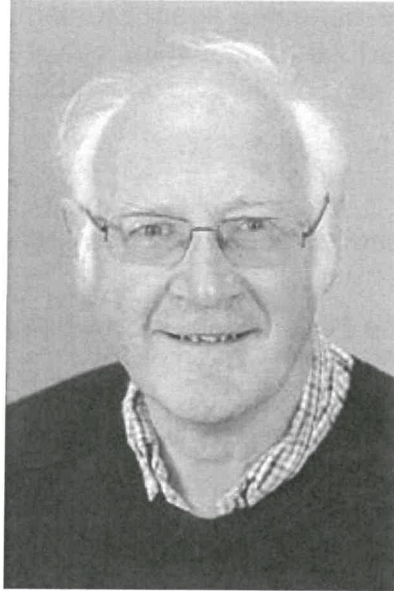


## Aequus Developments Ltd Chairman's Statement



It gives me great pleasure to present this Annual Report to shareholders, my first as Chairman. After over twelve months in the role, I have had the opportunity to see the growing portfolio ADL will be managing, alongside the number of sites for development we have been working on for the delivery of units to the area of Bath & North East Somerset.

The company has built a foundation based on access to the finest local expertise in the area and a deep understanding of the knowledge required and a highly professional investment capability.

We have the opportunity to build on this platform to create important, powerful and valuable businesses, to the benefit of our shareholders and most importantly bringing homes back into use for our wider community.

### **Operational progress: The project**

During the year, a total of nine city centre property refurbishments were completed which gave Aequus Developments a sound start, being a mixture of flats, terraced homes and 1 House of Multiple Occupation (HMO) property, with an additional 14 anticipated to be completed by September 2017.

On top of the existing residential homes, ADL is bringing forward a number of sites as set out in the development pipeline. By the year 2020 we anticipate to have delivered a total number of 300 new homes. In doing this we are working with a number of project teams to get each of these sites off the ground. Each design team is made up of professional advisors liaising closely with the Bath & North East Somerset Council's planning department and focusing on early engagement with communities for each site to ensure we are delivering market need.

I would like to mention the achievement of Riverside Keynsham, the first site to successfully receive both ADL Board and Shareholder approval of the development Business Case in March 2017. We have appointed our first contractors to start on site and will be ready to market the development from May 2018.

REGISTERED NUMBER: 10060817 (England and Wales)

**Report of the Directors and**  
**Financial Statements**  
**for the Period 14 March 2016 to 31 March 2017**  
**for**  
**Aequus Developments Ltd**

**Aequus Developments Ltd**

**Company Information**  
**for the Period 14 March 2016 to 31 March 2017**

**DIRECTORS:**

C D Gerrish  
L J Kew  
R H Marshall  
D P E Quilter  
T Richens  
D P Robathan  
M Shields

**REGISTERED OFFICE:**

Guildhall  
High Street  
Bath  
BA1 5AW

**REGISTERED NUMBER:**

10060817 (England and Wales)

**Report of the Directors**  
**for the Period 14 March 2016 to 31 March 2017**

Our confidence for the future extends beyond our existing portfolio. The quality and number of homes for the future remains important to us and we expect it to lead to exciting opportunities and prospects for further value creation.

**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.

**DIRECTORS**

The directors who have held office during the period from 14 March 2016 to the date of this report are as follows:

C D Gerrish - appointed 14 March 2016  
L J Kew - appointed 14 March 2016  
R H Marshall - appointed 8 December 2016  
D P E Quilter - appointed 14 March 2016  
T Richens - appointed 14 March 2016  
D P Robathan - appointed 30 March 2016  
M Shields - appointed 27 September 2016  
J M Wilkinson - appointed 14 March 2016 - resigned 27 September 2016

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

**FINANCIAL INSTRUMENTS**

Aequus Developments' financial risk management objectives and policies, including exposure to market risk, credit risk and liquidity risk are set out in notes to the accounts.

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

**Report of the Independent Auditors to the Members of**  
**Aequus Developments Ltd**

We have audited the financial statements of Aequus Developments Ltd for the period ended 31 March 2017 on pages seven to twenty five. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

**Respective responsibilities of directors and auditors**

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2017 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.

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

In our opinion, based on the work undertaken in the course of our 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 has been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the company and its environment, we have not identified any material misstatements in the Report of the Directors.

