

**Report of the Directors and**  
**Financial Statements**  
**for the Period 22 June 2017 to 31 March 2018**  
**for**  
**Aequus Construction Limited**

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**for the Period 22 June 2017 to 31 March 2018**

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**Aequus Construction Limited**

**Company Information**  
**for the Period 22 June 2017 to 31 March 2018**

**DIRECTORS:**

D P E Quilter  
T Richens

**REGISTERED OFFICE:**

20 Old Bond Street  
Bath  
BA1 5BP

**REGISTERED NUMBER:**

10832066 (England and Wales)

**Report of the Directors**  
**for the Period 22 June 2017 to 31 March 2018**

The directors present their report with the financial statements of the company for the period 22 June 2017 to 31 March 2018.

**INCORPORATION**

The company was incorporated on 22 June 2017.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the period under review was that of property development and construction.

**REVIEW OF BUSINESS**

It gives me great pleasure to present this Annual Report to shareholders, the first since establishment of Aequus Construction Limited (ACL) in June 2017.

ACL was established as a wholly owned subsidiary of Aequus Developments Limited (ADL), to deliver the construction and development of sites for Bath & North East Somerset Council (the Council).

The creation of ACL has allowed both ADL and ACL to focus on their differing businesses and to take advantage of the different areas of expertise of management and professional advisors.

**Operational progress: The project**

During the year, the first ACL project, Riverside View, Keynsham, started on site in November 2017; the project will deliver 95 apartments through renovation of an old office building.

The strip out of the building was almost complete by the end of March 18; the contractors for the shell and core works have been appointed and since the year end have started on site. Soft market launch is anticipated for early Autumn 2018 and first sales are anticipated in Spring 2019.

In the meantime, ACL is working with the Council to bring forward further development sites during 2018/19 and also working on potential Joint Ventures with local public bodies.

The development pipeline of sites is a key priority for the business.

The executive team has demonstrated their capacity for innovation, proactively seeking opportunities both within and outside the Bath and North East Somerset area, looking at options for independent purchase and development and for working with and for partner public bodies.

Some of this innovation will lead to real opportunities and to a pipeline which will bring further confidence for future years and continued returns to the shareholder.

**Financial performance**

In total, £1.6m worth of capital receipt has been returned to the Council on completion of the lease for Riverside View plus £260,000 worth of works to retail units, together with interest and arrangement payments on loans to a total of £45,707.

The Council target for revenue returns from ADL and ACL is £300,000 for 2017/18 increasing to £450,000 in 2018/19 and £600,000 thereafter. This will be met by interest returns, and dividend release.

The ability of ADL and ACL to meet this target is largely dependent on the development pipeline; at this point we are encouraged by the performance of our pipeline opportunities which gives us confidence for the future.

**The opportunity**

ACL will work with its shareholder and partners to continue to grow the pipeline of developments to ensure that it delivers sustainable growth and returns to its shareholder.

We will bring forward sites quickly, not land banking, promote low energy homes delivering sustainable communities and working with the local housing teams to deliver schemes that meet identified local needs.

The quality and number of homes for the future extends beyond the current pipeline of developments. We will seek to new opportunities both through working in partnership and via our acquisition programme to bring forward sites that address agreed local housing needs and generate a return to our shareholder.

**EVENTS SINCE THE END OF THE PERIOD**

Information relating to events since the end of the period is given in the notes to the financial statements.

**Report of the Directors**  
**for the Period 22 June 2017 to 31 March 2018**

**DIRECTORS**

The directors who have held office during the period from 22 June 2017 to the date of this report are as follows:

M Shields - appointed 22 June 2017  
D P E Quilter - appointed 22 June 2017  
T Richens - appointed 22 June 2017

M Shields ceased to be a director after 31 March 2018 but prior to the date of this report.

Both the directors who are eligible offer themselves for election at the forthcoming first Annual General Meeting.

**FINANCIAL INSTRUMENTS**

Aequus Construction's financial risk management objectives and policies, including exposure to market risk, credit risk and liquidity risk are set out in note 14 to the financial statements.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

**AUDITORS**

The auditors, MHA Monahans, will be proposed for re-appointment at the forthcoming Annual General Meeting.

