Report of the Directors and

Financial Statements

for the Year Ended 31 March 2019

for

Aequus Construction Limited

Contents of the Financial Statements for the Year Ended 31 March 2019

Aequus Construction Limited

Company Information
for the Year Ended 31 March 2019

DIRECTORS:	D P E Quilter T Richens
REGISTERED OFFICE:	20 Old Bond Street Bath BA1 5BP
REGISTERED NUMBER:	10832066 (England and Wales)

Aequus Construction Limited

Report of the Directors for the Year Ended 31 March 2019

The directors present their report with the financial statements of the company for the year ended 31 March 2019.

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

REVIEW OF BUSINESS
It gives us great pleasure to present this Annual Report to the shareholder, showing the continued progress of the company.

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

The separation of ADL and ACL allows them to focus on their differing businesses, taking advantage of the different areas of expertise of management and professional advisors, together with separating the risks associated with the specific areas of operation.

Operational progress
During the year, the first ACL project; Riverside View, Keynsham, saw considerable progress with delivery of the project which will provide 95 apartments through renovation of the former Council office building.

The shell and core works were almost complete by the end of March 19; the contractors for the fit-out have been appointed and since the year end have started on site. A soft market launch took take place in early spring 2019 allowing buyers to purchase off-plan.

In the meantime, ACL continues to work with the Council to bring forward further development sites during 2019/20 and is also working on potential Joint Ventures with other local public bodies.

This development pipeline of sites from the Council is the key priority for the sustainability of the business and work is ongoing to formalise the transfer of identified sites.

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 market purchase and development, together with working in partnership with other public bodies.

Some of this innovation will lead to tangible opportunities for development sites to support the pipeline which will bring further confidence for future years and sustainable returns to the shareholder.

Financial performance in total shows that £268k has been returned to the Council, £43k of management charges, together with interest and arrangement payments on loans to a total of £224k.

The Council target for revenue returns from ADL and ACL is £450k for 2018/19 increasing to £730k in 2019/20 and £1m thereafter. This will be met by anticipated interest returns, and potential dividend payments.

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 existing developments and the work to secure this pipeline from the Council which, gives us confidence for the future.

We will continue to focus on the objectives set for the company by our Shareholder.

- Deliver financial returns to support the Council's frontline services
- Bring forward sites quickly for delivery and not land banking,
- Promote low energy homes
- Deliver sustainable developments
- Work with the local housing teams to deliver schemes that meet identified local needs.

EVENTS SINCE THE END OF THE YEAR
Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 April 2018 to the date of this report.

D P E Quilter
T Richens

Other changes in directors holding office are as follows:

M Shields - resigned 30 April 2018

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: ....12/7/19..........

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 year ended 31 March 2019 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 2019 and of its loss for the year 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, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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. This description forms part of our Report of the Auditors.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in 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.

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

Date: 31st July 2019

Aequus Construction Limited

Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31 March 2019

	Notes	Year Ended 31.3.19 £	Period 22.6.17 to 31.3.18 £
CONTINUING OPERATIONS			
Revenue	4	192,209	-
Cost of sales		(131,083)	-
GROSS PROFIT		61,126	-
Administrative expenses		(500,422)	(163,648)
OPERATING LOSS		(439,296)	(163,648)
Finance costs	6	(8,644)	(337)
Finance income	6	73	-
LOSS BEFORE TAXATION	7	(447,867)	(163,985)
Taxation	8	74,422	25,053
LOSS FOR THE YEAR		(373,445)	(138,932)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		(373,445)	(138,932)

The notes form part of these financial statements

Statement of Financial Position
31 March 2019

	Notes	2019 £	2018 £
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	9	19,879	-
Deferred tax	18	99,475	25,053
		119,354	25,053
CURRENT ASSETS			
Inventories	10	8,009,648	2,478,037
Trade and other receivables	11	137,311	117,396
Cash and cash equivalents	12	95,219	221,730
		8,242,178	2,817,163
TOTAL ASSETS		8,361,532	2,842,216
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	13	100	100
Retained earnings	14	(512,377)	(138,932)
TOTAL EQUITY		(512,277)	(138,832)
LIABILITIES			
NON-CURRENT LIABILITIES			
Trade and other payables	15	8,154,876	2,470,000
CURRENT LIABILITIES			
Trade and other payables	15	718,933	511,048
TOTAL LIABILITIES		8,873,809	2,981,048
TOTAL EQUITY AND LIABILITIES		8,361,532	2,842,216