**Aequus Developments Ltd (Registered number: 10060817)**

**Statement of Profit or Loss and Other Comprehensive Income**  
**for the Period 14 March 2016 to 31 March 2017**

	Notes	£
<b>CONTINUING OPERATIONS</b>		
Revenue	3	82,605
Administrative expenses		<u>(218,974)</u>
<b>OPERATING LOSS</b>		<b>(136,369)</b>
Finance costs	5	<u>(19,446)</u>
<b>LOSS BEFORE INCOME TAX</b>	6	<b>(155,815)</b>
Income tax	7	<u>28,391</u>
<b>LOSS FOR THE PERIOD</b>		<b>(127,424)</b>
<b>OTHER COMPREHENSIVE INCOME</b>		<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u>-</u>
<b>FOR THE PERIOD</b>		<b><u>(127,424)</u></b>

The notes form part of these financial statements

**Aequus Developments Ltd (Registered number: 10060817)**

**Statement of Changes in Equity**  
**for the Period 14 March 2016 to 31 March 2017**

	Called up share capital £	Retained earnings £	Total equity £
<b>Changes in equity</b>			
Issue of share capital	100	-	100
Total comprehensive income	-	(127,424)	(127,424)
<b>Balance at 31 March 2017</b>	<u>100</u>	<u>(127,424)</u>	<u>(127,324)</u>

The notes form part of these financial statements

**Notes to the Financial Statements**  
**for the Period 14 March 2016 to 31 March 2017**

**1. STATUTORY INFORMATION**

Aequus Developments Ltd 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, except for investment property which have been measured at fair value.

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

For 2017, 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.

**Revenue recognition**

Under the condition that persuasive evidence of an arrangement exists, revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured, regardless of when the payment is being made. In cases where the inflow of economic benefits is not probable due to customer related credit risks the revenue recognised is subject to the amount of payments irrevocably received. Revenue is measured at the fair value of the consideration received or receivable net of discounts and rebates and excluding taxes or duty.

The specific recognition criteria described below must also be met before income is recognised.

**Rental income**

The company is a lessor in operating leases. Rental income arising from operating leases on investment property is accounted for on a straight-line basis over the lease terms and is included within revenue in the income statement due to its operating nature, except for contingent rental income which is recognised when it arises. Initial direct costs incurred in negotiating and arranging an operating lease are recognised as an expense over the term of the lease on the same basis as income.

**Tenant lease incentives**

Tenant lease incentives are recognised as a reduction of rental revenue on a straight term basis over the term of the lease. The lease term is the non cancellable period of the lease together with any further term for which the tenant has the option to continue the lease, where, at the inception of the lease, the directors are reasonably certain that the tenant will exercise that option.

Amounts received from tenants to terminate leases or to compensate for dilapidation are recognised in the income statement when the right to receive them arises.

**Service charges, management charges and other expenses recoverable from tenants**

Income arising from expenses recharged to tenants is recognised in the period in which the compensation becomes receivable. Service and management charges and other such receipts are included in rental income gross of related costs, as the directors consider that the company acts as a principal in this respect.

**Tenant deposits**

Tenant deposit liabilities are initially recognised at fair value and subsequently measured at amortised cost where material. Any difference between the initial fair value and the nominal amount is included as a component of operating lease income and recognised on a straight line basis over the lease term.



Notes to the Financial Statements - continued  
for the Period 14 March 2016 to 31 March 2017

2. ACCOUNTING POLICIES - continued

**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.

**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.

Notes to the Financial Statements - continued  
for the Period 14 March 2016 to 31 March 2017

2. ACCOUNTING POLICIES - continued

**Provisions**

A provision is recognised in the Statement of Financial Position when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect is material, provisions are recognised at present value by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money. When a contract becomes onerous, the present obligation under the contract is recognised as a provision and measured at the lower of the expected cost of fulfilling the contract and the expected cost of terminating the contract as far as they exceed the expected economic benefits of the contract. Additions to provisions and reversals are generally recognised in the Statement of Income. The present value of recognised obligations associated with the retirement of property, plant and equipment (asset retirement obligations) that result from the acquisition, construction, development and normal use of an asset is added to the carrying amount of the related asset. The additional carrying amount is depreciated over the life of the related asset. Additions to and reductions from the present value of asset retirement obligations that result from changes in estimates are generally recognised by adjusting the carrying amount of the related asset and provision. If the asset retirement obligation is settled for other than the carrying amount of the liability, the company recognises a gain or loss on settlement.

