

REGISTERED NUMBER: 10060817 (England and Wales)

**Report of the Directors and**  
**Financial Statements**  
**for the Year Ended 31 March 2021**  
**for**  
**Aequus Developments Limited**

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**for the Year Ended 31 March 2021**

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**Aequus Developments Limited**

**Company Information**  
**for the Year Ended 31 March 2021**

**DIRECTORS:**

C D Gerrish  
L J Kew  
R H Marshall  
D P E Quilter  
T Richens  
D P Robathan  
A Wright  
Mrs M Hyde

**REGISTERED OFFICE:**

Guildhall  
Bath  
BA1 5AW

**REGISTERED NUMBER:**

10060817 (England and Wales)

**Aequus Developments Limited**

**Report of the Directors  
for the Year Ended 31 March 2021**

The directors present their report with the financial statements of the company for the year ended 31 March 2021.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of an investment property company.

**REVIEW OF BUSINESS**

It gives me great pleasure to present this Annual Report to the shareholder. This report focusses on the business of Aequus Developments Limited (ADL) with the results for our 100% subsidiary, Aequus Construction Ltd (which deals with the construction and development sites) being reported separately in the Annual Report of ACL.

During this fifth full year of operation, I have had the opportunity to see the continued development of the residential rental portfolio ADL provides. We continue to create a sustainable business, to the benefit of our shareholder and most importantly bringing homes back into use for our wider community.

Operational progress during the year has seen ADL purchase a further nine units for rental from the ACL Riverside View, Keynsham development and these were all fully occupied just a few days after completion. A further four properties which transferred in the previous year are now fully refurbished following a small delay due to COVID-19 pandemic and, these are now fully occupied.

Rental income levels have remained healthy during the year. ADL has adopted a standard approach to revaluation of properties across the portfolio based on sector specific data from an independent source giving rise to a positive lease portfolio revaluation exercise. This will be reviewed annually and reflects the current state of the market and a good level of demand for rental properties.

Underlying void levels were 4.65% over the year, after exclusion of new property void and rooms at Stall Street whilst ADL undertook some refurbishments to some of the rooms. We anticipate this void level remaining within the target of 5% as the size of the portfolio continues to increase.

We have continued to work with the Council on the potential to repurpose void properties within its commercial estate for future residential and other uses and this included presenting feasibility options for a Phase 1 list of properties. Following approval to the process for repurposing by the Council Cabinet in July 2021, we will be working with Council officers on bringing these plans to delivery.

As a group of companies, we are now working with our Shareholder to develop a housing pipeline that meets the shareholders objectives for the company going forwards and anticipate an updated Business Plan being brought forward in Autumn 2021.

Financial performance: the total turnover of ADL has increased from £558,018 in 2019/20 to £1,444,202 in 2020/21, this is mainly due to staff now being employed by ADL following a TUPE transfer from the Council in Feb 2020. The ADL staff provide services mainly to ACL generating an income of £1,003,984 (2020: £240,501). The rental income increased from £317,518 in 2019/20 to £440,217 in 20/21 and will continue to grow as the portfolio expands.

Following the Transfer Agreement with the Council in Feb 2020, the Total Comprehensive Income for 2020 was £726,165. This was due to the recognition of accounting standard IAS19 relating to the transfer of the local government pension scheme and the pension liability into the ADL financial statements and the impact on the ADL profit and loss account. As at 31st March 2021 the comprehensive income is £80,889 this reflects the profit for the year of £277,719 less the movement on the actuarial valuation of £196,830.

Excluding the pension expenses included in administrative costs of £97,000 the profit before tax would have been £488,434 instead of £391,434 this is largely due to the lease revaluation in the year of £376,177; this cannot be released as dividend as the lease revaluation is non-distributable; all capital appreciation is though retained for the Council.

In total, £387,619 (2020: £382,067) worth of capital receipts have been paid to the Council for property refurbishments during the year together with interest, arrangement payments on loans and rental income from one exceptional holding outside the core portfolio to a total of £108,941 (2020: £77,641).

The financial performance in the year has been solid which continues to give us confidence for the future. Our executive team continues to look at opportunities to grow ADL in a sustained manner that delivers value to its shareholder and the wider community.

