-tax profit and equity – loss	**(0.6)**	**(0.7)**	**(0.5)**
0.5% decrease in interest rates			
Interest on borrowings	**0.7**	0.8	0.6
Interest on cash deposits	**(0.1)**	(0.1)	(0.1)
Total impact on pre-tax profit and equity – gain	**0.6**	**0.7**	**0.5**

The interest rate risk profile of financial assets and liabilities of the Group at 30 September 2021 was as follows:

	Floating rate financial assets £m	**Fixed rate financial assets £m**	**Financial assets on which no interest is earned £m**	**Total £m**
Total financial assets	**12.1**	**39.7**	**153.1**	**204.9**

	Floating rate financial liabilities £m	**Fixed rate financial liabilities £m**	**Financial liabilities on which no interest is incurred £m**	**Total £m**
Total financial liabilities	**70.0**	**61.1**	**92.9**	**224.0**

The interest rate risk profile of financial assets and liabilities of the Group at 30 September 2020 as restated was as follows:

	Floating rate financial assets £m	Fixed rate financial assets £m	Financial assets on which no interest is earned £m	Total £m
Total financial assets	15.7	45.3	86.6	147.6

	Floating rate financial liabilities £m	Fixed rate financial liabilities £m	Financial liabilities on which no interest is incurred £m	Total £m
Total financial liabilities	85.0	70.2	51.3	206.5

The interest rate risk profile of financial assets and liabilities of the Group at 30 September 2019 as restated was as follows:

	Floating rate financial assets £m	Fixed rate financial assets £m	Financial assets on which no interest is earned £m	Total £m
Total financial assets	10.9	39.1	67.3	117.3

	Floating rate financial liabilities £m	Fixed rate financial liabilities £m	Financial liabilities on which no interest is incurred £m	Total £m
Total financial liabilities	116.1	47.1	56.5	219.7

(d) Price risk

The Group's price risk arises from the market value of land and house prices. These are affected by credit availability, employment levels, interest rates, consumer confidence and the supply of land. Whilst it is not possible for the Group to fully mitigate such risks on a macroeconomic basis, the Group does focus its operations in areas that have a favourable supply/demand ratio and ensures that planning permissions gained are for units of the type and price point which are less easily affected by any downturns in the housing market. The Group enters into construction contracts with housing associations which involve the bulk, forward selling of residential units and has less risk than private house building.

Financial assets and liabilities

The carrying amounts presented in the Statement of Financial Position relate to the following categories:

	As at 30 September 2021 £m	As at 30 September 2020 as restated £m	As at 30 September 2019 as restated £m
Amortised cost			
Other assets – non-current	**69.0**	22.3	22.8
Other assets – current	**123.3**	109.1	78.5
Cash and cash equivalents	**12.1**	15.7	10.9
Fair value through other comprehensive income			
Other assets – non-current	**0.5**	0.5	1.1
Fair value through profit and loss			
Other assets – current	**–**	–	4.0
	204.9	147.6	117.3
Financial liabilities			
Financial liabilities measured at amortised cost:			
– Borrowings	**90.6**	123.8	137.3
– Zero Dividend Preference shares	**32.0**	30.2	25.9
– Other liabilities – current	**97.2**	41.3	51.3
– Other liabilities – non-current	**4.2**	11.2	5.2
	224.0	206.5	219.7

Other assets – non-current includes investments, amounts due from associate in Note 26 and joint ventures shown in Note 25 and amounts shown as trade and other receivables in Note 29 due in more than one year.

Other assets – current includes amounts due from joint ventures and associate shown in Notes 25 and 26 and all amounts shown as trade and other receivables due in less than one year in Note 29, except prepayments of £0.6m (30 September 2020: £0.3m). Amounts due from Bucknalls Developments Limited is split between amortised cost and fair value through profit and loss.

Other liabilities – current includes purchase consideration of £4.8m (30 September 2020: £0.3m) shown in Note 36 and all amounts shown as trade and other payables in Note 33, except sales and social security taxes of £0.5m (30 September 2020: £0.5m). All amounts are non-interest bearing and are due within one year.

Other liabilities – non-current contains another financial arrangement of £7.6m (30 September 2020: £6.8m) at an implied rate of interest tied to the triggering of the put and call options in place. Refer to page 112 for further details.

Borrowings consist of loans which attract interest at varying rates and there is a variety of fixed and variable rates (see table in Note 32). The ZDP shares are carried at their accrued value of 176.86p per share (30 September 2020: 167.83p). Their closing price on the main market of the London Stock Exchange on 30 September 2021 was 168.50p (30 September 2020: 156.00p). The ZDP shares attract an interest rate of between 4.96% and 5.49%. The interest rates disclosed for the ZDP preference shares were the rates disclosed before the changes in August 2018.

8. Capital management policies and procedures

The Group's objectives when managing capital are:

- to safeguard its ability to continue as a going concern;
- to ensure sufficient liquid resources are available to meet the funding requirement of its projects and to fund new projects where identified; and
- to provide returns for shareholders and benefits for other stakeholders.

This is achieved through ensuring sufficient bank and other facilities are in place; further details are given in Notes 31 and 32 to the Group Accounts. The Group monitors capital on the basis of the carrying amount of the equity less cash and cash equivalents as presented on the face of the Group Statement of Financial Position.

The movement in the capital to overall financing ratio is shown below. The target capital to overall financing ratio has been set by the Board at 40% and an outturn metric scoring higher than this amount is considered to be a good performance against the target. Further commentary on the level of borrowing, overall financing strategy and expected future direction is contained in the Group Finance Director's review.

	As at 30 September 2021 £m	As at 30 September 2020 as restated £m	As at 30 September 2019 as restated £m
Equity	**183.0**	173.0	162.2
Less: cash and cash equivalents	**(12.1)**	(15.7)	(10.9)
	170.9	157.3	151.3
Equity	**183.0**	173.0	162.2
Bank loans	**68.3**	85.4	130.1
Other loans	**22.3**	38.4	7.2
Zero Dividend Preference Shares	**32.0**	30.2	25.9
Loans from joint ventures	**–**	3.1	–
Other financial liabilities	**7.6**	12.3	5.2
Borrowings	**130.2**	169.4	168.4
Overall financing (Equity plus Borrowings)	**313.2**	342.4	330.6
Capital to overall financing	**54.6%**	45.9%	45.8%

The Group manages the capital structure and makes adjustments in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the level of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Every quarter the Group must report to the ZDP shareholders that the covenants attached to the ZDP shares have not been breached. The most significant covenant is the asset cover which is calculated as adjusted gross assets: financial indebtedness. This covenant is monitored on a bi-monthly basis by the Board and has not been breached at any time. Further details can be found in the Inland ZDP Prospectus on the Company's website at: www.inlandhomesplc.com.

9. Revenue from contracts with customers

The Group has disaggregated revenue into various categories in the following tables which is intended to:

- Depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic date; and
- Enable users to understand the relationship with revenue segment information provided in Note 10.

Year ended 30 September 2021	Land sales £m	Asset management fees £m	Contract income £m	House building £m	Total £m
Point in time	**21.9**	**27.8**	**–**	**69.9**	**119.6**
Over time	**–**	**–**	**60.3**	**–**	**60.3**
Total	**21.9**	**27.8**	**60.3**	**69.9**	**179.9**

Year ended 30 September 2020	Land sales £m	Asset management fees £m	Contract income £m	House building £m	Total £m
Point in time	21.7	21.4	–	23.8	66.9
Over time	–	3.0	51.8	–	54.8
Total	**21.7**	**24.4**	**51.8**	**23.8**	**121.7**

Fifteen-month period ended 30 September 2019	Land sales £m	Asset management fees £m	Contract income £m	House building £m	Total £m
Point in time	29.2	16.7	–	34.5	80.4
Over time	–	1.9	62.6	–	64.5
Total	29.2	18.6	62.6	34.5	144.9

All revenue is earned in the United Kingdom.

Included within 'Land sales' are land sales to housing associations which include construction works to 'Golden Brick'. Subsequent construction works to completion are included within 'Contract income'.

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

Rental income and investment properties income is not disclosed in the table above as these revenue sources do not fall under the IFRS 15 accounting standard.

During the year, transactions with two customers each accounted for more than 10% of revenue from contracts with customers. One customer was in the 'Land sales' segment (revenue of £20.2m) and one customer was in the 'Contract income' segment (revenue of £27.6m). During the prior year, transactions with three customers each accounted for more than 10% of revenue from contracts with customers. One customer was in the 'Land sales' segment (revenue of £20.2m) and two customers were in the 'Contract income' segment (revenue of £23.9m and £23.7m).

Contract assets and contract liabilities are included within the Group Statement of Financial Position. The timing of work performed and revenue recognised, billing profiles and cash collection results in trade receivables (amounts billed to date and unpaid), contract assets (unbilled amounts where revenue has been recognised) and contract liabilities (amounts relating to contracts where work is yet to be performed and the performance obligation achieved) being recognised on the Group Statement of Financial Position.

The reconciliation of the opening to closing contract balances is shown below:

	Contract assets (benefits arising under construction contracts) £m	Contract assets (costs to obtain contracts) £m	Contract liabilities £m
At 30 September 2020	2.1	–	(12.1)
Transfer to revenue	(2.1)	–	10.0
Invoiced in advance of performance	3.8	17.3	(9.8)
Amortisation	–	(0.3)	–
At 30 September 2021	**3.8**	**17.0**	**(11.9)**

Contract assets are recognised in prepayments and accrued income falling due in less than one year, and other receivables falling due in greater than one year (Note 29). Contract liabilities are recognised in accruals (Note 33).

10. Segmental information

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

In identifying its operating segments, management differentiates between land sales, housebuilding, contract income, rental income, hotel income, investments, investment properties, management fees and other income. These segments are based on the information reported to the Chief Operating Decision Makers (which in the Group's case is the Operating Board comprising the three Executive Directors and four senior managers) and represent the activities which generate significant revenues, profits and use of resources within the Group. These operating segments are monitored and strategic decisions are made on the basis of segment operating results. Note 1 provides further information relating to each segment.

During the year ended 30 September 2021, the Chief Decision Makers in the Group have opted to allocate administrative expenses to the sectors, rather than present under central support. The administrative expenses for the year ended 30 September 2021 have, therefore, been presented in this way. This represents a change from previous periods. The administrative expenses in the segmental analyses for the year ended 30 September 2020 and the fifteen-month period ended 30 September 2019 have not been updated with the new measurements.

Segmental analysis by activity

Year ended 30 September 2021	Land sales £m	Asset management fees £m	Contract income £m	House building £m	Rental income £m	Investment properties £m	Central support £m	Total £m
Revenue from contracts with customers	21.9	27.8	60.3	69.9	–	–	–	179.9
Other revenue					1.3	0.5	–	1.8
Cost of sales	(14.5)	(5.8)	(60.8)	(66.0)	(0.8)	(0.1)	–	(148.0)
Expected credit loss	(1.7)	–	–	–	–	–	–	(1.7)
Gross profit/(loss)	5.7	22.0	(0.5)	3.9	0.5	0.4	–	32.0
Administrative expenses	(1.0)	(0.6)	(1.4)	(1.8)	(0.1)	(0.1)	(2.5)	(7.5)
Share of loss of joint venture	–	–	–	(1.9)	–	–	–	(1.9)
Share of loss of associate	–	–	–	(0.1)	–	–	–	(0.1)
Revaluation of assets held for sale	–	–	–	–	–	(1.2)	–	(1.2)
Loss on sale of property, plant and equipment	–	–	–	–	–	(0.1)	–	(0.1)
Loss on sale of assets held for sale	–	–	–	–	–	(0.8)	–	(0.8)
Revaluation of investments properties	–	–	–	–	–	0.6	–	0.6
Operating profit/(loss)	4.7	21.4	(1.9)	0.1	0.4	(1.2)	(2.5)	21.0
Finance cost	(4.7)	–	–	(2.2)	–	(0.7)	(1.7)	(9.3)
Finance income	1.1	0.2	–	–	–	–	0.2	1.5
Profit/(loss) before tax	1.1	21.6	(1.9)	(2.1)	0.4	(1.9)	(4.0)	13.2
Net tax charge	–	–	–	–	–	–	(3.6)	(3.6)
Total profit/(loss)	1.1	21.6	(1.9)	(2.1)	0.4	(1.9)	(7.6)	9.6
Other comprehensive income	–	–	–	–	–	–	–	–
Total profit and comprehensive income/(loss)	1.1	21.6	(1.9)	(2.1)	0.4	(1.9)	(7.6)	9.6