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

**ON BEHALF OF THE BOARD:**

.....  
T Richens - Director

Date: .....

**Report of the Independent Auditors to the Members of**  
**Aequus Construction Limited**

**Opinion**

We have audited the financial statements of Aequus Construction Limited (the 'company') for the period ended 31 March 2018 which comprise the Statement of Profit or Loss and Other Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the 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 their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its loss for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The directors are responsible for the other information. The other information comprises the information in the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, 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.

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

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Directors.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.

**Report of the Independent Auditors to the Members of**  
**Aequus Construction Limited**

**Responsibilities of directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page three, 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 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

**Auditors' 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 a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.

**Use of our report**

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

Martin Longmore (Senior Statutory Auditor)  
for and on behalf of MHA Monahans  
Statutory Auditor  
Chartered Accountants  
Lennox House  
3 Pierrepont Street  
Bath  
BA1 1LB

Date: .....

**Aequus Construction Limited (Registered number: 10832066)**

**Statement of Profit or Loss and Other Comprehensive Income**  
**for the Period 22 June 2017 to 31 March 2018**

	Notes	£
<b>CONTINUING OPERATIONS</b>		
Revenue		-
Administrative expenses		(163,648)
<b>OPERATING LOSS</b>		(163,648)
Finance costs	5	(337)
<b>LOSS BEFORE TAXATION</b>	6	(163,985)
Taxation	7	25,053
<b>LOSS FOR THE PERIOD</b>		(138,932)
<b>OTHER COMPREHENSIVE INCOME</b>		-
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		(138,932)

The notes form part of these financial statements



**Statement of Financial Position**

**31 March 2018**

	Notes	£
<b>ASSETS</b>		
<b>NON-CURRENT ASSETS</b>		
Deferred tax	15	25,053
<b>CURRENT ASSETS</b>		
Inventories	8	2,478,037
Trade and other receivables	9	117,396
Cash and cash equivalents	10	221,730
		2,817,163
<b>TOTAL ASSETS</b>		<b>2,842,216</b>
<b>EQUITY</b>		
<b>SHAREHOLDERS' EQUITY</b>		
Called up share capital	11	100
Retained earnings	12	(138,932)
<b>TOTAL EQUITY</b>		<b>(138,832)</b>
<b>LIABILITIES</b>		
<b>NON-CURRENT LIABILITIES</b>		
Trade and other payables	13	2,470,000
<b>CURRENT LIABILITIES</b>		
Trade and other payables	13	511,048
<b>TOTAL LIABILITIES</b>		<b>2,981,048</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>2,842,216</b>

The financial statements were approved by the Board of Directors on ..... and were signed on its behalf by:

.....  
T Richens - Director

**Statement of Changes in Equity**  
**for the Period 22 June 2017 to 31 March 2018**

	Called up share capital £	Retained earnings £	Total equity £
<b>Changes in equity</b>			
Total comprehensive income	-	(138,932)	(138,932)
Issue of share capital	100	-	100
	<hr/>	<hr/>	<hr/>
<b>Balance at 31 March 2018</b>	100	(138,932)	(138,832)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

**Statement of Cash Flows**  
**for the Period 22 June 2017 to 31 March 2018**

		£
<b>Cash flows from operating activities</b>		
Cash generated from operations	20	(2,248,033)
Interest paid		(337)
		<hr/>
Net cash from operating activities		(2,248,370)
		<hr/>
<b>Cash flows from financing activities</b>		
New loans in year		2,470,000
Share issue		100
		<hr/>
Net cash from financing activities		2,470,100
		<hr/>
<b>Increase in cash and cash equivalents</b>		221,730
<b>Cash and cash equivalents at beginning of period</b>	21	-
		<hr/>
<b>Cash and cash equivalents at end of period</b>	21	221,730
		<hr/> <hr/>

**Notes to the Financial Statements**  
**for the Period 22 June 2017 to 31 March 2018**

**1. STATUTORY INFORMATION**

Aequus Construction Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

**2. ACCOUNTING POLICIES**

**Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

For 2018, based on their assessment of the company's financial position, future performance, liquidity and risks, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for at least the next twelve months. Thus the company adopts the going concern basis of preparation for the financial statements.

**Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets of the company mainly include cash and cash equivalents, available-for-sale financial assets, trade receivables, loans receivable, finance lease receivables and derivative financial instruments with a positive fair value, including receivables from group companies. Cash and cash equivalents are not included within the category available-for-sale financial assets as these financial instruments are not subject to fluctuations in value. Financial liabilities of the company mainly comprise loans from group companies and trade payables including amounts due to group companies. The company does not make use of the option to designate financial assets or financial liabilities at fair value through profit or loss at inception (Fair Value Option). Based on their nature, financial instruments are classified as financial assets and financial liabilities measured at cost or amortised cost and financial assets and financial liabilities measured at fair value.

Financial instruments are recognised on the Statement of Financial Position when the company becomes a party to the contractual obligations of the instrument. Purchases or sales of financial assets, i.e. purchases or sales under a contract whose terms require delivery of the asset within the time frame established generally by regulation or convention in the marketplace concerned, are accounted for at the trade date.

Initially, financial instruments are recognised at their fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are only recognised in determining the carrying amount, if the financial instruments are not measured at fair value through profit or loss. Subsequently, financial assets and liabilities are measured according to the category to which they are assigned.

**Cash and cash equivalents**

The company considers all highly liquid investments with less than three months maturity from the date of acquisition to be cash equivalents. Cash and cash equivalents are measured at cost.

**Notes to the Financial Statements - continued**  
**for the Period 22 June 2017 to 31 March 2018**

**2. ACCOUNTING POLICIES - continued**

**Impairment of financial assets**

Financial assets, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial asset, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 30 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

**Loans and receivables**

Financial assets classified as loans and receivables are measured at amortised cost using the effective interest method less any impairment losses. Impairment losses on trade and other receivables are recognised using separate allowance accounts.

**Financial liabilities**

Trade and other creditors are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

**Inventories**

Inventories are initially stated at cost or at the fair value at acquisition date and then held at the lower of this initial amount and net realisable value. Costs comprise direct materials and, where applicable, direct labour and those overheads that have been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Land is recognised in inventory when the significant risks and rewards of ownership have been transferred to the company.

**Notes to the Financial Statements - continued**  
**for the Period 22 June 2017 to 31 March 2018**

**2. ACCOUNTING POLICIES - continued**

**Taxation**

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which the company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is recognised in respect of all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority and there is an intention to settle the balances on a net basis.

**Borrowing costs**

Borrowing costs are recognised on an accruals basis and are payable on the company's borrowings. Also included in borrowing costs is the amortisation of fees associated with the arrangement of the financing.

**New and amended standards effective for the period ended 31 March 2018**

The accounting policies adopted are consistent with those applied since incorporation except for the following new and amended IFRSs that impact the company. The nature and impact of each new standard and amendments are described below:

**Annual Improvements 2014 - 2016 cycle**

In December 2016, the IASB issued amendments to three standards as part of its annual improvement cycle. These changes affect IFRS 1 - Deletes the short-term exemptions in paragraphs E3-E7 of IFRS 1, because they have now served their intended purpose, IFRS 12 - Clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10-B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations,

IAS 28 - Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018, the amendment to IFRS 12 for annual periods beginning on or after 1 January 2017.

**Notes to the Financial Statements - continued**  
**for the Period 22 June 2017 to 31 March 2018**

**2. ACCOUNTING POLICIES - continued**

**New standards and interpretations not yet adopted:**

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended 31 March 2018, and have not been applied in preparing these financial statements. Those standards that have relevance to the company are mentioned below:

**IFRS 9 (2014) - Financial Instruments**

IFRS 9 Financial Instruments issued on 24 July 2014 is the IASB's replacement of IAS 39 Financial Instruments: Recognition and Measurement. The Standard includes requirements for recognition and measurement, impairment, derecognition and general hedge accounting. The IASB completed its project to replace IAS 39 in phases, adding to the standard as it completed each phase.

The version of IFRS 9 issued in 2014 supersedes all previous versions and is mandatorily effective for periods beginning on or after 1 January 2018 with early adoption permitted (subject to local endorsement requirements). For a limited period, previous versions of IFRS 9 may be adopted early if not already done so provided the relevant date of initial application is before 1 February 2015.