The financial statements were approved by the Board of Directors on 12/7/19 and were signed on its behalf by:

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T Richens - Director

Aequus Construction Limited

Statement of Changes in Equity
for the Year Ended 31 March 2019

	Called up share capital £	Retained earnings £	Total equity £
Changes in equity			
Total comprehensive income	-	(138,932)	(138,932)
Issue of share capital	100	-	100
Balance at 31 March 2018	100	(138,932)	(138,832)
Changes in equity			
Total comprehensive income	-	(373,445)	(373,445)
Balance at 31 March 2019	100	(512,377)	(512,277)

The notes form part of these financial statements

Statement of Cash Flows
for the Year Ended 31 March 2019

	Notes	Year Ended 31.3.19 £	Period 22.6.17 to 31.3.18 £
Cash flows from operating activities			
Cash generated from operations	23	(5,772,997)	(2,248,033)
Interest paid		(8,644)	(337)
Net cash from operating activities		(5,781,641)	(2,248,370)
Cash flows from investing activities			
Purchase of tangible fixed assets		(29,819)	-
Interest received		73	-
Net cash from investing activities		(29,746)	-
Cash flows from financing activities			
Loans from group undertakings		5,684,876	2,470,000
Share issue		-	100
Net cash from financing activities		5,684,876	2,470,100
(Decrease)/increase in cash and cash equivalents		(126,511)	221,730
Cash and cash equivalents at beginning of year	24	221,730	-
Cash and cash equivalents at end of year	24	95,219	221,730

The notes form part of these financial statements

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 2019, 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
The company provides management services to group undertakings. Revenue from providing services is recognised in the accounting period in which the services are rendered.

Property, plant and equipment
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Computer equipment - 33% on straight line basis

Financial instruments
Borrowings
Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

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.

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2. ACCOUNTING POLICIES - continued

Financial assets
Classification:

From 1 April 2018, the company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. The company reclassifies debt investments when and only when its business model for managing those assets changes.

Recognition and derecognition:

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the group has transferred substantially all the risks and rewards of ownership.

Measurement:

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Impairment:

From 1 April 2018, the company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Trade receivables
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are due for settlement within one year and therefore are all classified as current. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade and other payables
These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Accounting policies applied until 31 March 2018
The company has applied IFRS 9 retrospectively, but has elected not to restate comparative information. As a result, the comparative information provided continues to be accounted for in accordance with the group's previous accounting policy.

Assets recognised from costs to fulfil a contract

continued...

2. **ACCOUNTING POLICIES - continued**

Assets are recognised in relation to costs incurred in developing assets that will be used to fulfil future contracts. Contract assets 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.

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 their 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.

Hire purchase and leasing commitments

Rentals payable under operating leases are charged to the income statement on a straight line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the term of the lease.

continued...

2. **ACCOUNTING POLICIES - continued**

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 2019
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:

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).

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.

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 2019, and have not been applied in preparing these financial statements. Those standards that have relevance to the company are mentioned below:

continued...

2. **ACCOUNTING POLICIES - continued**

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.

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.
The effect on the company will be that on the statement of financial position, a right of use asset and a corresponding lease liability must be recognised for both operating and finance leases. In the income statement, any existing operating lease charge which is currently recognised within operating profit will be replaced by a depreciation charge in respect of the right to use the asset, and an interest cost in relation to the lease liability.

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 2019.

4. **REVENUE**

Segmental reporting

All revenue was generated in the United Kingdom.

Revenue from contracts with customers

There is no revenue from contracts with customers in the year ended 31 March 2019.

5. **EMPLOYEES AND DIRECTORS**

There were no staff costs for the year ended 31 March 2019 nor for the period ended 31 March 2018.

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

	Year Ended 31.3.19	Period 22.6.17 to 31.3.18
Directors	2	3

continued...