10. Segmental information CONTINUED

Year ended 30 September 2020 as restated	Land sales £m	Asset management fees £m	Contract income £m	House building £m	Rental income £m	Investment properties £m	Central support £m	Total £m
Revenue from contracts with customers	21.7	24.4	51.8	23.8	–	–	–	121.7
Other revenue	–	–	–	–	1.4	0.9	–	2.3
Cost of sales	(19.7)	(3.0)	(52.9)	(22.7)	(0.4)	(0.5)	–	(99.2)
Expected credit loss	(2.8)	–	–	–	–	–	–	(2.8)
Gross profit/(loss)	(0.8)	21.4	(1.1)	1.1	1.0	0.4	–	22.0
Administrative expenses	–	–	–	–	–	–	(12.6)	(12.6)
Share of profit of joint ventures	–	–	–	2.0	–	–	–	2.0
Share of loss of associate	–	–	–	(0.2)	–	–	–	(0.2)
Revaluation of assets held for sale	–	–	–	–	–	2.0	–	2.0
Loss on sale of controlling interest in subsidiary	–	–	–	(2.0)	–	–	–	(2.0)
Revaluation of investment property	–	–	–	–	–	0.6	–	0.6
Operating profit/(loss)	(0.8)	21.4	(1.1)	0.9	1.0	3.0	(12.6)	11.8
Finance cost	(4.8)	(0.3)	(0.1)	(2.0)	–	(0.5)	(1.8)	(9.5)
Finance income	0.8	0.1	–	0.2	–	–	–	1.1
Profit/(loss) before tax	(4.8)	21.2	(1.2)	(0.9)	1.0	2.5	(14.4)	3.4
Net tax charge	0.1	(0.8)	–	(0.6)	(0.1)	(0.1)	0.1	(1.4)
Total profit/(loss)	(4.7)	20.4	(1.2)	(1.5)	0.9	2.4	(14.3)	2.0
Other comprehensive income	–	–	–	–	–	–	(0.6)	(0.6)
Total profit and comprehensive income/(loss)	(4.7)	20.4	(1.2)	(1.5)	0.9	2.4	(14.9)	1.4

Fifteen-month period to 30 September 2019	Land sales £m	Asset management fees £m	Contract income £m	House building £m	Rental income £m	Investment properties £m	Central support £m	Total £m
Revenue from contracts with customers	29.2	18.6	62.6	34.5	–	–	–	144.9
Other revenue	–	–	–	–	1.5	1.5	–	3.0
Cost of sales	(24.3)	(2.5)	(57.1)	(30.6)	(0.9)	–	–	(115.4)
Gross profit	4.9	16.1	5.5	3.9	0.6	1.5	–	32.5
Administrative expenses	–	–	–	–	–	–	(15.7)	(15.7)
Gain on sale of joint venture interest		–	–	12.6	–	–	–	12.6
Share of profit of joint ventures	–	–	–	2.0	–	–	–	2.0
Share of profit of associate	–	–	–	0.2	–	–	–	0.2
Revaluation of investment property	–	–	–	–	–	1.1	–	1.1
Operating profit/(loss)	4.9	16.1	5.5	18.7	0.6	2.6	(15.7)	32.7
Net finance (cost)/income	(1.5)	0.7	–	(4.8)	–	(1.8)	(0.3)	(7.7)
Profit/(loss) before tax	3.4	16.8	5.5	13.9	0.6	0.8	(16.0)	25.0
Tax (charge)/credit	(0.1)	(0.3)	(0.1)	(0.2)	–	–	0.3	(0.4)
Total profit/(loss)	3.3	16.5	5.4	13.7	0.6	0.8	(15.7)	24.6
Other comprehensive income	–	–	–	–	–	–	(0.4)	(0.4)
Total profit and comprehensive income/(loss)	3.3	16.5	5.4	13.7	0.6	0.8	(16.1)	24.2

10. Segmental information CONTINUED

Year ended 30 September 2021	Land sales £m	Asset management fees £m	Contract income £m	House building £m	Rental income £m	Investment properties £m	Central support £m	Total £m
ASSETS								
Non-current assets								
Investment properties	–	–	–	–	–	36.0	–	36.0
Property, plant and equipment	–	–	–	–	4.3	–	0.5	4.8
Right-of-use asset	–	–	–	–	–	–	0.9	0.9
Intangible assets	–	–	–	–	0.1	–	–	0.1
Investments in quoted companies	–	–	–	–	–	–	0.5	0.5
Investment in joint ventures	–	–	–	4.2	–	–	–	4.2
Amounts due from joint ventures	–	–	–	32.7	–	–	–	32.7
Investment in associate	–	–	–	1.0	–	–	–	1.0
Other receivables	–	–	14.3	22.0	–	–	–	36.3
Total non-current assets	–	–	14.3	59.9	4.4	36.0	1.9	116.5
Current assets								
Inventories	88.6	3.9	0.7	70.6	0.1	–	–	163.9
Trade and other receivables	15.6	73.2	26.7	–	–	–	1.4	116.9
Assets held for sale	–	–	–	–	–	1.4	–	1.4
Amounts due from associate	–	–	–	3.1	–	–	–	3.1
Amounts due from joint ventures	–	–	–	3.9	–	–	–	3.9
Cash and cash equivalents	–	–	–	–	–	–	12.1	12.1
Total current assets	104.2	77.1	27.4	77.6	0.1	1.4	13.5	301.3
Total assets	104.2	77.1	41.7	137.5	4.5	37.4	15.4	417.8
LIABILITIES								
Current liabilities								
Bank loans	(30.4)	–	–	–	(0.3)	–	–	(30.7)
Other loans	(21.9)	–	–	(0.4)	–	–	–	(22.3)
Trade and other payables	(10.4)	(1.8)	(55.9)	(15.1)	(0.1)	–	(1.2)	(84.5)
Deferred income	(3.4)	–	–	(2.1)	–	–	–	(5.5)
Lease liabilities	–	–	–	–	–	–	(0.3)	(0.3)
Corporation tax	–	–	–	–	–	–	(4.3)	(4.3)
Other financial liabilities	(12.4)	–	–	–	–	–	–	(12.4)
Total current liabilities	(78.5)	(1.8)	(55.9)	(17.6)	(0.4)	–	(5.8)	(160.0)
Non-current liabilities								
Bank loans	–	–	–	(34.1)	(0.1)	(3.4)	–	(37.6)
Lease liabilities	–	–	–	–	–	–	(0.6)	(0.6)
Other financial liabilities	(3.6)	–	–	–	–	–	–	(3.6)
Zero Dividend Preference shares	–	–	–	(32.0)	–	–	–	(32.0)
Deferred tax	–	–	–	–	–	–	(1.0)	(1.0)
Total non-current liabilities	(3.6)	–	–	(66.1)	(0.1)	(3.4)	(1.6)	(74.8)
Total liabilities	(82.1)	(1.8)	(55.9)	(83.7)	(0.5)	(3.4)	(7.4)	(234.8)
Net assets	22.1	75.3	(14.2)	53.8	4.0	34.0	8.0	183.0

10. Segmental information CONTINUED

30 September 2020 as restated	Land sales £m	Asset management fees £m	Contract income £m	House building £m	Rental income £m	Investment properties £m	Central support £m	Total £m
ASSETS								
Non-current assets								
Investment properties	–	–	–	–	–	43.5	–	43.5
Property, plant and equipment	–	–	–	–	4.7	–	0.9	5.6
Right-of-use asset	–	–	–	–	–	–	1.2	1.2
Intangible assets	–	–	–	–	0.2	–	–	0.2
Investments in quoted companies	–	–	–	–	–	–	0.5	0.5
Investment in joint ventures	–	–	–	8.8	–	–	–	8.8
Investment in associate	–	–	–	1.1	–	–	–	1.1
Other receivables	–	–	1.6	20.7	–	–	–	22.3
Total non-current assets	**–**	**–**	**1.6**	**30.6**	**4.9**	**43.5**	**2.6**	**83.2**
Current assets								
Inventories	77.3	4.0	–	97.5	–	–	–	178.8
Trade and other receivables	15.8	36.8	8.0	–	–	–	0.3	60.9
Assets held for sale	–	–	–	–	–	12.5	–	12.5
Amounts due from associate	–	–	–	3.1	–	–	–	3.1
Amounts due from joint ventures	–	–	–	42.2	–	–	–	42.2
Cash and cash equivalents	–	–	–	–	–	–	15.7	15.7
Total current assets	**93.1**	**40.8**	**8.0**	**142.8**	**–**	**12.5**	**16.0**	**313.2**
Total assets	**93.1**	**40.8**	**9.6**	**173.4**	**4.9**	**56.0**	**18.6**	**396.4**
LIABILITIES								
Current liabilities								
Bank loans	(14.2)	–	–	–	(0.3)	(27.0)	–	(41.5)
Other loans	(25.3)	–	–	–	–	–	–	(25.3)
Trade and other payables	(15.8)	–	(11.4)	(4.2)	(0.1)	(1.3)	–	(32.8)
Deferred income	–	–	(10.0)	–	–	–	–	(10.0)
Amounts owed to joint ventures	–	–	–	(6.2)	–	–	–	(6.2)
Lease liabilities	–	–	–	–	–	–	(0.3)	(0.3)
Other financial liabilities	(2.0)	–	–	–	–	–	–	(2.0)
Corporation tax	–	–	–	–	–	–	(3.1)	(3.1)
Total current liabilities	**(57.3)**	**–**	**(21.4)**	**(10.4)**	**(0.4)**	**(28.3)**	**(3.4)**	**(121.2)**
Non-current liabilities								
Bank loans	–	–	–	(42.4)	(0.3)	(1.2)	–	(43.9)
Other loans	–	–	–	(13.1)	–	–	–	(13.1)
Deferred income	–	–	–	(2.1)	–	–	–	(2.1)
Lease liabilities	–	–	–	–	–	–	(0.9)	(0.9)
Other financial liabilities	(10.3)	–	–	–	–	–	–	(10.3)
Zero Dividend Preference shares	–	–	–	(30.2)	–	–	–	(30.2)
Deferred tax	–	–	–	–	–	(2.4)	0.7	(1.7)
Total non-current liabilities	**(10.3)**	**–**	**–**	**(87.8)**	**(0.3)**	**(3.6)**	**(0.2)**	**(102.2)**
Total liabilities	**(67.6)**	**–**	**(21.4)**	**(98.2)**	**(0.7)**	**(31.9)**	**(3.6)**	**(223.4)**
Net assets	**25.5**	**40.8**	**(11.8)**	**75.2**	**4.2**	**24.1**	**15.0**	**173.0**

10. Segmental information CONTINUED

Fifteen-month period ended 30 September 2019 as restated	Land sales £m	Asset management Fees £m	Contract income £m	House building £m	Rental income £m	Investment properties £m	Central support £m	Total £m
ASSETS								
Non-current assets								
Investment properties	–	–	–	–	–	49.3	–	49.3
Property, plant and equipment	–	–	–	–	5.2	–	1.1	6.3
Intangible assets	–	–	–	–	0.3	–	–	0.3
Investments	–	–	–	–	–	–	1.1	1.1
Investment in joint ventures	–	–	–	8.0	–	–	–	8.0
Amounts due from joint ventures	–	–	–	1.0	–	–	–	1.0
Investment in associate	–	–	–	1.3	–	–	–	1.3
Other receivables	1.7	–	0.2	19.9	–	–	–	21.8
Total non-current assets	**1.7**	**–**	**0.2**	**30.2**	**5.5**	**49.3**	**2.2**	**89.1**
Current assets								
Inventories	82.4	–	–	115.2	–	–	–	197.6
Trade and other receivables	11.8	15.7	14.9	1.0	–	–	2.0	45.4
Assets held for sale	–	–	–	–	–	4.7	–	4.7
Amounts due from associate	–	–	–	3.3	–	–	–	3.3
Amounts due from joint ventures	–	–	–	34.8	–	–	–	34.8
Cash and cash equivalents	–	–	–	–	–	–	10.9	10.9
Total current assets	**94.2**	**15.7**	**14.9**	**154.3**	**–**	**4.7**	**12.9**	**296.7**
Total assets	**95.9**	**15.7**	**15.1**	**184.5**	**5.5**	**54.0**	**15.1**	**385.8**
LIABILITIES								
Current liabilities								
Bank loans and overdrafts	(48.0)	–	–	–	–	–	–	(48.0)
Trade and other payables	(16.8)	–	(14.3)	(13.1)	–	(1.2)	(2.3)	(47.7)
Corporation tax	–	–	–	–	–	–	(2.2)	(2.2)
Other financial liabilities	(4.1)	–	–	–	–	–	–	(4.1)
Total current liabilities	**(68.9)**	**–**	**(14.3)**	**(13.1)**	**–**	**(1.20)**	**(4.5)**	**(102.0)**
Non-current liabilities								
Bank loans	(1.1)	–	–	(53.0)	–	(28.0)	–	(82.1)
Other loans	–	–	–	(7.2)	–	–	–	(7.2)
Other financial liabilities	(5.2)	–	–	–	–	–	–	(5.2)
Zero Dividend Preference shares	–	–	–	(25.9)	–	–	–	(25.9)
Deferred tax	–	–	–	–	–	(1.2)	–	(1.2)
Total non-current liabilities	**(6.3)**	**–**	**–**	**(86.1)**	**–**	**(29.2)**	**–**	**(121.6)**
Total liabilities	**(75.2)**	**–**	**(14.3)**	**(99.2)**	**–**	**(30.4)**	**(4.5)**	**(223.6)**
Net assets	**20.7**	**15.7**	**0.8**	**85.3**	**5.5**	**23.6**	**10.6**	**162.2**

11. Expenses by nature

	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m	Fifteen-month period ended 30 September 2019 £m
Depreciation – property, plant and equipment	**0.8**	1.0	0.7
Depreciation – right-of-use asset	**0.3**	0.3	–
Amortisation	**0.1**	0.1	–
Operating lease rentals			
– properties	**–**	–	0.4
Fees paid to BDO LLP in respect of			
– audit of the Company and consolidated accounts			
– current year/period	**0.3**	0.2	0.3
– prior year/period	**–**	–	0.1
Advertising expenses	**0.1**	0.2	0.6

12. Employee costs

The Directors of the Company who served during the year are considered to be key management personnel in both the current and prior years.