IFRS 9 will impact the company by the classification, measurement, impairment and de-recognition of financial instruments.

**IFRS 15 - Revenue from contracts with customers**

IFRS 15, effective for years beginning after 1 January 2018, replaces all existing revenue requirements in IFRS (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers and SIC 31 Revenue - Barter Transactions Involving Advertising Services) and applies to all revenue arising from contracts with customers. It also provides a model for the recognition and measurement of disposal of certain non-financial assets including property, equipment and intangible assets. The standard outlines the principles an entity must apply to measure and recognise revenue. The core principle is that an entity will recognise revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer.

The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract.

Given the company is yet to recognise revenue, future revenue of the company will be recognised in accordance with this standard.

**Notes to the Financial Statements - continued**  
**for the Period 22 June 2017 to 31 March 2018**

**2. ACCOUNTING POLICIES - continued**

**Annual Improvements 2014 - 2016 cycle**

In December 2016, the IASB issued amendments to three standards as part of its annual improvement cycle. These changes affect IFRS 1 - Deletes the short-term exemptions in paragraphs E3-E7 of IFRS 1, because they have now served their intended purpose, IFRS 12 - Clarifies the scope of the standard by specifying that the disclosure requirements in the standard, except for those in paragraphs B10-B16, apply to an entity's interests listed in paragraph 5 that are classified as held for sale, as held for distribution or as discontinued operations in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations,

IAS 28 - Clarifies that the election to measure at fair value through profit or loss an investment in an associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment-by-investment basis, upon initial recognition. The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018, the amendment to IFRS 12 for annual periods beginning on or after 1 January 2017.

**Annual Improvements 2015 - 2017 cycle**

In December 2017, the IASB published Annual Improvements to IFRS Standards 2015–2017 Cycle, containing the following amendments to IFRSs:

IFRS 3 Business Combinations and IFRS 11 Joint Arrangements. The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business. IAS 12 Income Taxes. The amendments clarify that the requirements in the former paragraph 52B (to recognise the income tax consequences of dividends where the transactions or events that generated distributable profits are recognised) apply to all income tax consequences of dividends by moving the paragraph away from paragraph 52A that only deals with situations where there are different tax rates for distributed and undistributed profits. IAS 23 Borrowing Costs. The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. Amendments are effective for annual periods beginning on or after 1 January 2019

**3. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

**Critical accounting judgements**

Management have not made any individual critical accounting judgements that are material to the company, apart from those estimations which are set out below.

**Key sources of estimation uncertainty**

Key sources of estimation uncertainty are those which present a significant risk of potential material misstatement to carrying amounts of assets or liabilities within the next financial year. There are no key sources of estimation uncertainty in the financial statements for the period ended 31 March 2018.

**4. EMPLOYEES AND DIRECTORS**

There were no staff costs for the period ended 31 March 2018.

The average number of employees during the period was as follows:

Directors	3
	<hr/>
	£
Directors' remuneration	-
	<hr/>

**5. NET FINANCE COSTS**

	£
Finance costs:	
Loan interest	337
	<hr/>



**Notes to the Financial Statements - continued**  
**for the Period 22 June 2017 to 31 March 2018**

**6. LOSS BEFORE TAXATION**

Breakdown of expenses by nature:

	31.03.2018
	£
Establishment costs	1,655
Administrative expenses	161,843
Finance costs	150
	<hr/>
Total administrative expenses	163,648
	<hr/>

**7. TAXATION**

**Analysis of tax income**

	£
Deferred tax	(25,053)
	<hr/>
Total tax income in statement of profit or loss and other comprehensive income	(25,053)
	<hr/>

The deferred tax income in 2018 relates to the origination and reversal of temporary differences.

For the year ended 31 March 2018 the company was subject to UK corporation tax at a rate of 19%. For future years the company will be subject to corporation tax at 17%.

**8. INVENTORIES**

	£
Work-in-progress	2,478,037
	<hr/>

**9. TRADE AND OTHER RECEIVABLES**

	£
Current:	
VAT	54,591
Prepayments and accrued income	62,805
	<hr/>
	117,396
	<hr/>

**10. CASH AND CASH EQUIVALENTS**

	£
Bank accounts	221,730
	<hr/>

**11. CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			
Number:	Class:	Nominal value:	£
100	Ordinary	£1	100
			<hr/>

On incorporation 100 £1 ordinary shares were issued at par.