5. EMPLOYEES AND DIRECTORS - continued

	Year Ended 31.3.19	Period 22.6.17 to 31.3.18
	£	£
Directors' remuneration	-	-

6. NET FINANCE COSTS

	Year Ended 31.3.19	Period 22.6.17 to 31.3.18
	£	£
Finance income:		
Deposit account interest	73	-
Finance costs:		
Loan interest	8,644	337
Net finance costs	8,571	337

7. LOSS BEFORE TAXATION

Breakdown of expenses by nature:

	31.03.2019	31.03.2018
	£	£
Establishment costs	33,571	1,655
Administrative expenses	466,391	161,843
Finance costs	460	150
Total administrative expenses	500,422	163,648

8. TAXATION

Analysis of tax income

	Year Ended 31.3.19	Period 22.6.17 to 31.3.18
	£	£
Deferred tax	(74,422)	(25,053)
Total tax income in statement of profit or loss and other comprehensive income	(74,422)	(25,053)

The deferred tax income in 2019 relates to the origination and reversal of temporary differences.

For the year ended 31 March 2019 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%.

continued...

9. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment £
COST	
Additions	29,819
At 31 March 2019	29,819
DEPRECIATION	
Charge for year	9,940
At 31 March 2019	9,940
NET BOOK VALUE	
At 31 March 2019	19,879

10. INVENTORIES

	2019 £	2018 £
Asset recognised from costs incurred to fulfil a contract	8,009,648	2,478,037

11. TRADE AND OTHER RECEIVABLES

	2019 £	2018 £
Current:		
Trade debtors	1,320	-
Amounts owed by group undertakings	4,161	-
Other debtors	6,625	-
VAT	95,234	54,591
Prepayments and accrued income	29,971	62,805
	137,311	117,396

12. CASH AND CASH EQUIVALENTS

	2019 £	2018 £
Bank accounts	95,219	221,730

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019 £	2018 £
100	Ordinary	£1	100	100

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

continued...

14. RESERVES

	Retained earnings £
At 1 April 2018	(138,932)
Deficit for the year	(373,445)
At 31 March 2019	(512,377)

15. TRADE AND OTHER PAYABLES

	2019 £	2018 £
Current:		
Trade creditors	39,451	136,259
Amounts owed to group undertakings	52,844	326,362
Accruals and deferred income	626,638	48,427
	718,933	511,048
Non-current:		
Amounts owed to group undertakings	8,154,876	2,470,000
Aggregate amounts	8,873,809	2,981,048

16. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2019 £	2018 £
Within one year	4,989	-
Between one and five years	9,563	-
	14,552	-

continued...

17. **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 2019 £	31 March 2018 £
Financial assets		
Loans and receivables	137,311	117,396
Cash and cash equivalents	95,219	221,730
	232,530	339,126
Financial liabilities		
Financial liabilities measured at amortised cost	8,873,809	2,981,048
	8,873,809	2,981,048

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

	31 March 2019 Fair value £	31 March 2019 Carrying value £	31 March 2018 Fair value £	31 March 2018 Carrying value £
Financial assets measured at cost or amortised cost				
Cash and cash equivalents	95,219	95,219	221,730	221,730
Other current financial assets	137,311	137,311	117,396	117,396
	232,530	232,530	339,126	339,126
Financial liabilities measured at cost or amortised cost				
Trade payables	39,451	39,452	136,259	136,259
Other current financial liabilities	679,482	679,482	374,789	374,789
Non current financial liabilities	8,154,876	8,154,876	2,470,000	2,470,000
	8,873,809	8,873,809	2,981,048	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.

continued...

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.

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 parent company 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.

	2020	2021	2022 to 2024	2025 and thereafter
	£	£	£	£
Non derivative financial liabilities	718,932	2,470,000	5,684,876	-
Trade payables	39,450	-	-	
Other financial liabilities	679,482	2,470,000	5,684,876	-

(i) There are no derivative financial liabilities.

(ii) Cash outflows for financial liabilities without fixed amount or timing, including interest, are based on the conditions existing at 31 March 2019.

(iii) 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.

continued...