The Remuneration Report on pages 78–82 is produced for information purposes, in order to give shareholders and other users of financial statements greater transparency about the way in which the Directors are remunerated.

Total employee costs (including Directors) during the year were as follows:

	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m	Fifteen-month period ended 30 September 2019 £m
Wages and salaries	**10.7**	12.3	15.0
Social security costs	**1.2**	1.6	1.7
Pension costs – defined contribution plans	**0.5**	0.5	0.4
Share-based payments	**–**	–	0.3
	12.4	14.4	17.4
Amount capitalised to inventories	**(6.3)**	(5.7)	(8.1)
Total employee costs	**6.1**	8.7	9.3

During the year, the Group received reimbursement of payroll costs of £nil (2020: £0.6m) in respect of the UK Government's Coronavirus Job Retention Scheme. In the year ended 30 September 2020, this is shown as a credit to gross wages and salary costs of £12.9m, to give wages and salaries costs of £12.3m.

The average number of employees during the year was as follows:

	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m	Fifteen-month period ended 30 September 2019 £m
Key management personnel	**3**	3	3
Administration	**140**	156	135
	143	159	138

There were no employee or employee benefit expenses in the Company in the current year or prior years.

13. Share-based payments

Group – equity-settled option scheme

Share options are awarded to all eligible members of staff on a discretionary basis and there are no service or performance conditions attached to them, other than that the members of staff awarded the options are still employed by the Company at the time of the options being exercised. Good leavers can exercise options for a period of up to six months from the date of leaving. This unapproved share option scheme is separate to the long-term incentive plan (LTIP) for the Executive Directors, further details of which can be found in the Remuneration Committee report on pages 78–82.

A summary of the outstanding options under this equity-settled option scheme is as follows:

Year of grant	Exercise Price p	Date from which exercisable	Expiry date	Outstanding at 1 October 2020	Issued	Exercised	Lapsed	Outstanding at 30 September 2021	Exercisable at 30 September 2021	Exercisable at 30 September 2020
For the year ended 30 September 2021										
2010	**18.25**	**22/11/2013**	**22/11/2020**	**1,500,000**	**–**	**(1,500,000)**	**–**	**–**	**–**	**1,500,000**
2012	**17.5**	**25/06/2015**	**24/06/2022**	**160,000**	**–**	**(100,000)**	**–**	**60,000**	**60,000**	**160,000**
2013	**32.5**	**18/06/2016**	**17/06/2023**	**380,000**	**–**	**(150,000)**	**–**	**230,000**	**230,000**	**380,000**
2015	**70.25**	**22/06/2018**	**21/06/2025**	**240,000**	**–**	**–**	**(25,000)**	**215,000**	**215,000**	**240,000**
2018	**67**	**17/07/2021**	**16/07/2028**	**1,385,000**	**–**	**–**	**(140,000)**	**1,245,000**	**1,245,000**	**–**
2019	**61.3**	**18/03/2022**	**17/03/2029**	**500,000**	**–**	**–**	**–**	**500,000**	**–**	**–**
				4,165,000	**–**	**(1,750,000)**	**(165,000)**	**2,250,000**	**1,750,000**	**2,280,000**

The weighted average exercise price of share options exercised and lapsed was 19.43p (2020: 75.50p) and 67.49p (2020: 68.35p) respectively. The exercise price of options outstanding at 30 September 2021 ranged between 32.50p and 70.25p (2020: 17.50p and 70.25p) and their weighted average contractual life was 7.0 years (2020: 6.7 years).

The weighted average share price (at the date of exercise) of options exercised during the year was 52.09p (2020: 75.50p).

The weighted average fair value of each option granted during the year was nil p (2020: nil p).

There were no grants in 2021 nor 2020.

The fair value of the options granted is calculated using the Black-Scholes option pricing model. The following information is relevant in the determination of the fair value:

Grant date	30 September 2021	30 September 2020	30 September 2019 Grant 2	30 September 2019 Grant 1
Share price at date of grant	**–**	–	61.0p	67.0p
Volatility	**–**	–	21%	32%
Option life	**–**	–	4 years	4 years
Dividend yield	**–**	–	3.30%	4.00%
Risk-free investment rate	**–**	–	0.40%	0.90%
Fair value of option at grant date	**–**	–	3.0p	5.0p
Exercisable price at date of grant	**–**	–	61.0p	67.0p

On 4 November 2020, Nish Malde, an Executive Director of the Company, exercised options over ordinary shares of 10p each under the unapproved share option scheme. Nish Malde exercised a total of 1,500,000 options and sold 1,000,000 ordinary shares to cover the exercise price and the tax liability arising from the exercise of these options. Following the above transactions, Nish Malde holds an interest in 11,496,792 ordinary shares representing approximately 5.0% of the Company's issued share capital.

13. Share-based payments CONTINUED

Volatility was calculated with reference to historical share price information using the closing prices on each business day over the period since the shares have been listed.

The share-based payment charged to the Group Statement of Comprehensive Income for the year ended 30 September 2021 is £nil (year ended 30 September 2020: £nil) with a corresponding deferred tax asset at that date of £nil (year ended 30 September 2020: £nil). £nil of this charge (year ended 30 September 2020: £nil) relates to the Directors.

No Growth Shares were issued in the current year or prior period. At 30 September 2021, there were 2,285,076 (30 September 2020: 2,285,076) ordinary shares exchangeable for the Growth Shares outstanding, issued in December 2013, that do not have an exercise price but are subject to vesting conditions. Further details can be found in the Remuneration Committee Report on pages 78–82.

The Executive Directors receive 50% of bonuses in shares which are purchased by the Employee Benefit Trust and the remaining 50% in cash. The shares will be vested to the Directors three years after the award date. The amount of the bonus awarded each year is explained in the Remuneration Committee Report on pages 78–82.

14. Finance costs

	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m	Fifteen-month period ended 30 September 2019 £m
Interest expense:			
– bank loan borrowings	**3.8**	4.1	3.9
– other loan borrowings	**2.8**	2.1	3.6
– amortisation of loan arrangement and other fees	**1.2**	2.6	1.7
– Zero Dividend Preference shares	**1.5**	1.5	1.5
Gross finance costs	**9.3**	10.3	10.7
Finance costs capitalised	**–**	(0.8)	(1.3)
Finance costs	**9.3**	9.5	9.4

Finance costs of £nil (2020: £0.8m) have been capitalised on inventories in the period in accordance with IAS 23 'Borrowing Costs' (see Note 28), using the Group's cost of borrowing for that loan specific to the development in question.

In the year ended 30 September 2021, the average capitalisation interest rate for interest expense in the cost of inventories was 0% (2020: 5.25%).

15. Finance income

	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m	Fifteen-month period ended 30 September 2019 £m
Interest from loans to joint ventures and associate	**0.2**	0.2	0.7
Other interest receivable	**0.3**	0.1	0.3
Notional interest income	**1.0**	0.8	0.7
Finance income	**1.5**	1.1	1.7

16. Tax charge

An analysis of the tax charge in the year is as follows:

	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m	Fifteen-month period ended 30 September 2019 £m
Current tax expense			
Current tax on profits for the year	**4.4**	1.0	2.1
Adjustment for under provision in prior periods	**(0.1)**	(0.1)	(1.0)
Total tax expense	**4.3**	0.9	1.1
Deferred tax charge/(credit)			
Origination and reversal of temporary differences	**(1.0)**	0.4	(0.7)
Effect of tax rate change	**0.3**	0.1	–
Total deferred tax	**(0.7)**	0.5	(0.7)
Total tax expense	**3.6**	1.4	0.4

16. Tax charge CONTINUED

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

	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m	Fifteen-month period ended 30 September 2019 £m
Profit before tax	**13.2**	3.7	25.0
Expected tax charge based on the standard rate of corporation tax in the UK (19%)	**2.5**	0.7	4.8
Expenses not deductible for tax purposes	**0.5**	0.7	0.1
ZDP interest not deductible for tax purposes	**0.3**	0.3	0.3
Capital (losses)/gains	**0.1**	0.2	(0.2)
Adjustments to tax charge in respect of previous periods	**(0.1)**	(0.1)	(0.5)
Income not deductible for tax purposes	**–**	–	(2.4)
Prior year capital losses now recognised	**–**	–	(1.6)
Other items	**0.3**	(0.4)	(0.1)
Total tax expense	**3.6**	1.4	0.4

The tax credit relating to revaluation of quoted investments within other comprehensive income in the year ended 30 September 2021 is £nil (2020: £0.1m).

The Group's share of tax expense in its joint ventures and associate is £nil (2020: £0.1m).

17. Earnings per share

Number of shares

Both the basic and diluted earnings per share have been calculated using the profit attributable to shareholders of the Parent Company, i.e. no adjustments to profit were necessary in 2021 nor 2020.

The reconciliation of the weighted average number of shares for the purposes of diluted earnings per share to the weighted average number of ordinary shares used in the calculation of basic earnings per share is as follows:

	Earnings per share Weighted average		
	Year ended 30 September 2021 '000	Year ended 30 September 2020 '000	Fifteen-month period ended 30 September 2019 '000
For use in basic measures	**228,130**	214,361	205,285
Dilutive effect of:			
– share options	**115**	1,323	1,500
– deferred bonus shares	**1,694**	1,694	1,823
– growth shares	**2,285**	2,285	2,397
For use in diluted measures	**232,224**	219,663	211,005

The Group's Employee Benefit Trust (EBT) purchased 650,000 shares on 29 October 2014, 377,500 shares on 20 December 2015 and a further 600,000 shares on 16 December 2016 in Inland Homes plc under the terms of the Long-Term Incentive Plan. These total 1,627,500 shares and have been deducted from the weighted average number of ordinary shares in issue and also from the shares in issue at the year-end.

In several transactions in October and November 2017, the Group purchased 1,000,000 of its own shares to be held in treasury. On 18 January 2018, 175,000 shares were transferred from the treasury reserve to satisfy employee share options exercised within the terms of the Company's share option scheme.

During the fifteen-month period ended 30 September 2019, the Group purchased 200,000 shares. On 24 October 2018, 849,241 shares were transferred from the treasury reserve to satisfy employee share options exercised within the terms of the Company's share option scheme. In several transactions during August and September 2019, the Group sold 175,779 shares. At 30 September 2019, no shares were held in treasury.

Amounts included for the growth shares are those where the performance conditions have been satisfied. On 19 July 2018, Stephen Wicks transferred 248 vested LTIP shares to the Company in exchange for the issue of 2,814,924 shares in the Company as referred to in the Remuneration Committee Report on pages 78–82.

Basic and diluted EPS

	Year ended 30 September 2021	Year ended 30 September 2020	Fifteen-month period ended 30 September 2019
Profit attributable to equity shareholders (£m)	**9.6**	1.4	24.2
Earnings per share	**4.21p**	0.65p	11.79p
Diluted earnings per share	**4.13p**	0.64p	11.49p

18. Dividends

Dividends are not paid to the shares owned by the Employee Benefit Trust.