**Notes to the Financial Statements - continued**  
**for the Period 22 June 2017 to 31 March 2018**

**12. RESERVES**

Retained  
earnings  
£

Deficit for the period (138,932)

At 31 March 2018 (138,932)

**13. TRADE AND OTHER PAYABLES**

£

Current:

Trade creditors

136,259

Amounts owed to group undertakings

326,362

Accruals and deferred income

48,427

511,048

Non-current:

Amounts owed to group undertakings

2,470,000

Aggregate amounts

2,981,048

**Notes to the Financial Statements - continued  
for the Period 22 June 2017 to 31 March 2018**

**14. FINANCIAL INSTRUMENTS**

This section gives a comprehensive overview of the significance of financial instruments for the company and provides additional information on Statement of Financial Position items that contain financial instruments. The following table presents the carrying amounts of each category of financial assets and liabilities:

	31 March 2018 £
<b>Financial assets</b>	
Loans and receivables	117,396
Cash and cash equivalents	221,730
	<hr/> 339,126
<b>Financial liabilities</b>	
Financial liabilities measured at amortised cost	2,981,048
	<hr/> 2,981,048

The following table presents the fair values and carrying amounts of financial assets and liabilities measured at cost or amortised cost:

	Fair value £	31 March 2018 Carrying value £
<b>Financial assets measured at cost or amortised cost</b>		
Cash and cash equivalents	221,730	221,730
Other current financial assets	117,396	117,396
	<hr/> 339,126	<hr/> 339,126
<b>Financial liabilities measured at cost or amortised cost</b>		
Trade payables	136,259	136,259
Other current financial liabilities	374,789	374,789
Non current financial liabilities	2,470,000	2,470,000
	<hr/> 2,981,048	<hr/> 2,981,048

All financial assets and liabilities are measured at amortised cost.

The fair values of cash and cash equivalents, current receivables, other current financial assets, other assets, trade payables and other current financial liabilities and other liabilities approximate their carrying amount largely due to the short-term maturities of these instruments.

There are no financial assets and liabilities measured at fair value.

**Notes to the Financial Statements - continued**  
**for the Period 22 June 2017 to 31 March 2018**

**FINANCIAL RISK MANAGEMENT**

Exposure to foreign currency, credit, liquidity and cash flow interest rate risks arises in the normal course of the company's business. These risks are limited by the company's financial management policies and practices described below.

**Foreign currency risk**

The company has limited exposure to foreign currency risk. Substantially all of the company's purchases are denominated in sterling.

**Foreign currency sensitivity**

As at the 31 March 2018 the company had no exposure to foreign currency transaction exposure.

**Credit risk and market risk**

The majority of the company's customers are based within the real estate market and therefore industry related changes or economic changes in the housing market present a risk to the company as opposed to credit risks.

**Liquidity risk**

Liquidity risk results from the company's potential inability to meet its financial liabilities, e.g. settlement of its financial debt, paying its suppliers and settling finance lease obligations. Beyond effective net working capital and cash management, the company mitigates liquidity risk by arranging borrowing facilities with its major shareholder BANES.

**Cash flow interest rate risk**

The company is exposed to interest rate risk through the impact of rate changes on interest-bearing borrowings. The company's policy is to obtain the most favourable interest rates available for its borrowings.

The company does not use any derivative instruments to reduce its economic exposure to changes in interest rates.

**Equity price risk**

The company does not hold investments in publicly traded companies. No equity price risk is therefore foreseen for the company.

The following table reflects all contractually fixed undiscounted pay-offs for settlement, repayments and interest resulting from recognised financial liabilities.

	2019 £	2020 £	2021 to 2023 £	2024 and thereafter £
Non derivative financial liabilities	561,048	-	2,470,000	-
Trade payables	136,259	-	-	-
Other financial liabilities	374,789	-	2,470,000	-
There are no derivative financial liabilities.				

Cash outflows for financial liabilities without fixed amount or timing, including interest, are based on the conditions existing at 31 March 2018.