With the progress of the ACL developments we will explore options to expand our rental portfolio through investment in developments as we have with Riverside View in Keynsham. This will support plans to diversify from central Bath and provide good quality rental properties to other areas within Bath & North East Somerset.

**Report of the Directors  
for the Year Ended 31 March 2021**

COVID-19 Pandemic is having an unprecedented impact on business and the economy nationally. The resulting lockdowns have, to date only had a limited impact on our rents received and housing sales together with a short delay in progress of ACL development activity. These impacts are currently anticipated to be relatively short-term in nature and the companies have detailed actions and plans in place to deal with the issues arising.

Future, specific risks, including housing market risk, related to the long-term impact of COVID-19 for the companies are being reviewed on a regular basis by the Board and included as part of regular update briefings provided to the Shareholder.

**FUTURE DEVELOPMENTS**

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 2020 to the date of this report.

C D Gerrish  
L J Kew  
R H Marshall  
D P E Quilter  
T Richens  
D P Robathan  
A Wright  
Mrs M Hyde

**FINANCIAL INSTRUMENTS**

Aequus Developments' financial risk management objectives and policies, including exposure to market risk, credit risk and liquidity risk are set out in note 16 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 or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the 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.

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

**Report of the Directors**  
**for the Year Ended 31 March 2021**

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:**



.....  
C D Gerrish - Director

Date: 20th Sept 2021

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

**Opinion**

We have audited the financial statements of Aequus Developments Limited (the 'company') for the year ended 31 March 2021 which comprise the Statement of Profit or Loss, 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 Statement of Cash Flows, 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 2021 and of its profit 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**

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

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

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

**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 this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Opinions 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 Developments 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.

Based on our understanding of the Company and industry, we identified that the principal risks of non-compliance with laws and regulations related to health and safety, employment law and company legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements of the Company. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006 and taxation legislation. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase revenue or reduce expenditure, and management bias in accounting estimates and judgemental areas of the financial statements. Audit procedures performed by the audit engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Understanding of management's internal controls designed to prevent and detect irregularities, and fraud;
- Reviewing the Company's legal costs to check for non-compliance with laws and regulations and fraud;
- Reviewing Board of Directors minutes;
- Review of tax compliance with the involvement of our tax specialists in the audit;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing of expenses;
- Testing transactions entered into outside of the normal course of the Company's business; and
- Identifying and testing journal entries, in particular any journal entries with fraud characteristics such as journals with round numbers.

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

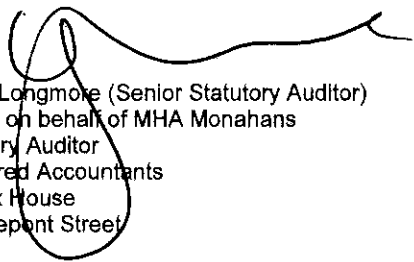
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the Auditors.



**Report of the Independent Auditors to the Members of**  
**Aeguis Developments Limited**

**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: 23 September 2021

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

**Statement of Profit or Loss**  
**for the Year Ended 31 March 2021**

|   | Notes | 2021<br>£      | 2020<br>£      |
|---|-------|----------------|----------------|
| <b>CONTINUING OPERATIONS</b>                    |       |                |                |
| Revenue   | 3     | 1,444,202      | 558,018        |
| Cost of sales                                   |       | (314,767)      | (90,771)       |
| <b>GROSS PROFIT</b>                             |       | 1,129,435      | 467,247        |
| Other operating income                          |       | 14,654         | -              |
| Gain/loss on revaluation of investment property |       | 376,177        | 316,750        |
| Administrative expenses                         |       | (992,625)      | (446,526)      |
| <b>OPERATING PROFIT</b>                         |       | 527,641        | 337,471        |
| Finance costs                                   | 5     | (136,207)      | (77,641)       |
| <b>PROFIT BEFORE TAXATION</b>                   | 6     | 391,434        | 259,830        |
| Taxation  | 7     | (113,715)      | (48,015)       |
| <b>PROFIT FOR THE YEAR</b>                      |       | <u>277,719</u> | <u>211,815</u> |