On 30 March 2020, in response to the global COVID-19 pandemic, the Board cancelled the second interim dividend of 2.25p per share that was due to be paid on 12 June 2020. There were no dividends declared in relation to the year ended 30 September 2021 nor 30 September 2020.

During the year, dividends of £14.8m were received by the Company from its subsidiaries (2020: £7.5m).

19. Investment properties

	Commercial properties £m	Residential properties £m	Development land £m	Assets under construction £m	Total £m
Fair value					
At 1 October 2019	2.6	37.0	8.5	1.2	49.3
Additions	–	1.6	–	0.1	1.7
Disposals	(1.4)	–	–	–	(1.4)
Fair value adjustment	(0.3)	0.9	–	–	0.6
Transfer between classes	–	1.3	–	(1.3)	–
Transfer (to)/from inventories	–	(0.9)	–	–	(0.9)
Transfer to assets held for sale	(0.9)	(4.9)	–	–	(5.8)
At 30 September 2020	–	35.0	8.5	–	43.5
Additions	–	5.3	–	–	5.3
Fair value adjustment	–	0.8	(0.2)	–	0.6
Transfer (to)/from inventories	–	(7.6)	(8.3)	–	(15.9)
Transfer (to)/from assets held for sale	–	2.5	–	–	2.5
At 30 September 2021	**–**	**36.0**	**–**	**–**	**36.0**

Valuation techniques

Residential properties

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

Development land

The Group's development land 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 assessed at each balance sheet date based on the values achieved by the Group on earlier phases of the same development for similar property types, adjusted for the changes in current market conditions and progress of the current phase of the development. 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. The Directors are of the opinion that developing the site reflects the highest and best use of this asset.

19. Investment properties CONTINUED

Commercial properties

The Group's commercial properties were valued by the Directors on the basis of 'open market value'. In arriving at their view of open market value the Directors had regard to the following: the accommodation offered, the square footage and the condition of each property. They then considered the above in light of the local market and yields achieved in recent transactions following consultation with a local property agent.

These techniques use significant unobservable inputs such that the fair value measurement of investment properties has been classified as Level 3 in the fair value hierarchy as set out by IFRS 13 'Fair Value Measurement'. There were no transfers between Levels 1 and 2 or between 2 and 3 in the fair value hierarchy during the year ended 30 September 2021 (2020: None).

There has been no change in valuation techniques of Level 3 fair value measurements in the year. The fair value is based on the above items' highest and best use, which does not differ from their actual use.

The key inputs to the strategic property valuations valued for EPRA purposes include house prices, rental values and development costs.

The impact of sensitising these inputs on the Financial Statements are as follows:

			Increase/(decrease)		
Sensitivity analysis	Variable	Variation	**2021 £m**	2020 £m	2019 £m
Commercial properties	Rental values	+5%	–	–	0.1
		–5%	–	–	(0.1)
Residential properties	House prices	+5%	1.8	1.8	1.9
		–5%	(1.8)	(1.8)	(1.9)
Development land	House prices	+5%	–	2.2	1.6
		–5%	–	(2.2)	(1.3)
	Development costs	+5%	–	(1.1)	(1.1)
		–5%	–	1.1	0.9

Where investment properties are valued on a yield basis the impact of sensitising of the yield would be immaterial.

Income and expense

During the year ended 30 September 2021, £0.5m (2020: £0.9m) rental and ancillary income from investment properties was recognised in the Group Statement of Comprehensive Income. Direct operating expenses, including repairs and maintenance, arising from investment property that generated rental income amounted to £0.1m (2020: £0.5m). The Group did not incur any direct operating expenses arising from investment properties that did not generate rental income (year ended 30 September 2020: £nil).

Restrictions and obligations

At 30 September 2021, there were no restrictions on the realisability of investment property or the remittance of income and proceeds of disposal (2020: None). There are no obligations (2020: None) to construct or develop the Group's residential or development land investment property. At 30 September 2021, contracted obligations to purchase investment properties amounted to £nil (2020: £nil).

At 30 September 2021, the historical cost of the Group's investment properties was £8.5m (2020: £11.9m). Certain of the investment properties have been pledged as security against the Group's borrowings. For details see Note 32.

The modular housing, which forms part of property, plant and equipment (see Note 20), has been pledged as security against a borrowing of the Group. For details see Note 32.

20. Property, plant and equipment

Group	Modular housing £m	Motor vehicles £m	Office equipment £m	Fixtures and fittings £m	Total £m
Cost					
At 1 October 2019	5.5	0.3	1.3	0.9	8.0
Additions	–	–	0.3	–	0.3
Disposals	–	(0.2)	(0.5)	(0.4)	(1.1)
At 30 September 2020	5.5	0.1	1.1	0.5	7.2
Additions	–	–	0.1	–	0.1
Disposals	–	–	(0.3)	–	(0.3)
At 30 September 2021	**5.5**	**0.1**	**0.9**	**0.5**	**7.0**
Depreciation					
At 1 October 2019	0.3	0.3	0.6	0.5	1.7
Charge for the year	0.5	–	0.3	0.2	1.0
Disposals	–	(0.2)	(0.5)	(0.4)	(1.1)
At 30 September 2020	0.8	0.1	0.4	0.3	1.6
Depreciation charge	0.5	–	0.2	0.1	0.8
Disposals	–	–	(0.1)	(0.1)	(0.2)
At 30 September 2021	**1.3**	**0.1**	**0.5**	**0.3**	**2.2**
Net book value					
At 30 September 2019	5.2	–	0.7	0.4	6.3
At 30 September 2020	4.7	–	0.7	0.2	5.6
At 30 September 2021	**4.2**	**–**	**0.4**	**0.2**	**4.8**

21. Right-of-use assets

On adoption of IFRS 16 on 1 October 2019, the Group has recognised a right-of use asset. This has been presented in the Statement of Financial Position as follows:

Group	Leasehold property £m
Cost	
At 1 October 2020	1.6
Additions	–
Disposals	–
At 30 September 2021	**1.6**
Depreciation	
At 1 October 2020	0.4
Charge for the year	0.3
Disposals	–
At 30 September 2021	**0.7**
Net book value	
At 30 September 2021	**0.9**
At 30 September 2020	1.2

The right-of-use assets relates to the Group's occupation of Burnham Yard, Beaconsfield as a Head Office facility, and a car. Right-of-use assets are depreciated on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset, if this is judged to be shorter. See Note 34 for further details.

22. Intangible assets

Group	Development costs £m
Cost	
At 1 October 2020 and 30 September 2021	0.3
Amortisation	
At 1 October 2020	0.1
Charge for the year	0.1
At 30 September 2021	**0.2**
Net book value	
At 30 September 2021	**0.1**
At 30 September 2020	0.2

Intangible assets relate to development costs of the Hugg Homes brand capitalised under IAS 38 'Intangible assets'.

23. Investments in quoted companies

Group	Quoted investments £m
Cost and carrying value	
At 1 October 2020	0.5
Revaluation	–
At 30 September 2021	**0.5**

Investments of quoted securities is measured at fair value through other comprehensive income. The fair value is based on published market prices.

24. Investments in subsidiaries

At 30 September 2021, the Group, directly or indirectly, held interests in equity in various subsidiary undertakings. Details of these have been included in Note 1.

25. Investments in joint ventures

At 30 September 2021, the Group held interests in equity in various joint ventures. A summary of the investments in joint ventures is as follows:

	Bucknalls Developments £m	Cheshunt Lakeside Developments £m	Europa Park £m	High Wycombe Developments £m	Gardiners Park £m	Total £m
Cost						
At 1 October 2019	0.7	7.3	–	–	–	8.0
Share of profit after tax	1.6	(1.0)	1.0	–	0.4	2.0
Receipts from joint ventures	–	–	(0.8)	–	(0.4)	(1.2)
Movement during the period	1.6	(1.0)	0.2	–	–	0.8
At 30 September 2020	2.3	6.3	0.2	–	–	8.8
Share of profit after tax	–	(1.9)	–	–	–	(1.9)
Receipts from joint ventures	–	(0.2)	(0.2)	–	–	(0.4)
Purchase of joint venture	(2.3)	–	–	–	–	(2.3)
Movement during the period	(2.3)	(2.1)	(0.2)	–	–	(4.6)
At 30 September 2021	**–**	**4.2**	**–**	**–**	**–**	**4.2**

25. Investments in joint ventures CONTINUED

Amounts due from/(to) joint ventures

		As at 30 September 2021 £m	As at 30 September 2020 £m	As at 30 September 2019 £m
Amounts owed by joint ventures, due within one year				
Cheshunt Lakeside Developments Limited	*held at carrying value*	**32.7**	–	–
Bucknalls Developments Limited	*held at carrying value*	**–**	–	(2.0)
	held at fair value through profit and loss	**–**	–	4.0
		32.7	–	2.0
Cheshunt Lakeside Developments Limited	*held at carrying value*	–	28.6	32.8
High Wycombe Developments Limited	*held at carrying value*	**3.9**	13.6	–
		36.6	42.2	34.8
Amounts owed by joint ventures, due in greater than one year				
Gardiners Park LLP	*held at carrying value*	**–**	–	1.0
		–	–	1.0
Amounts owed by joint ventures		**36.6**	42.2	35.8
Amounts owed to joint ventures, due within one year				
Bucknalls Developments Limited	*held at carrying value*	**–**	(6.2)	–
Amounts owed to joint ventures		**–**	(6.2)	–
Amounts due from/(to) joint ventures		**36.6**	36.0	35.8

The Directors considered and concluded that the classification of the amounts due from Bucknalls Developments Limited at 30 September 2019 was £4m classified as amounts due from joint ventures as assets held at fair value through profit and loss due to the Perpetual Annuity Bond interest. All other amounts above are held at carrying value. During the year ended 30 September 2020, the Perpetual Annuity Bond was repaid in full.

The measurement uses significant unobservable inputs to measure fair value and is based on Directors' valuation given there is no readily available market information. These amounts have been classified as Level 3 in the fair value hierarchy as set out by IFRS 13 'Fair Value Measurement'. There have been no transfers between levels in the fair value hierarchy during the year ended 30 September 2021 or the year ended 30 September 2020.

Apart from interest, which is charged on amounts due from Bucknalls Developments Limited held at fair value through profit and loss, all other amounts are interest free and repayable on demand.

The Group applies a forward looking expected credit loss model to measure any credit loss provision for amounts due from joint ventures. Both the expected credit loss provision and the incurred loss provision in the current period and prior year are immaterial.

Summarised financial information has been included for material joint ventures and follows.

25. Investments in joint ventures CONTINUED

Bucknalls Developments Limited

In December 2015, the Group entered into a joint venture with two private individuals to purchase land, obtain planning permission and develop the homes in Garston, Hertfordshire. During the year ended 30 June 2017, outline planning consent was obtained for 100 residential units. Under the terms of the joint venture, the Group was obliged to fund 50% of the costs of the site and was entitled to receive 50% of the returns.

On 30 September 2021, the Group acquired the 50% interest from the two private individuals and, from this date, Bucknalls Developments Limited was accounted for as a subsidiary.

Summarised statement of total comprehensive income

	Year ended 30 September 2021	**Year ended 30 September 2021**	Year ended 30 September 2020	Fifteen-month period ended 30 September 2019
	Accounted for as a subsidiary £m	*Accounted for as a joint venture under IAS 28* £m	*Accounted for as a joint venture under IAS 28* £m	*Accounted for as a joint venture under IAS 28* £m
Revenue	**–**	**0.7**	17.3	16.6
Cost of sales and operating expenses	**0.1**	**(0.3)**	(14.1)	(13.3)
Interest received/(payable)	**–**	**–**	0.6	(0.9)
Tax payable	**(0.1)**	**–**	(0.7)	(0.4)
Total comprehensive income/(expense)	**–**	**0.4**	3.1	2.0

Summarised statement of financial position

	As at 30 September 2020 £m
Current assets	
Other current assets	6.3
Total current assets	6.3
Current liabilities	
Financial liabilities (excluding trade payables and provisions)	0.4
Other current liabilities	1.4
Total current liabilities	1.8
Net assets	4.5

25. Investments in joint ventures CONTINUED

Cheshunt Lakeside Developments Limited

In June 2016, the Group entered into a joint venture whose purpose was to acquire a site in Cheshunt, obtain planning permission and ultimately sell the land.