**Borrowing costs**

The company pays or receives interest on some of its intercompany loan balances. These are recognised within interest in the Statement of Income when incurred or receivable. All costs directly attributable to the cost of a qualifying asset are capitalised.

**Notes to the Financial Statements - continued**  
**for the Period 14 March 2016 to 31 March 2017**

**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 2017, 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 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.

**IFRS 16 Leases**

IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17. Effective to annual reporting periods beginning on or after 1 January 2019.

**Transfers of Investment Property (Amendments to IAS 40)**

The amendments to IAS 40 Investment Property: Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use.

The list of examples of evidence in paragraph 57(a) – (d) is now presented as a non-exhaustive list of examples instead of the previous exhaustive list. Effective for annual periods beginning on or after 1 January 2018.

Notes to the Financial Statements - continued  
for the Period 14 March 2016 to 31 March 2017

7. **INCOME TAX**

**Analysis of tax income**

	£
Deferred tax	(28,391)
	<u>                    </u>
Total tax income in statement of profit or loss and other comprehensive income	(28,391)
	<u>                    </u>

The deferred tax income in 2017 relates to the origination and reversal of temporary differences.

For the year ended 31 March 2017 the company was subject to UK corporation tax at a rate of 20%. For future years the company will be subject to corporation tax at 19%.

8. **INVESTMENT PROPERTY**

	Total £
<b>FAIR VALUE</b>	
Additions	1,350,293
	<u>                    </u>
At 31 March 2017	1,350,293
	<u>                    </u>
<b>NET BOOK VALUE</b>	
At 31 March 2017	1,350,293
	<u>                    </u>

9. **TRADE AND OTHER RECEIVABLES**

	£
Current:	
Other debtors	19,370
Prepayments and accrued income	275
	<u>                    </u>
	19,645
	<u>                    </u>

10. **CASH AND CASH EQUIVALENTS**

	£
Bank accounts	94,468
	<u>                    </u>

11. **CALLED UP SHARE CAPITAL**

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

100 Ordinary shares of £1 each were allotted and fully paid for cash at par during the period.

Notes to the Financial Statements - continued  
for the Period 14 March 2016 to 31 March 2017

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 2017 £
<b>Financial assets</b>	
Loans and receivables	19,645
Cash and cash equivalents	94,468
	<hr/>
	114,113
	<hr/>
<b>Financial liabilities</b>	
Financial liabilities measured at amortised cost	1,620,121
	<hr/>
	1,620,121
	<hr/>

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 2017 Carrying value £
<b>Financial assets measured at cost or amortised cost</b>		
Cash and cash equivalents	94,468	94,468
Other current financial assets	19,645	19,645
	<hr/>	<hr/>
	114,113	114,113
	<hr/>	<hr/>
<b>Financial liabilities measured at cost or amortised cost</b>		
Trade payables	13,610	13,610
Other current financial liabilities	251,504	251,504
Non current financial liabilities	1,355,007	1,355,007
	<hr/>	<hr/>
	1,620,121	1,620,121
	<hr/>	<hr/>

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 14 March 2016 to 31 March 2017**

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

	31 March 2017
	£
Cash and cash equivalents	94,468
Receivables from group companies	-
<b>Total liquidity</b>	<b>94,468</b>
Short term debt and current maturities of long term debt	35,228
Amounts due to group companies	179,460
Long term debt	1,355,007
<b>Total debt</b>	<b>1,569,695</b>
<b>Net liquidity</b>	<b>(1,475,227)</b>

**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**

Losses in the year	£ (28,391)
Balance at 31 March	(28,391)

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 2017
<b>Assets:</b>	
Property, plant and equipment	-
Provisions and tax losses	28,391
Deferred tax asset	28,391
<b>Liabilities:</b>	
Property, plant and equipment	-
Provisions and tax losses	-
Deferred tax liability	-
<b>Total deferred tax assets, net</b>	<b>28,391</b>

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.

**Notes to the Financial Statements - continued**  
**for the Period 14 March 2016 to 31 March 2017**

**19. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS**

Loss before income tax	£
Increase in group trade payables	(155,815)
Finance costs	179,460
	<u>19,446</u>
Increase in trade and other receivables	43,091
Increase in trade and other payables	(19,645)
	<u>50,426</u>
<b>Cash generated from operations</b>	<b><u>73,872</u></b>

**20. 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 2017**

	31.3.17	14.3.16
	£	£
Cash and cash equivalents	<u>94,468</u>	<u>-</u>

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.