The notes form part of these financial statements

**Aequus Developments Limited**

**Statement of Profit or Loss and Other Comprehensive Income**  
**for the Year Ended 31 March 2021**

|   | 2021<br>£        | 2020<br>£        |
|---|------------------|------------------|
| <b>PROFIT FOR THE YEAR</b>  | 277,719          | 211,815          |
| <b>OTHER COMPREHENSIVE INCOME</b>   |                  |                  |
| <b>Item that will not be reclassified to profit or loss:</b>                        |                  |                  |
| IAS 19 actuarial gain/loss  | (243,000)        | 69,000           |
| Income tax relating to item that will not be reclassified to profit or loss         | 46,170           | (13,110)         |
|   | <u>(196,830)</u> | <u>55,890</u>    |
| <b>Item that may be reclassified subsequently to profit or loss:</b>                |                  |                  |
| Recognition of IAS 19 pension scheme  | -                | (1,227,000)      |
| Income tax relating to item that may be reclassified subsequently to profit or loss | -                | 233,130          |
|   | <u>-</u>         | <u>(993,870)</u> |
| <b>OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX</b>                   | <u>(196,830)</u> | <u>(937,980)</u> |
| <b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>                                      | <u>80,889</u>    | <u>(726,165)</u> |


The notes form part of these financial statements

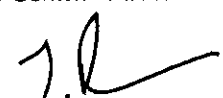
**Aequus Developments Limited (Registered number: 10060817)**

**Statement of Financial Position**  
**31 March 2021**

|                                       | Notes | 2021<br>£               | 2020<br>£               |
|---------------------------------------|-------|-------------------------|-------------------------|
| <b>ASSETS</b>                         |       |                         |                         |
| <b>NON-CURRENT ASSETS</b>             |       |                         |                         |
| Investment property                   | 8     | 7,858,698               | 5,316,075               |
| Investments                           | 9     | 100                     | 100                     |
| Deferred tax                          | 17    | 28,025                  | 68,737                  |
|                                       |       | <u>7,886,823</u>        | <u>5,384,912</u>        |
| <b>CURRENT ASSETS</b>                 |       |                         |                         |
| Trade and other receivables           | 10    | 215,645                 | 143,778                 |
| Cash and cash equivalents             | 11    | 113,252                 | 56,266                  |
|                                       |       | <u>328,897</u>          | <u>200,044</u>          |
| <b>TOTAL ASSETS</b>                   |       | <u><u>8,215,720</u></u> | <u><u>5,584,956</u></u> |
| <b>EQUITY</b>                         |       |                         |                         |
| <b>SHAREHOLDERS' EQUITY</b>           |       |                         |                         |
| Called up share capital               | 12    | 100                     | 100                     |
| Other reserves                        | 13    | 1,319,936               | 964,827                 |
| Pension reserve                       | 13    | (1,134,810)             | (937,980)               |
| Retained earnings                     | 13    | (334,636)               | (257,246)               |
| <b>TOTAL EQUITY</b>                   |       | <u>(149,410)</u>        | <u>(230,299)</u>        |
| <b>LIABILITIES</b>                    |       |                         |                         |
| <b>NON-CURRENT LIABILITIES</b>        |       |                         |                         |
| Financial liabilities - borrowings    |       |                         |                         |
| Interest bearing loans and borrowings | 15    | 6,165,983               | 4,137,824               |
| Pension liability                     | 18    | 1,579,000               | 1,239,000               |
|                                       |       | <u>7,744,983</u>        | <u>5,376,824</u>        |
| <b>CURRENT LIABILITIES</b>            |       |                         |                         |
| Trade and other payables              | 14    | 491,952                 | 340,337                 |
| Financial liabilities - borrowings    |       |                         |                         |
| Interest bearing loans and borrowings | 15    | 101,362                 | 98,094                  |
| Tax payable                           |       | 26,833                  | -                       |
|                                       |       | <u>620,147</u>          | <u>438,431</u>          |
| <b>TOTAL LIABILITIES</b>              |       | <u>8,365,130</u>        | <u>5,815,255</u>        |
| <b>TOTAL EQUITY AND LIABILITIES</b>   |       | <u><u>8,215,720</u></u> | <u><u>5,584,956</u></u> |