Summarised statement of total comprehensive income

	Year ended 30 September 2021	Year ended 30 September 2020	Period from 6 June 2019 to 30 September 2019	Period from 1 July 2018 to 5 June 2019
	Accounted as a joint venture under IAS 28 £m	*Accounted as a joint venture under IAS 28 £m*	*Accounted as a joint venture under IAS 28 £m*	*Accounted for as a subsidiary £m*
Revenue	**0.7**	15.9	0.5	1.9
Cost of sales and operating expenses	**(0.3)**	(16.5)	(0.4)	(1.2)
Interest payable	**(4.5)**	(1.9)	–	–
Tax receivable	**–**	0.5	–	–
Total comprehensive (expense)/income	**(4.1)**	(2.0)	0.1	0.7

Summarised statement of financial position

	As at 30 September 2021 £m	As at 30 September 2020 £m	As at 30 September 2019 £m
Current assets			
Property, plant and equipment	**0.2**	0.3	–
Total non-current assets	**0.2**	0.3	–
Current assets			
Cash and cash equivalents	**–**	–	–
Other current assets	**69.6**	66.9	74.6
Total current assets	**69.6**	66.9	74.6
Total assets	**69.8**	67.2	74.6
Current liabilities			
Financial liabilities (excluding trade payables and provisions)	**(76.1)**	(68.0)	(69.5)
Other current liabilities	**(0.3)**	(0.3)	(0.9)
Total current liabilities	**(76.4)**	(68.3)	(70.4)
Non-current liabilities			
Financial liabilities (excluding trade payables and provisions)	**–**	–	(3.1)
Total non-current liabilities	**–**	–	(3.1)
Total liabilities	**(76.4)**	(68.3)	(73.5)
Net (liabilities)/assets	**(6.6)**	(1.1)	1.1

25. Investments in joint ventures CONTINUED

Europa Park LLP

In December 2017, the Group entered into a joint venture which acquired a site in Ipswich, Suffolk from the Group which has planning permission for 94 residential plots. Under the terms of the joint venture agreement, the Group has an obligation to fund 50% of the costs of the site and is entitled to receive 50% of the net returns. During the year ended 30 September 2021, the construction completed and the LLP has sold all the residential units constructed.

Summarised statement of total comprehensive income

	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m	Fifteen-month period ended 30 September 2019 £m
Revenue	**0.8**	9.2	10.1
Cost of sales and operating expenses	**(0.6)**	(7.0)	(8.0)
Interest payable	**–**	(0.1)	(0.2)
Total comprehensive income/(expense)	**0.2**	2.1	1.9

Summarised statement of financial position

	As at 30 September 2021 £m	As at 30 September 2020 £m	As at 30 September 2019 £m
Current assets			
Cash and cash equivalents	**–**	0.4	–
Other current assets	**0.1**	0.6	3.2
Total current assets	**0.1**	1.0	3.2
Current liabilities			
Financial liabilities (excluding trade payables and provisions)	**–**	–	–
Other current liabilities	**–**	(0.5)	(0.7)
Total current liabilities	**–**	(0.5)	(0.7)
Non-current liabilities			
Financial liabilities (excluding trade payables and provisions)	**–**	–	(2.5)
Other non-current liabilities	**–**	–	–
Total current liabilities	**–**	–	(2.5)
Total liabilities	**–**	(0.5)	(3.2)
Net assets	**0.1**	0.5	–

25. Investments in joint ventures CONTINUED

Gardiners Park LLP

In November 2016, the Group entered a joint venture with Constable Homes to develop a site in Basildon, Essex with 30 private and 13 Housing Association units. Under the terms of the joint venture agreement, the Group has an obligation to fund 50% of the costs of the site and is entitled to receive 50% of the net returns. During the year ended 30 September 2021, construction completed and the LLP has sold all of the residential units constructed.

Summarised statement of total comprehensive income

	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m	Fifteen-month period ended 30 September 2019 £m
Revenue	**–**	9.8	2.0
Cost of sales and operating expenses	**–**	(8.7)	(1.8)
Interest payable	**–**	(0.1)	(0.1)
Total comprehensive income	**–**	1.0	0.1

Summarised statement of financial position

	As at 30 September 2021 £m	As at 30 September 2020 £m	As at 30 September 2019 £m
Current assets			
Cash and cash equivalents	**0.1**	0.2	0.5
Other current assets	**0.1**	–	5.2
Total current assets	**0.2**	0.2	5.7
Current liabilities			
Financial liabilities (excluding trade payables and provisions)	**(0.1)**	–	–
Other current liabilities	**–**	(0.1)	(0.9)
Total current liabilities	**(0.1)**	(0.1)	(0.9)
Non-current liabilities			
Financial liabilities (excluding trade payables and provisions)	**–**	–	(2.8)
Other non-current liabilities	**–**	–	–
Total current liabilities	**–**	–	(2.8)
Total liabilities	**(0.1)**	(0.1)	(3.7)
Net assets	**0.1**	0.1	2.0

25. Investments in joint ventures CONTINUED

High Wycombe Developments Limited

In December 2019, the Group disposed of a 50% controlling interest in High Wycombe Developments Limited for consideration of £5,000.

Summarised statement of total comprehensive income

	Year ended 30 September 2021	Period from 27 December 2019 to 30 September 2020	Period from 1 October 2019 to 26 December 2019
	Accounted as a joint venture under IAS 28	*Accounted as a joint venture under IAS 28*	*Accounted as a subsidiary*
	£m	£m	£m
Revenue	**18.4**	29.4	6.9
Cost of sales and operating expenses	**(17.4)**	(28.5)	(6.2)
Interest payable	**(1.1)**	(1.1)	(0.3)
Income tax payable	**–**	(0.1)	–
Total comprehensive (expense)/income	**(0.1)**	(0.3)	0.4

Summarised statement of financial position

	As at 30 September 2021 £m	As at 30 September 2020 £m
Non-current assets		
Property, plant and equipment	**4.3**	4.3
Total non-current assets	**4.3**	4.3
Current assets		
Cash and cash equivalents	**–**	0.1
Other current assets	**3.6**	20.8
Total current assets	**3.6**	20.9
Total assets	**7.9**	25.2
Current liabilities		
Financial liabilities (excluding trade payables and provisions)	**(5.5)**	(24.4)
Other current liabilities	**(0.6)**	(2.1)
Total current liabilities	**(6.1)**	(26.5)
Non-current liabilities		
Financial liabilities (excluding trade payables and provisions)	**(3.1)**	–
Other non-current liabilities	**–**	–
Total non-current liabilities	**(3.1)**	–
Total liabilities	**(9.2)**	(26.5)
Net liabilities	**(1.3)**	(1.3)

26. Investment in associate

In October 2015, the Group acquired 25% of Troy Homes Limited (Troy Homes), a premium housebuilder, and is entitled to 25% of the net returns.

At 30 September 2021, the Company continued to hold equity in its associate. A summary of the investment in the associate is as follows:

	Total £m
Cost	
At 1 October 2020	1.1
Share of loss after tax	(0.1)
At 30 September 2021	**1.0**

Amounts due from associate

	As at 30 September 2021 £m	As at 30 September 2020 £m
Current		
Loans	**3.1**	3.1
Total amounts due from associate	**3.1**	3.1

The above loans are repayable on demand. Interest was charged on the loan amounts at 7% per annum for the period from 1 October 2019 to 31 March 2021 and at 8% thereafter.

Summarised financial information has been included for the associate, as follows.

Troy Homes Limited

For the year ended 30 September 2021, Troy Homes made a loss before tax of £1.0m (2020: loss of £0.4m).

26. Investment in associate CONTINUED

Summarised statement of total comprehensive income

	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m	Fifteen-month period ended 30 September 2019 £m
Revenue	**14.5**	16.0	29.0
Cost of sales and operating expenses	**(14.3)**	(15.0)	(26.2)
Interest (payable)/receivable	**(1.6)**	(1.5)	(2.1)
Income tax receivable/(payable)	**0.1**	0.1	(0.2)
Total comprehensive (expense)/income	**(1.3)**	(0.4)	0.5

Summarised statement of financial position

	As at 30 September 2021 £m	As at 30 September 2020 £m	As at 30 September 2019 £m
Non-current assets			
Investments	**–**	0.1	–
Total non-current assets	**–**	0.1	–
Current assets			
Cash and cash equivalents	**0.7**	0.7	3.0
Other current assets	**34.2**	34.0	32.3
Total current assets	**34.9**	34.7	35.3
Total assets	**34.9**	34.8	35.3
Current liabilities			
Financial liabilities (excluding trade payables and provisions)	**(21.3)**	(21.3)	(18.1)
Other current liabilities	**(1.0)**	(0.9)	(3.8)
Total current liabilities	**(22.3)**	(22.2)	(21.9)
Non-current liabilities			
Financial liabilities (excluding trade payables and provisions)	**(9.0)**	(9.0)	(9.4)
Other non-current liabilities	**–**	–	–
Total non-current liabilities	**(9.0)**	(9.0)	(9.4)
Total liabilities	**(31.3)**	(31.2)	(31.3)
Net assets	**3.6**	3.6	4.0

27. Deferred tax

Group	Revaluation gain £m	Capital losses recognised on revaluation gain £m	Share-based payments £m	Total £m
At 1 October 2019	6.3	(4.3)	(0.8)	1.2
Charged/(credited) to income statement	0.4	0.2	(0.1)	0.5
At 30 September 2020	6.7	(4.1)	(0.9)	1.7
(Credited)/charged to income statement	(1.5)	0.9	(0.1)	(0.7)
At 30 September 2021	**5.2**	**(3.2)**	**(1.0)**	**1.0**

Company				
At 1 October 2020	–	–	(0.7)	(0.7)
(Charged)/credited to income statement	–	–	(0.3)	(0.3)
At 30 September 2021	**–**	**–**	**(1.0)**	**(1.0)**

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable.

No deferred tax asset is recognised in respect of realised or unrealised capital losses if there is uncertainty over future recoverability.

In the Spring Budget 2021, the Government announced that from 1 April 2023, the corporate tax rate will increase to 25%. This new law was substantively enacted in March 2021 and so this new rate has been applied to deferred tax balances (2020: 19%).

28. Inventories

	As at 30 September 2021 £m	As at 30 September 2020 £m	As at 30 September 2019 £m
At 1 October	**178.8**	192.4	136.2
Additions	**66.0**	116.9	159.8
Disposal on sale of controlling interest in subsidiary undertaking	**–**	(36.2)	–
Capitalisation of finance costs	**–**	0.8	1.3
Capitalisation of employee costs	**6.3**	5.7	8.1
Charged to income statement	**(100.5)**	(99.6)	(111.9)
Transferred from/(to) investment property	**15.9**	0.9	4.3
Impairment	**(2.6)**	(2.1)	(0.2)
At 30 September	**163.9**	178.8	197.6

Analysis of inventories

	As at 30 September 2021 £m	As at 30 September 2020 £m	As at 30 September 2020 £m
Work in progress	**75.2**	101.5	115.2
Land	**88.7**	72.1	82.4
	163.9	173.6	197.6

Certain of the inventories are secured against the Group's borrowings. For details see Note 32.

29. Trade and other receivables

	Group			Company		
	As at 30 September 2021 £m	As at 30 September 2020 £m	As at 30 September 2019 £m	**As at 30 September 2021 £m**	As at 30 September 2020 as restated £m	As at 30 September 2019 as restated £m
Trade receivables from contract revenue with customers	**62.1**	18.9	14.7	**–**	–	–
Contract assets (costs to obtain contracts) due in less than one year	**5.0**	–	–	**–**	–	–
Prepayments and accrued income	**22.0**	30.8	18.9	**–**	–	–
Other receivables	**27.8**	11.2	11.8	**0.4**	0.1	1.6
Deferred tax	**–**	–	–	**1.0**	0.7	0.8
Amounts owed by Group undertakings	**–**	–	–	**85.6**	72.4	51.1
Trade and other receivables due in less than one year	**116.9**	60.9	45.4	**87.0**	73.2	53.5
Contract assets (costs to obtain contracts) due in more than one year	**12.0**	–	–	**–**	–	–
Other receivables due in more than one year	**24.3**	22.3	21.8	**–**	–	–
	141.2	83.2	67.2	**87.0**	73.2	53.5

Materially, all of the trade receivables are receivables from contract revenue and management fees with customers.

The carrying value of trade and other receivables classified at amortised cost is considered a reasonable approximation of fair value.

Within prepayments and accrued income falling due in less than one year is £11.3m (30 September 2020: £2.1m) relating to income accrued on a construction contract.