Trade payables and other financial liabilities mainly originate from the financing of assets used in our ongoing operations such as property, plant, equipment and investments in working capital - e.g. trade receivables. These assets are considered in the company's overall liquidity risk.

**Notes to the Financial Statements - continued**  
**for the Period 22 June 2017 to 31 March 2018**

The following table reflects the calculation of the company's net liquidity:

	31 March 2018
	£
Cash and cash equivalents	221,730
Receivables from group companies	-
	<hr/>
Total liquidity	221,730
	<hr/>
Short term debt and current maturities of long term debt	184,686
Amounts due to group companies	326,362
Long term debt	2,470,000
	<hr/>
Total debt	2,981,048
	<hr/>
Net liquidity	(2,759,318)
	<hr/>

**Capital management**

The company defines its capital structure as net debt and equity. The primary objective of the company's capital management is to ensure that it makes optimal use of the working capital generated from its trading profits. The company's management focus is on generating positive cash flow from operations and maintaining a positive relationship of the company's current assets and current liabilities.

**15. DEFERRED TAX**

	£
Income statement	(25,053)
	<hr/>
Balance at 31 March	(25,053)
	<hr/>

Deferred tax assets are measured at the tax rates that are expected to apply in the period when the asset is realised, based on tax rates that have been enacted or substantively enacted at the statement of financial position date.

	Year ended 31 Mar 2018
<b>Assets:</b>	
Property, plant and equipment	-
Provisions and tax losses	25,053
	<hr/>
Deferred tax asset	25,053
	<hr/>
<b>Liabilities:</b>	
Property, plant and equipment	-
Provisions and tax losses	-
	<hr/>
Deferred tax liability	-
	<hr/>
<b>Total deferred tax assets, net</b>	25,053
	<hr/>

Management considers to what extent it is probable that the deferred tax assets will be realised. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible.

**16. ULTIMATE PARENT COMPANY**

The ultimate parent undertaking is Bath and North East Somerset Council (BANES). BANES is the only group entity of which the company is a member for which group accounts are prepared. Copies of Group accounts are available at:  
[www.bathnes.gov.uk/services/your-council-and-democracy/budgets-and-spending/annual-accounts](http://www.bathnes.gov.uk/services/your-council-and-democracy/budgets-and-spending/annual-accounts)

**Notes to the Financial Statements - continued**  
**for the Period 22 June 2017 to 31 March 2018**

**17. CAPITAL COMMITMENTS**

	£
Contracted but not provided for in the financial statements	61,414

**18. RELATED PARTY DISCLOSURES**

Transactions and balances between the company and other members of the group to which it is a member are disclosed below:

Transactions with BANES.

	Year ended 31 March 2018
	£
Purchase of land and property	1,600,000
Other goods and services	201,199
Interest recharge	42,537
Loan arrangement fees	3,170

Year end balances arising from loans received from BANES amount to:

	Period ended 31 March 2018
	£
Loan payable to parent undertaking	2,470,000
Trade payables	326,362

The loan payable to BANES is secured by a fixed and floating charge over the company assets. Interest is charged on the loans at EU base plus 4%. BANES has also provided a guarantee to certain company suppliers.

Transactions with Aequus Developments Limited (immediate parent undertaking)

	Year ended 31 March 2018
	£
Other goods and services	85,101

**REMUNERATION OF KEY MANAGEMENT PERSONNEL**

The remuneration of directors and other members of key management during the year was as follows:

	<b>2018</b>
	£
Seconded officer costs	82,411

These costs were paid to the members of key management by BANES and recharged to Aequus Construction Limited.

**19. EVENTS AFTER THE REPORTING PERIOD**

There were no significant events after the reporting period.

**20. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	£
Loss before taxation	(163,985)
Finance costs	337
	(163,648)
Increase in inventories	(2,478,037)
Increase in trade and other receivables	(117,396)
Increase in trade and other payables	511,048
<b>Cash generated from operations</b>	<b>(2,248,033)</b>

**Notes to the Financial Statements - continued**  
**for the Period 22 June 2017 to 31 March 2018**

21. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Period ended 31 March 2018**

	31.3.18	22.6.17
	£	£
Cash and cash equivalents	221,730	-