The financial statements were approved by the Board of Directors and authorised for issue on 20<sup>th</sup> Sept 2021 and were signed on its behalf by:

  
.....  
C D Gerrish - Director

  
.....  
T Richens - Director

The notes form part of these financial statements

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

**Statement of Changes in Equity**  
**for the Year Ended 31 March 2021**

|  | Called up<br>share<br>capital<br>£ | Retained<br>earnings<br>£ | Other<br>reserves<br>£ | Pension<br>reserve<br>£ | Total<br>equity<br>£ |
|--|------------------------------------|---------------------------|------------------------|-------------------------|----------------------|
| <b>Balance at 1 April 2019</b>           | 100                                | (253,288)                 | 749,054                | -                       | 495,866              |
| <b>Changes in equity</b>                 |                                    |                           |                        |                         |                      |
| Total comprehensive income               | -                                  | 211,815                   | -                      | (937,980)               | (726,165)            |
| Transfer to non distributable<br>reserve | -                                  | (215,773)                 | 215,773                | -                       | -                    |
| <b>Balance at 31 March 2020</b>          | <u>100</u>                         | <u>(257,246)</u>          | <u>964,827</u>         | <u>(937,980)</u>        | <u>(230,299)</u>     |
| <b>Changes in equity</b>                 |                                    |                           |                        |                         |                      |
| Total comprehensive income               | -                                  | 277,719                   | -                      | (196,830)               | 80,889               |
| Transfer to non distributable<br>reserve | -                                  | (355,109)                 | 355,109                | -                       | -                    |
| <b>Balance at 31 March 2021</b>          | <u>100</u>                         | <u>(334,636)</u>          | <u>1,319,936</u>       | <u>(1,134,810)</u>      | <u>(149,410)</u>     |

The notes form part of these financial statements

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

**Statement of Cash Flows**  
**for the Year Ended 31 March 2021**

|   |   | 2021<br>£             | 2020<br>£            |
|---|---|-----------------------|----------------------|
| <b>Cash flows from operating activities</b>             |   |                       |                      |
| Cash generated from operations                          | 1 | 300,915               | 171,106              |
| Interest paid   |   | (108,941)             | (77,641)             |
| Net cash from operating activities                      |   | <u>191,974</u>        | <u>93,465</u>        |
| <b>Cash flows from investing activities</b>             |   |                       |                      |
| Purchase of investment property                         |   | (2,166,445)           | (1,095,666)          |
| Net cash from investing activities                      |   | <u>(2,166,445)</u>    | <u>(1,095,666)</u>   |
| <b>Cash flows from financing activities</b>             |   |                       |                      |
| New loans in year                                       |   | 2,488,867             | 1,132,067            |
| Loan repayments in year                                 |   | (457,410)             | (204,412)            |
| Net cash from financing activities                      |   | <u>2,031,457</u>      | <u>927,655</u>       |
| <b>Increase/(decrease) in cash and cash equivalents</b> |   | <u>56,986</u>         | <u>(74,546)</u>      |
| <b>Cash and cash equivalents at beginning of year</b>   | 2 | 56,266                | 130,812              |
| <b>Cash and cash equivalents at end of year</b>         | 2 | <u><u>113,252</u></u> | <u><u>56,266</u></u> |

The notes form part of these financial statements

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

**Notes to the Statement of Cash Flows**  
**for the Year Ended 31 March 2021**

1. **RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

|   | 2021                  | 2020                  |
|---|-----------------------|-----------------------|
|   | £                     | £                     |
| Profit before taxation                  | 391,434               | 259,830               |
| Gain on revaluation of fixed assets     | (376,177)             | (316,750)             |
| Pension costs                           | 69,000                | 81,000                |
| Finance costs                           | 136,207               | 77,641                |
|   | <u>220,464</u>        | <u>101,721</u>        |
| Decrease in inventories                 | -                     | 4,293                 |
| Increase in trade and other receivables | (71,867)              | (132,514)             |
| Increase in trade and other payables    | 152,318               | 197,606               |
|   | <u>152,318</u>        | <u>197,606</u>        |
| <b>Cash generated from operations</b>   | <b><u>300,915</u></b> | <b><u>171,106</u></b> |