Included within other receivables due in greater than one year is £22.0m (30 September 2020: £20.7m) in relation to the sale of the Group's beneficial interest of 50% in Cheshunt Lakeside Developments Limited. See Note 25 for further details.

Included in prepayments and accrued income due in less than one year is £nil (30 September 2020: £10.6m) treated as short term as it represents the normal operating cycle of business but is not expected to be retained until greater than one year.

Deferred tax of £1.0m (30 September 2020: £0.7m) in the Company is expected to be realised after one year.

The Group does not hold any collateral as security.

As is outlined in Note 4, the Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9 for trade receivables. The Group applies the general approach to providing for expected credit losses prescribed by IFRS 9 for other receivables. The expected credit loss provision in the current year was £1.7m in the Group (30 September 2020: £2.8m) and £nil in the Company (30 September 2020: £nil).

In the Company, amounts owed by Group undertakings of £85.6m (30 September 2020: £72.4m), although classified as due within one year due to their legal agreements with the debtor, could be recovered after more than one year should the debtors' circumstance not permit repayment on demand.

Other receivables

	Group		
	As at 30 September 2021 £m	As at 30 September 2020 £m	As at 30 September 2019 £m
Due in less than one year			
Sale of subsidiary	**–**	–	2.9
Sale of interest in joint venture	**–**	–	2.1
Loan facility	**25.3**	7.9	4.2
Other	**2.5**	3.3	2.6
	27.8	11.2	11.8
Due in more than one year			
Sale of interest in joint venture	**22.0**	20.7	19.9
Other	**2.3**	1.6	1.9
	24.3	22.3	21.8

Within other receivables due in more than one year is £2.3m (30 September 2020: £1.6m) relating to retentions receivable from construction contracting clients.

29. Trade and other receivables CONTINUED

Loan facility includes amounts as follows:

	As at 30 September 2021 £m	As at 30 September 2020 £m	As at 30 September 2019 £m	Repayment status	Interest status
Hillingdon Properties Limited	**7.3**	4.1	4.1	Repayable on demand	Non-interest bearing
Hounslow Property Developments Limited	**7.0**	–	–	Repayable on demand	Interest rate of 4%
Inland (Southern) Limited	**10.5**	2.8	0.1	Repayable on demand	Interest rate of 4%
Gallions Developments Limited	**0.5**	0.7	–	Repayable on demand	Non-interest bearing
Brook Street Properties Limited	**–**	0.3	–	Repayable on demand	Interest rate of 4%
	25.3	7.9	4.2		

30. Assets held for sale

The assets held for sale relate to surplus existing investment properties at Wilton Park which will not be developed. The assets were transferred based on a Directors' valuation as shown in the table below. Management expect disposal of these assets to occur within 12 months of the balance sheet date and post balance sheet disposals are disclosed in Note 43.

	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m	Fifteen-month period ended 30 September 2019 £m
At 1 October	**12.5**	4.7	–
Transfer (to)/from investment properties	**(2.5)**	5.8	4.7
Additions	**0.8**	–	–
Assets sold	**(8.2)**	–	–
Fair value adjustment	**(1.2)**	2.0	–
	1.4	12.5	4.7

31. Cash and cash equivalents

	Group			Company	
	As at 30 September 2021 £m	As at 30 September 2020 £m	As at 30 September 2019 £m	As at 30 September 2021 £m	As at 30 September 2020 £m
Cash at bank	**12.1**	15.7	10.9	**7.3**	8.2

Included in cash at bank is a restricted amount of £nil (2020: £4.7m) held in a bank account over which the Homes and Communities Agency had a charge as part of their security for a development loan advanced to the Group. On 29 April 2021, the loan facility was repaid and the charge was released.

32. Borrowings

	< 1 year £m	1 to 2 years £m	2 to 3 years £m	3 to 4 years £m	4 to 5 years £m	> 5 years £m	Total £m
At 30 September 2021							
Secured bank loans	30.7	34.2	–	–	–	3.4	68.3
Secured other loans	22.3	–	–	–	–	–	22.3
Borrowings	53.0	34.2	–	–	–	3.4	90.6
Zero Dividend Preference shares		–	32.0	–	–	–	32.0
Loans from joint ventures	–	–	–	–	–	–	–
Other financing arrangements	7.6	–	–	–	–	–	7.6
Gross debt	**60.6**	**34.2**	**32.0**	**–**	**–**	**3.4**	**130.2**
Cash and cash equivalents	(12.1)	–	–	–	–	–	(12.1)
Net debt	**48.5**	**34.2**	**32.0**	**–**	**–**	**3.4**	**118.1**
At 30 September 2020							
Secured bank loans	41.5	0.8	42.4	–	–	0.7	85.4
Secured other loans	25.3	–	–	13.1	–	–	38.4
Borrowings	66.8	0.8	42.4	13.1	–	0.7	123.8
Zero Dividend Preference shares	–	–	–	30.2	–	–	30.2
Loans from joint ventures	3.1	–	–	–	–	–	3.1
Other financing arrangements	–	6.8	–	–	–	–	6.8
Gross debt	69.9	7.6	42.4	43.3	–	0.7	163.9
Cash and cash equivalents	(15.7)	–	–	–	–	–	(15.7)
Net debt	54.2	7.6	42.4	43.3	–	0.7	148.2
At 30 September 2019							
Secured bank loans	26.8	51.3	1.2	29.6	–	–	108.9
Secured other loans	21.2	–	–	–	7.2	–	28.4
Borrowings	48.0	51.3	1.2	29.6	7.2	–	137.3
Zero Dividend Preference shares	–	–	–	–	25.9	–	25.9
Gross debt	48.0	51.3	1.2	29.6	33.1	–	163.2
Cash and cash equivalents	(10.9)	–	–	–	–	–	(10.9)
Net debt	37.1	51.3	1.2	29.6	33.1	–	152.3
Undrawn committed bank facilities							
Secured bank loans	–	30.6	–	–	–	–	30.6
Secured other loans	3.3	–	–	–	–	–	3.3
At 30 September 2021	**3.3**	**30.6**	**–**	**–**	**–**	**–**	**33.9**
At 30 September 2020	20.0	–	22.6	3.2	–	–	45.8
At 30 September 2019	–	0.4	0.1	14.8	5.3	–	20.6

At 30 September 2021, the bank loans were secured over £29.2m (30 September 2020: £34.9m) of investment property and assets held for sale, £81.3m (30 September 2020: £105.5m) of inventories and £3.6m (30 September 2020: £nil) of property, plant and equipment. The other loans were secured over £nil (30 September 2020: £8.5m) of investment property, £nil (30 September 2020: £4.7m) of property, plant and equipment and £28.8m (30 September 2020: £35.9m) of inventories. The Zero Dividend Preference shares were secured against loans to joint ventures and associates of £35.8m (30 September 2020: £32.9m) and £7.3m of unrestricted cash (30 September 2020: £7.7m).

32. Borrowings CONTINUED

Zero Dividend Preference shares

The Zero Dividend Preference shares carry no entitlement to any dividends or other distributions or to participate in the revenue or any other profits of the Company. The Zero Dividend Preference shareholders have no right to receive notice of, or to attend or vote at, any general meeting of the Company except in those circumstances set out in the Inland Zero Dividend Preference plc's Articles of Association, which would be likely to affect their rights or general interests. At 30 September 2021, there were 18,101,857 Zero Dividend Preference shares in issue (30 September 2020: 18,101,857). An explanation of the fair value of the Zero Dividend Preference shares is included in Note 7. In August 2018, the Zero Dividend Preference shareholders agreed to rollover and extend the facility and will now be repaid on or before 10 April 2024. This was accounted for as a substantial modification due to the significant extension to the term of the debt, the change to the covenants and the substantial change in interest rate. This resulted in no gain or loss being recognised in the Income Statement.

IFRS 7 'Financial liabilities: Disclosure' requires disclosure of the maturity of the Group's remaining contractual financial liabilities. The table below shows the contractual undiscounted cash outflows arising from the Group's gross debt which is split between fixed rate and variable rate borrowings.

	< 1 year £m	1 to 2 years £m	2 to 3 years £m	3 to 4 years £m	4 to 5 years £m	> 5 years £m	Total £m
At 30 September 2021							
Variable rate borrowings	38.0	–	32.0	–	–	–	70.0
Fixed rate borrowings	22.6	34.2	–	–	–	3.4	60.2
Gross debt	60.6	34.2	32.0	–	–	3.4	130.2
Interest on gross debt	4.6	2.3	1.0	0.1	0.1	0.2	8.3
Gross loan commitments	**65.2**	**36.5**	**33.0**	**0.1**	**0.1**	**3.6**	**138.5**
At 30 September 2020							
Variable rate borrowings	41.2	7.3	–	43.3	–	–	91.8
Fixed rate borrowings	28.7	0.3	42.4	–	–	0.7	72.1
Gross debt	69.9	7.6	42.4	43.3	–	0.7	163.9
Interest on gross debt	3.3	2.6	1.5	1.4	0.6	0.1	9.5
Gross loan commitments	73.2	10.2	43.9	44.7	0.6	0.8	173.4
At 30 September 2019							
Variable rate borrowings	26.8	51.3	1.2	29.6	7.2	–	116.1
Fixed rate borrowings	47.1	–	–	–	–	–	47.1
Gross debt	73.9	51.3	1.2	29.6	7.2	–	163.2
Interest on gross debt	5.9	3.6	1.4	0.8	0.2	–	11.9
Gross loan commitments	79.8	54.9	2.6	30.4	7.4	–	175.1

33. Trade and other payables

	Group			Company		
	As at 30 September 2021 £m	As at 30 September 2020 £m	As at 30 September 2019 £m	**As at 30 September 2021 £m**	As at 30 September 2020 £m	As at 30 September 2019 as restated £m
Trade payables	**46.3**	17.0	19.5	**0.2**	0.2	0.1
Other payables	**4.3**	3.9	14.8	**–**	–	0.1
Sales and social security taxes	**0.5**	0.5	0.5	**–**	–	–
Provisions	**0.2**	0.2	0.2	**–**	–	–
Amounts owed to Group undertakings	**–**	–	–	**–**	–	–
Accruals	**33.2**	11.2	12.7	**0.3**	0.6	0.4
Trade and other payables due in less than on year	**84.5**	32.8	47.7	**0.5**	0.8	0.6
Amounts owed to Group undertakings	**–**	–	–	**32.1**	30.3	26.2
	84.5	32.8	47.7	**32.6**	31.1	26.8

The carrying value of trade and other payables is considered to be a reasonable approximation of fair value.

Included within trade payables is £37.0m (30 September 2020: £9.1m) relating to amounts payable in relation to construction contracts in the contract income segment and £5.2m (30 September 2020: £4.3m) in relation to construction contracts in the housebuilding segment.

34. Lease liabilities

IFRS 16 'Leases' was adopted on 1 October 2019 without restatement of comparative figures. On adoption, lease liabilities were measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease, which in the Group's case was the Group's incremental borrowing rate on commencement of the lease.

The Group has a lease for the Head Office facility at Burnham Yard, and a car. These have been presented on the Statement of Financial Position as right-of-use assets and lease liabilities.

The lease imposes a restriction that the right-of-use asset can only be used by the Group and is non-cancellable for six years from the commencement of the lease. Further, the Group is prohibited from selling or pledging the underlying leased asset as security and the Group must keep the property in a good state of repair and return the property in its original condition at the end of the lease. The lease is secured by the related underlying asset.

The Group has elected not to recognise a lease liability for short-term leases (leases with an expected term of 12 months or less) or for leases of low value assets. Payments made under such leases are expensed on a straight-line basis.

	Year ended 30 September 2021 £m	Year ended 30 September 2020 £m
At 1 October	1.2	–
On adoption of IFRS 16 'Leases'	–	1.4
Additions	–	–
Interest	–	0.1
Lease payments	(0.3)	(0.3)
At 30 September	**0.9**	**1.2**

Leases are presented in the Group Statement of Financial Position as follows:

	As at 30 September 2021 £m	As at 30 September 2020 £m	As at 30 September 2019 £m
Current	**0.3**	0.3	–
Non-current	**0.6**	0.9	–
	0.9	1.2	–

Future minimum lease payments at 30 September 2021 were as follows:

	<1 year £m	**1 to 2 years £m**	**2 to 3 years £m**	**3 to 4 years £m**	**4 to 5 years £m**	**>5 years £m**	**Total £m**
Lease liabilities secured against right-of-use asset	0.3	0.3	0.3	–	–	–	0.9
	0.3	**0.3**	**0.3**	**–**	**–**	**–**	**0.9**

The expense relating to payments not included in the measurement of the lease liability is immaterial.