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

	31 March 2019	31 March 2018
	£	£
Cash and cash equivalents	95,219	221,730
Receivables from group companies	-	-
Total liquidity	95,219	221,730
Short term debt and current maturities of long term debt	666,089	184,686
Amounts due to group companies	52,844	326,362
Long term debt	8,154,876	2,470,000
Total debt	8,873,809	2,981,048
Net liquidity	(8,778,590)	(2,759,318)

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.

18. DEFERRED TAX

	2019	2018
	£	£
Balance at 1 April	(25,053)	-
Income statement	(74,422)	(25,053)
Balance at 31 March	(99,475)	(25,053)

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 2019	Year ended 31 Mar 2018
Assets:		
Property, plant and equipment	-	-
Provisions and tax losses	99,475	25,053
Deferred tax asset	99,475	25,053
Liabilities:		
Property, plant and equipment	-	-
Provisions and tax losses	-	-
Deferred tax liability	-	-
Total deferred tax assets, net	99,475	25,053

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.

19. 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

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20. CAPITAL COMMITMENTS

	2019	2018
	£	£
Contracted but not provided for in the financial statements	-	61,414

21. 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 2019	Period ended 31 March 2018
	£	£
Purchase of land and property	-	1,600,000
Other goods and services	363,639	201,199
Interest recharge	218,249	42,537
Loan arrangement fees	7,685	3,170
Services Income	90,449	-

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

	Year ended 31 March 2019	Period ended 31 March 2018
	£	£
Loan payable to parent undertaking	8,154,876	2,470,000
Trade payables	52,844	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 2019	Period ended 31 March 2018
	£	£
Other goods and services	43,435	85,101
Sales - Recharge	5,492	-

Year end balances arising from from Aequus Developments Limited amount to:

	Year ended 31 March 2019	Period ended 31 March 2018
	£	£
Trade receivable	4,161	-

REMUNERATION OF KEY MANAGEMENT PERSONNEL

The remuneration of directors during the year was as follows:

	2019	**2018**
	£	**£**
Seconded officer costs	236,606	82,411

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

22. EVENTS AFTER THE REPORTING PERIOD

There were no significant events after the reporting period.

continued...

23. RECONCILIATION OF LOSS BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	Year Ended 31.3.19	Period 22.6.17 to 31.3.18
	£	£
Loss before taxation	(447,867)	(163,985)
Depreciation charges	9,940	-
Movement in group trade payables	(277,679)	-
Finance costs	8,644	337
Finance income	(73)	-
	(707,035)	(163,648)
Increase in inventories	(5,531,611)	(2,478,037)
Increase in trade and other receivables	(15,754)	(117,396)
Increase in trade and other payables	481,403	511,048
Cash generated from operations	(5,772,997)	(2,248,033)

24. 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:

Year ended 31 March 2019

	31.3.19	1.4.18
	£	£
Cash and cash equivalents	95,219	221,730

Period ended 31 March 2018

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

Aequus Construction Limited

Income Statement Summaries
for the Year Ended 31 March 2019

	Year Ended 31.3.19 £	Period 22.6.17 to 31.3.18 £
REVENUE		
Sales	192,209	-
	192,209	-
COST OF SALES		
Purchases	131,083	-
	131,083	-
ADMINISTRATIVE EXPENSES		
Establishment costs		
Rent	16,741	-
Rates and water	6,252	-
Insurance	10,578	1,655
Administrative expenses		
Telephone	1,438	-
Post and stationery	854	-
Travel	10,327	529
Repairs and renewals	23,635	-
Computer costs	6,749	4,080
Sundry expenses	7,874	600
Management recharges	326,268	112,060
Temporary staff	34,821	-
Motor expenses	7,304	-
Accountancy	-	16,603
Legal fees	21,637	19,471
Auditors' remuneration	15,271	6,500
Auditors' remuneration for non audit work	273	2,000
Depreciation of tangible fixed assets		
Computer equipment	9,940	-
Finance costs		
Bank charges	460	150
	500,422	163,648
FINANCE COSTS		
Loan interest	8,644	337
	8,644	337
FINANCE INCOME		
Deposit account interest	73	-
	73	-

This page does not form part of the statutory financial statements