2. **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 2021**

|                           |                |               |
|---------------------------|----------------|---------------|
|                           | 31.3.21        | 1.4.20        |
|                           | £              | £             |
| Cash and cash equivalents | <u>113,252</u> | <u>56,266</u> |

**Year ended 31 March 2020**

|                           |               |                |
|---------------------------|---------------|----------------|
|                           | 31.3.20       | 1.4.19         |
|                           | £             | £              |
| Cash and cash equivalents | <u>56,266</u> | <u>130,812</u> |

**Notes to the Financial Statements**  
**for the Year Ended 31 March 2021**

1. **STATUTORY INFORMATION**

Aequus Developments 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, except for investment property which has 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.

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.

**Preparation of consolidated financial statements**

The financial statements contain information about Aequus Developments Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 399(2A) of the Companies Act 2006 from the requirements to prepare consolidated financial statements.

**Critical accounting judgements and key sources of estimation uncertainty**

There are no key accounting judgements (excluding estimates). The key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year are in connection with the valuation of investment property and the valuation of pension liabilities.

Valuation of property - The fair value of investment property is determined by real estate valuation experts and using recognised valuation techniques and the principles of IFRS 13.

Defined pension liabilities - Note 18 contains the principal assumptions underlying the valuation of defined benefit pension liabilities. These assumptions were set out on the advice of the scheme's actuaries having regard to current market conditions, past history and factors specific to the scheme.

**Changes in accounting policies**

On 31 December 2020 EU-adopted IFRS was brought into UK law and became UK-adopted international accounting standards, with future changes to IFRS being subject to endorsement by the UK Endorsement Board. The financial statements will transition to UK-adopted international accounting standards for financial periods beginning 1 April 2021.

In the current financial year, the Company has adopted a number of minor amendments to standards effective in the year issued by the IASB, none of which have had a material impact on the company. These amendments include IAS 1 and IAS 8 - Definition of Material, and IFRS 3 - Definition of a Business.

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective for the current accounting period. These amendments include amendments to IFRS 16, 'Leases' - Covid-19 related rent concessions, amendments to IAS 1, Presentation of financial statements on classification of liabilities, a number of narrow-scope amendments to IFRS 3, IAS 16 and some annual improvements on IFRS 1, IFRS 9 and IFRS 16 and narrow scope amendments to IAS 1, Practice statement 2 and IAS 8. The above amendments are not expected to have a significant impact on the Company's results.



**Notes to the Financial Statements - continued**  
**for the Year Ended 31 March 2021**

2. **ACCOUNTING POLICIES - continued**

**Revenue recognition**

Rental income from operating leases on investment property is accounted for on a straight-line basis over the lease term except for contingent rental income which is recognised when it arises.

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.

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.

**Investment property**

Investment property is initially measured at cost including transaction costs and subsequently at fair value at each reporting date.

Investment property is valued every five years by a qualified independent valuer. In other years the directors use Parry's Valuation and Investment tables, rental values, and yields provided by Knight Frank to estimate values.

Gains or losses arising from changes in the fair values are included in the income statement.

Investment property disposals are recognised on completion. Profits and losses arising are recognised in the income statement. The profit on disposal is determined as the difference between the net sales proceeds and the carrying amount of the asset at the commencement of the accounting period plus capital expenditure in the period.

**Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost.

**Financial instruments**

Debtors and creditors are initially recognised at fair value and subsequently measured at amortised cost and discounted as appropriate. For trade receivables, the company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

At the end of each reporting period, financial assets are assessed for impairment. Impairments and reversals of impairments are recognised in profit and loss.

**Offsetting**

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**Borrowings**

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**

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 Year Ended 31 March 2021**

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.

Deferred tax is provided on items that may become taxable in the future, or which may be used to offset against taxable profits in the future, on the temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the amounts used for taxation purposes on an undiscounted basis.

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.

**Employee benefit costs**

Retirement benefits to employees of the company are provided by the Local Government Pension Scheme (LGPS). This is a defined benefit scheme.