35. Commitments and leases

Operating lease commitments where the Group is the lessor

The Group leases houses, commercial properties, modular homes and land under non-cancellable operating lease agreements to third parties. The leases have varying terms, escalation clauses and renewal rights.

The future aggregate minimum lease receipts under non-cancellable operating leases are as follows:

	As at 30 September 2021 £m	As at 30 September 2020 £m
Due in less than one year	**0.6**	1.1
Due later than one year and not later than five years	**0.5**	0.6
Due later than five years	**–**	0.4
	1.1	2.1

There were no other significant leasing arrangements where the Group is lessor at either 30 September 2021 or 30 September 2020.

36. Other financial liabilities

Other financial liabilities, falling due within one year, of £4.8m (30 September 2020: £0.3m) and falling due greater than one year of £3.6m (30 September 2020: £nil) relate to purchase consideration on inventories falling due within one year. Other financial liabilities falling due within one year of £7.6m (30 September 2020: £nil) and falling due greater than one year of £nil (30 September 2020: £6.8m) relate to the recognition of another financial liability.

37. Deferred income

	As at 30 September 2021 £m	As at 30 September 2020 £m
Deferred income, due in less than one year	**5.5**	10.0
Deferred income, due in greater than one year	**–**	2.1

The deferred income due within one year arises due to the differences between customer certification of contract income recognised under the input method of IFRS 15 and amounts billed to customers.

38. Contingencies

Subsidiary guarantees of bank loans and other loans

The Company has guaranteed the obligations of certain subsidiaries with regards to bank loans and other loans as follows:

	As at 30 September 2021 £m	As at 30 September 2020 £m	As at 30 September 2019 £m
Chapel Riverside Developments Limited	**–**	8.6	7.2
High Wycombe Developments Limited	**–**	–	2.2
Hugg Homes Limited	**0.3**	0.7	–
Inland Commercial Property Limited	**–**	0.5	1.3
Inland Homes Developments Limited	**34.4**	42.8	30.3
Inland Limited	**3.3**	4.0	4.0
Inland Property Finance Limited	**11.6**	14.3	17.2
Inland (STB) Limited	**17.2**	17.2	8.8
Rosewood Housing Limited	**0.7**	0.7	–
	67.5	88.8	71.0

All of the above subsidiaries are going concerns. High Wycombe Developments Limited was no longer a subsidiary as of 30 September 2021 and 2020.

Subsidiary guarantees of payment of subcontractors

The Group has guaranteed the obligations of certain subsidiaries with regards to the payments of subcontractors. No guarantees were considered significant at either 30 September 2021 nor 30 September 2020.

Subsidiary guarantees of build performance obligations

Inland Homes plc has guaranteed the build performance obligations of Inland Partnerships Limited on its contracts with certain housing associations and buy to rent operators. The Directors do not consider that these guarantees would be called up.

Associate guarantee to Troy Homes Limited

Inland Homes plc has guaranteed the obligations of Poole Investments Limited on its commitments to its associate company, Troy Homes Limited. Further information regarding the associate can be found in Note 26.

No provisions have been made in these Financial Statements in respect of any of these contingent liabilities.

38. Contingencies CONTINUED

Joint ventures and associate

Unless otherwise noted, the Group has no commitments to its joint ventures or associate.

For Cheshunt Lakeside Developments Limited, the Group is committed to contributing all costs not funded by external borrowings together with its joint venture partner.

For Europa Park LLP, the Group is committed to contributing 50% of all costs not funded by external borrowings and no further costs are expected.

For Gardiners Park LLP, the Group is committed to contributing 50% of all costs not funded by external borrowings and no further costs are expected.

For High Wycombe Developments Limited, the Group is committed to contributing all assets not funded by external borrowings together with its joint venture partner.

39. Share capital and reserves

Group and Company

The Group and Company has two classes of share capital and five types of reserves organised as follows:

Ordinary shares

Except for the shares held in the Employee Benefit Trust and the Treasury reserve, each share has the right to one vote and is entitled to participate in any distribution made by the Company, including the right to receive a dividend. Ordinary shares issued after the balance sheet date but prior to the date of this report are disclosed in Note 43.

Deferred shares

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

The movement in the number of shares in issue is shown in the table below.

	Authorised, issued and fully paid			
	10p ordinary shares		10p deferred shares	
	Number	£m	Number	£m
At 30 September 2019	207,366,045	20.7	9,980	–
Issued on exercise of LTIP	225,000	–	–	–
Issued on placing and subscriptions for new ordinary shares	20,750,000	2.1	–	–
At 30 September 2020	228,341,045	22.8	9,980	–
Issued on exercise of share options	1,750,000	0.2	–	–
Issued on placing and subscriptions for new ordinary shares	–	–	–	–
At 30 September 2021	**230,091,045**	**23.0**	**9,980**	**–**

	10p ordinary shares Number
Total voting shares[1]	
At 30 September 2019	205,738,545
At 30 September 2020	226,713,545
At 30 September 2021	**228,463,545**

1 Ordinary shares in issue less shares held in the Employee Benefit Trust and the Treasury reserve

39. Share capital and reserves CONTINUED

Reserves

The following describes the nature and purpose of each reserve within shareholders' equity:

Reserve	Description and purpose
Share premium	Amount subscribed for share capital in excess of nominal value less directly attributable issue costs.
Employee benefit trust	This represents the purchase of the Company's own shares and are deducted from total equity until they are issued to employees under the Deferred Bonus Plan. At 30 September 2021, this reserve holds 1,627,500 shares (2020: 1,627,500 shares).
Special reserve	A resolution was passed at the AGM in November 2011 for the capitalisation of the Parent Company's reserves to allow for the possibility of distributions in the future and this was put in the Special Reserve, which is a distributable reserve. A copy of this resolution is available from Companies House.
Retained earnings	Cumulative net gains and losses recognised in the Group statement of comprehensive income together with other items such as dividends and share-based payments.

	10p ordinary shares	
	Number	£m
Employee Benefit Trust		
At 30 September 2020	1,627,500	(1.1)
At 30 September 2021	**1,627,500**	**(1.1)**

40. Cash flow information

Net debt reconciliation

		Cash flows			Non-cash		
	As at 30 September 2020 £m	Cash flows £m	Proceeds £m	Repayments £m	Amounts derecognised on acquisition of controlling interest in subsidiary undertaking £m	Movement in accrued liability £m	**As at 30 September 2021 £m**
Secured bank loans	85.4	–	13.5	(30.4)	–	(0.2)	**68.3**
Other secured loans	38.4	–	6.9	(23.1)	–	0.1	**22.3**
Borrowings	123.8	–	20.4	(53.5)	–	(0.1)	**90.6**
Zero Dividend Preference shares	30.2	–	–	–	–	1.8	**32.0**
Other financing arrangements	6.8	–	–	–	–	0.8	**7.6**
Loans from joint ventures	3.1	–	–	–	(3.1)	–	**–**
Gross debt	163.9	–	20.4	(53.5)	(3.1)	2.5	**130.2**
Cash and cash equivalents	(15.7)	3.6	–	–	–	–	**(12.1)**
Net debt	148.2	3.6	20.4	(53.5)	(3.1)	2.5	**118.1**
Net assets	173.0	–	–	–	–	–	**183.0**
Net gearing	85.7%	–	–	–	–	–	**64.5%**

40. Cash flow information CONTINUED

	As at 1 October 2019 £m	Cash flows £m	Cash flows: Proceeds £m	Cash flows: Repayments £m	Non-cash movements: Amounts derecognised on disposal of controlling interest in subsidiary undertaking £m	Non-cash movements: Movement in accrued liability £m	As at 30 September 2020 £m
Secured bank loans	108.9	–	31.6	(30.4)	(23.6)	(1.1)	85.4
Other secured loans	28.4	–	13.1	(3.0)	–	(0.1)	38.4
Borrowings	137.3	–	44.7	(33.4)	(23.6)	(1.2)	123.8
Zero Preference Dividend shares	25.9	–	2.7	–	–	1.6	30.2
Other financing arrangements	–	–	3.1	–	–	–	3.1
Loans from joint ventures	–	–	6.6	–	–	0.2	6.8
Gross debt	163.2	–	57.1	(33.4)	(23.6)	0.6	163.9
Cash and cash equivalents	(10.9)	(4.8)	–	–	–	–	(15.7)
Net debt	152.3	(4.8)	57.1	(33.4)	(23.6)	0.6	148.2
Net assets	162.2	–	–	–	–	–	173.0
Net gearing	93.9%	–	–	–	–	–	85.7%

	As at 1 July 2018 £m	Cash flows £m	Non-cash movements: Amortisation of loan arrangement fees £m	Non-cash movements: Non-cash receivable settlement £m	Non-cash movements: Movement in accrued liability £m	As at 30 September 2019 £m
Secured bank loans	67.4	38.5	1.7	1.3	–	108.9
Other secured loans	34.3	(5.9)	–	–	–	28.4
Borrowings	101.7	32.6	1.7	1.3	–	137.3
Zero Dividend Preference shares	18.4	6.2	–	–	1.3	25.9
Gross debt	120.1	38.8	1.7	1.3	1.3	163.2
Cash and cash equivalents	(40.4)	29.5	–	–	–	(10.9)
Net debt	79.7	68.3	1.7	1.3	1.3	152.3
Net assets	142.4	–	–	–	–	162.2
Net gearing	56.0%	–	–	–	–	93.9%

41. Prior year adjustments

During the year, the Directors identified instances where prior year judgments relating to the Group and Company's accounting policies required amendment. For this reason, prior year figures have been restated and the details are summarised below:

1) Deferred contingent consideration payments (Group)

The Group has a prior year adjustment in respect of deferred contingent consideration payments for the site at Wilton Park, Beaconsfield not being recognised in prior periods.

Site assembly occurred in 2010 when the Group entered into two land option contracts which committed to deferred contingent consideration payments on grant of a planning permission for the site over a period from the date of the planning consent. The two land option contracts also contained standard overage clauses which are triggered in certain future circumstances based on the actual delivery of housing for the site.

The Group did not recognise in 2019 the deferred contingent consideration payments on the grant of a planning permission. The liability of £6.0m was triggered in September 2019 of which, £4.8m remains unpaid at 30 September 2021.

There is no impact on profit after tax for the fifteen-month period ended 30 September 2019 as the grant of the planning application for Wilton Park was achieved on 20 September 2019. Had the deferred contingent consideration payments been recognised as at 30 September 2019, the liability of £6.0m would have been discounted to present value, resulting in the recognition of a non-current other financial liability of £5.2m.

There is an impact of £0.3m on profit after tax for the year ended 30 September 2020 as a result of the unwinding of the discount.

Management have reviewed in the period all relevant legacy contracts and their review was based on historic archive and knowledge of the Group's activities over a ten-year period. Management have identified no other instances where the Group has entered into land contracts where there was a deferred contingent consideration payment that has triggered and remains unrecorded at the year end.

The impact on the financial statements for the fifteen-month period ended 2019 and the year ended 30 September 2020 are shown below:

	As at 30 September 2020 £m	As at 30 September 2019 £m
Closing net assets as originally stated	173.3	162.2
Net asset restatement in respect of adjustment	(0.3)	–
Restated closing net assets	**173.0**	**162.2**

41. Prior year adjustment CONTINUED

	As at 30 September 2019 as reported	Adjustment	As at 30 September 2019 as restated	Effect of trading year	Impact of 2019 adjustment on 2020 trading	As at 30 September 2020 as restated
ASSETS	£m	£m	£m	£m	£m	£m
Non-current assets						
Investment properties	49.3	–	49.3	(5.8)	–	43.5
Property, plant and equipment	6.3	–	6.3	(0.7)	–	5.6
Right-of-use assets	–	–	–	1.2	–	1.2
Intangible assets	0.3	–	0.3	(0.1)	–	0.2
Investments in quoted companies	1.1	–	1.1	(0.6)	–	0.5
Investment in subsidiaries	–	–	–	–	–	–
Investment in joint ventures	8.0	–	8.0	0.8	–	8.8
Amount due from joint ventures	1.0	–	1.0	(1.0)	–	–
Investment in associate	1.3	–	1.3	(0.2)	–	1.1
Other receivables	21.8	–	21.8	0.5	–	22.3
Deferred tax	–	–	–	–	–	–
Total non-current assets	**89.1**	**–**	**89.1**	**(5.9)**	**–**	**83.2**
Current assets						
Inventories	192.4	5.2	197.6	(24.0)	5.2	178.8
Trade and other receivables	45.4	–	45.4	15.5	–	60.9
Assets held for sale	4.7	–	4.7	7.8	–	12.5
Amounts due from associate	3.3	–	3.3	(0.2)	–	3.1
Amounts due from joint ventures	34.8	–	34.8	7.4	–	42.2
Cash and cash equivalents	10.9	–	10.9	4.8	–	15.7
Total current assets	**291.5**	**5.2**	**296.7**	**11.3**	**5.2**	**313.2**
TOTAL ASSETS	**380.6**	**5.2**	**385.8**	**5.4**	**5.2**	**396.4**
LIABILITIES						
Current liabilities						–
Bank loans and overdrafts	(48.0)	–	(48.0)	6.5	–	(41.5)
Other loans	–	–	–	(25.3)	–	(25.3)
Trade and other payables	(47.7)	–	(47.7)	14.9	–	(32.8)
Deferred income	–	–	–	(10.0)	–	(10.0)
Amounts due to joint ventures	–	–	–	(6.2)	–	(6.2)
Lease liabilities	–	–	–	(0.3)	–	(0.3)
Corporation tax	(2.2)	–	(2.2)	(0.9)	–	(3.1)
Other financial liabilities	(4.1)	–	(4.1)	4.1	(2.0)	(2.0)
Total current liabilities	**(102.0)**	**–**	**(102.0)**	**(17.2)**	**(2.0)**	**(121.2)**
Non-current liabilities						
Bank loans	(82.1)	–	(82.1)	38.2	–	(43.9)
Other loans	(7.2)	–	(7.2)	(5.9)	–	(13.1)
Deferred income	–	–	–	(2.1)	–	(2.1)
Lease liabilities	–	–	–	(0.9)	–	(0.9)
Other financial liabilities	–	(5.2)	(5.2)	(1.6)	(3.5)	(10.3)
Zero Dividend Preference shares	(25.9)	–	(25.9)	(4.3)	–	(30.2)
Deferred tax	(1.2)	–	(1.2)	(0.5)	–	(1.7)
Total non-current liabilities	**(116.4)**	**(5.2)**	**(121.6)**	**22.9**	**(3.5)**	**(102.2)**
TOTAL LIABILITIES	**(218.4)**	**(5.2)**	**(223.6)**	**5.7**	**(5.5)**	**(223.4)**
Net current assets	**189.5**	**5.2**	**194.7**	**(5.9)**	**3.2**	**192.0**
Net assets	**162.2**	**–**	**162.2**	**11.1**	**(0.3)**	**173.0**

41. Prior year adjustment CONTINUED

2) Presentation of an intragroup balances (Company)

In the prior year a balance of £12.5m was shown as 'Investment in subsidiaries.' Upon review, the Directors have concluded this was incorrect as the Company had transferred its investments in subsidiaries to another subsidiary in exchange for an intercompany receivable of the same amount.

The prior year comparatives have been restated to decrease fixed assets in the Company Statement of Financial Position by £12.5m and increase current trade and other receivables in the Company Statement of Financial Position by £12.5m.

The adjustment has no overall effect on the total net assets of the Company at either 30 September 2021, 30 September 2020 or 30 September 2019 or on the Company profit for either the year ended 30 September 2021, the year ended 30 September 2020 or the fifteen-month period ended 30 September 2019.

3) Intercompany balances (Company)

In the prior year a balance of £59.9m was shown as an intercompany debtor and £nil as an intercompany creditor. Upon review, the Directors have concluded this was incorrect as the Company is counterparty to a loan agreement with Inland ZDP plc where the gross proceeds of the ZDP shares are lent to the Company for use in investment opportunities. The Company subsequently lent the gross proceeds to Inland Homes 2013, as the intermediate holding company.

The prior year comparatives have been restated to increase the amounts owed by group undertakings and amounts owed to group undertakings by £30.3m. The adjustment has no overall effect on the total net assets of the Company at either 30 September 2021, 30 September 2020 or 30 September 2019 or on the Company profit for either the year ended 30 September 2021, the year ended 30 September 2020 or the fifteen-month period ended 30 September 2019.

42. Related party transactions

Nish Malde is a Non-executive Director of Troy Homes Limited, an associate of the Group. Please see Note 26 for balances outstanding from the associate and contractual terms of the debtors at 30 September 2021 and as at 30 September 2020.

The Group has interests in several joint ventures, all of which are considered to be material. Further information, including the Group's share of the net assets and net results of these joint ventures, as well as outstanding loan amounts, interest and distributions received can be found in Note 25.

On 4 November 2020, Nish Malde, an Executive Director of the Company, exercised options over ordinary shares of 10p each (ordinary shares) under the unapproved share option scheme. Nish Malde exercised a total of 1,500,000 options and sold 1,000,000 ordinary shares to cover the exercise price and the tax liability arising from the exercise of these options. Following these transactions, Nish Malde holds an interest in 11,496,792 ordinary shares representing approximately 5.0% of the Company's issued share capital.

For details of compensation paid to the Directors and key management please see the Remuneration Committee Report on pages 78–82 and Note 12. For Directors' shareholdings in the Company, please see the Directors' Report on pages 83–84.

43. Post balance sheet events

On 13 October 2021, the Group received a resolution to grant planning permission, subject to the signing of a Section 106 agreement, for a residentially led, mixed-use scheme of 380 homes plus 930sqm of flexible commercial space at Dagenham Dock, Dagenham.

On 8 November 2021, the Group exchanged contracts to sell the final phase of its Carters Quay development in Poole to Bournemouth, Christchurch and Poole ("BCP") Council, receiving an advanced payment of £8.25m, which will provide a further reduction in the Group's borrowings.

On 2 December 2021, Cheshunt Lakeside Developments Limited refinanced existing facilities and procured a new facility with Homes England which will reduce the joint venture's funding cost significantly.

On 17 January 2022, the Group confirmed it had been successful in securing a planning application for the Master Brewer site in Hillingdon, which is an asset management contract supporting a third party investor.

On 21 January 2022, the Group refinanced three loan facilities amounting to £37.9m to 30 June 2023.

Five-year summary (unaudited)

Year ended 30 September

	2021[3] £m	2020[3] £m	2019[2] £m	2018[1] £m	2017[1] £m
Revenue	**181.7**	124.0	147.9	147.4	90.7
Profit before tax	**13.2**	3.7	25.0	19.3	19.6
Inventories	**163.9**	173.6	197.6	136.2	139.9
Cash	**12.1**	15.7	10.9	40.4	26.5
Gross debt	**130.2**	163.9	163.2	120.1	94.5
Net debt	**118.1**	148.2	152.3	79.7	68.0
Net gearing (%)					
IFRS	**64.5**	85.7	93.9	56.0	52.1
EPRA	**47.9**	63.0	65.1	38.6	35.0
Net assets					
IFRS	**183.0**	173.0	162.2	142.4	130.6
EPRA	**246.5**	235.4	233.9	206.7	194.4
Earnings per share (p)					
Basic	**4.21**	0.65	11.79	7.64	7.82
Diluted	**4.13**	0.64	11.49	7.30	7.46
Dividend per share (p)					
Basic	–	–	3.10	1.85	1.40
Diluted	–	–	2.40	2.20	1.70
Net asset value per share (p)					
IFRS	**80.10**	76.31	78.84	70.46	64.64
EPRA Net Asset Value – diluted	**106.00**	101.46	110.55	98.03	91.88
EPRA Net Asset Value – undiluted	**107.88**	103.84	113.69	102.28	96.22
Net reinstatement value per share (p)					
EPRA Net Reinstatement Value – diluted	**106.00**	101.46	N/A[4]	N/A[4]	N/A[4]
EPRA Net Reinstatement Value – undiluted	**107.88**	103.84	N/A[4]	N/A[4]	N/A[4]
Net tangible assets per share (p)					
EPRA Net Tangible Assets – diluted	**105.96**	101.37	N/A[4]	N/A[4]	N/A[4]
EPRA Net Tangible Assets – undiluted	**107.84**	103.75	N/A[4]	N/A[4]	N/A[4]
Net disposal value per share (p)					
EPRA Net Disposal Value – diluted	**105.27**	100.34	N/A[4]	N/A[4]	N/A[4]
EPRA Net Disposal Value – undiluted	**107.14**	102.69	N/A[4]	N/A[4]	N/A[4]

	Number	Number	Number	Number	Number
Private housing units sold	**383**	226	201	275	188
Land plots sold	**601**[5]	107	532	837	780
Land bank plots	**10,055**	11,045	7,796	6,870	6,776
Plots with planning permission and resolution to grant planning consent	**3,689**	2,470	2,956	1,708	2,105
Plots without planning permission	**6,366**	8,575	4,840	5,162	4,671

[1] Twelve-month reporting period ended 30 June
[2] Fifteen-month reporting period ended 30 September
[3] Twelve-month reporting period ended 30 September
[4] These new features of the EPRA Net Asset Valuation metrics can into effect for reporting periods commencing on or after 1 January 2020
[5] This includes plots within the asset management division owned by third parties

List of definitions

Accident Frequency Rate (AFR)
The Accident Frequency Rate is a way of measuring the accidents we have based on a category of accident which is reportable to the Health and Safety Executive under RIDDOR.

Affordable housing
Social rented and intermediate housing provided to specified eligible households whose needs are not met by the market, at a cost low enough for them to afford, determined with regard to local incomes and local house prices.

Brownfield site
Land which has been previously used or built upon.

Community Infrastructure Levy (CIL)
The CIL is a levy payable by developers to local authorities in England and Wales to help deliver infrastructure to support the development of the area.

Diluted figures
Reported results adjusted to include the effects of potential dilutive shares issuable under the Group's share option plans, LTIPs and deferred bonus schemes.

Earnings/earnings per share (EPS)
Earnings represent the profit or loss for the year attributable to equity shareholders and are divided by the weighted average number of ordinary shares in issue during the financial year to arrive at earnings per share.

European Public Real Estate Association (EPRA)
A not-for-profit association with a membership of Europe's leading property companies, investors and consultants which strives to establish best practices in accounting, reporting and corporate governance and to provide high-quality information to investors. EPRA published its latest Best Practices Recommendations in November 2016. In October 2019, the European Public Real Estate Association ('EPRA') published new Best Practice Recommendations ('BPR') for financial disclosures by listed real estate companies. The BPR introduced two new measures of net asset value:

EPRA net tangible assets (NTA) and net disposal value (NDV).

Golden brick
The 'golden brick' is the first brick laid above the foundation level. At this point, the housebuilder can zero rate the sale of land that will form the site of a building provided a building is clearly under construction.

Headroom
This is the amount left to draw under the Group's loan facilities (i.e. the total loan facilities less amounts already drawn).

Help to Buy
Help to Buy is a Government scheme which provides equity loans to buyers of newly constructed homes worth up to £600,000 in England. Buyers have to contribute at least 5% of the property price as a deposit and obtain a mortgage of up to 75% (55% in London) and the Government provides a loan for up to 20% (40% in London) of the price. Eligibility was restricted to first-time buyers from 1 April 2021.

Key Performance Indicators (KPIs)
Activities and behaviours, aligned to both business objectives and individual goals, against which the performance of the Group is annually assessed. Performance measured against them is referenced in the Annual Report.

Net asset value (NAV) per share
Equity shareholders' funds divided by the number of ordinary shares in issue at the balance sheet date.

Net debt
Borrowings plus accrued ZDP liability less cash and cash equivalents.

Net gearing/EPRA net gearing
Loans and accrued ZDP liability less cash as a proportion of IFRS and EPRA net asset value respectively.

Planning permission
Usually granted by the local planning authority, this permission allows a plot of land to be built on, change its use or, for an existing building, be redeveloped or altered. Permission is either 'outline' when detailed plans are still to be approved, or 'detailed' when detailed plans have been approved.

Profit before tax
Profit before tax after excluding any revaluation gains or losses.

Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR)
RIDDOR refers to the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013. The regulations require an employer to report any absence by an employee of seven days or more caused by an accident at work to the Health and Safety Executive.

Section 106 planning agreements (S106)
These are legally-binding agreements or planning obligations entered into between a landowner and a local planning authority, under Section 106 of the Town and Country Planning Act 1990. These agreements are a way of delivering or addressing matters that are necessary to make a development acceptable in planning terms. They are increasingly used to support the provision of services and infrastructure, such as highways, recreational facilities, education, health and affordable housing.

Social housing
Housing that is let at low rents and on a secure basis to people with housing need. It is generally provided by councils and organisations such as housing associations.

Advisers and Company information

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