The LGPS is a funded multi-employer scheme and the assets are held separately from those of the company in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method and discounted at a rate equivalent to the current rate of return on a high quality corporate bond of equivalent term and currency to the liabilities. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date. The amounts charged to operating surplus are the current service costs and the costs of scheme introductions, benefit changes, settlements and curtailments. They are included as part of staff costs as incurred. Net interest on the net defined benefit liability/asset is also recognised in the profit or loss and comprises the interest cost on the defined benefit obligation and interest income on the scheme assets, calculated by multiplying the fair value of the scheme assets at the beginning of the period by the rate used to discount the benefit obligations. The difference between the interest income on the scheme assets and the actual return on the scheme assets is recognised in other recognised gains and losses.

Actuarial gains and losses are recognised immediately in other recognised gains and losses.

**Borrowing costs**

Borrowing costs are recognised on an accruals basis. Included in borrowing costs is the amortisation of fees associated with the arrangement of financing. The company pays and 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.

**Government grants**

Government grant income in relation to the Covid-19 pandemic is accounted for under the accruals model and is recognised in the period in which it becomes receivable, shown in the income statement under other income, matched against expenditure incurred under the accruals concept.

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 March 2021**

**3. REVENUE**

**Revenue from contracts with customers**

All revenue was generated within the United Kingdom.

|                 | 2021             | 2020           |
|-----------------|------------------|----------------|
|                 | £                | £              |
| Rental income   | 440,217          | 317,518        |
| Management fees | 1,003,984        | 240,501        |
|                 | <u>1,444,201</u> | <u>558,019</u> |

The company derives revenue from the transfer of services over time and from the rental of properties mainly to residential tenants.

**Contract balances**

The company has recognised the following liabilities related to contracts with customers:

|                                  | 2021          | 2020          |
|----------------------------------|---------------|---------------|
|                                  | £             | £             |
| Deferred revenue - rental income | 24,860        | 18,576        |
|                                  | <u>24,860</u> | <u>18,576</u> |

**Revenue recognised in relation to contract liabilities**

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities at the beginning of the year:

|               | 2021          | 2020          |
|---------------|---------------|---------------|
|               | £             | £             |
| Rental income | 18,576        | 14,884        |
|               | <u>18,576</u> | <u>14,884</u> |

**4. EMPLOYEES AND DIRECTORS**

|                       | 2021           | 2020           |
|-----------------------|----------------|----------------|
|                       | £              | £              |
| Wages and salaries    | 693,085        | 241,221        |
| Social security costs | 73,250         | 23,335         |
| Other pension costs   | 7,365          | 17,853         |
|                       | <u>773,700</u> | <u>282,409</u> |

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

|           | 2021      | 2020      |
|-----------|-----------|-----------|
| Directors | 8         | 8         |
| Staff     | 8         | 3         |
|           | <u>16</u> | <u>11</u> |

|  | 2021           | 2020           |
|--|----------------|----------------|
|  | £              | £              |
| Directors' remuneration                                    | 300,682        | 94,749         |
| Directors' pension contributions to money purchase schemes | -              | 7,230          |
|  | <u>300,682</u> | <u>101,979</u> |

The number of directors to whom retirement benefits were accruing was as follows:

|                         |          |          |
|-------------------------|----------|----------|
| Defined benefit schemes | <u>2</u> | <u>2</u> |
|-------------------------|----------|----------|

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 March 2021**

4. **EMPLOYEES AND DIRECTORS - continued**

Information regarding the highest paid director for the year ended 31 March 2021 is as follows:

|                |                |
|----------------|----------------|
|                | 2021           |
|                | £              |
| Emoluments etc | <u>141,467</u> |

In the prior year, directors were TUPE'd across from BANES in February 2020 to the Company's payroll. Also in the prior year the Company was recharged £32,259 relating to directors costs.

5. **NET FINANCE COSTS**

|                            |                |               |
|----------------------------|----------------|---------------|
|                            | 2021           | 2020          |
|                            | £              | £             |
| Finance costs:             |                |               |
| Other loan interest        | 108,207        | 77,641        |
| Interest on pension scheme | 28,000         | -             |
|                            | <u>136,207</u> | <u>77,641</u> |

6. **PROFIT BEFORE TAXATION**

The profit before taxation is stated after charging:

|   |               |               |
|---|---------------|---------------|
|   | 2021          | 2020          |
|   | £             | £             |
| Auditors' remuneration                    | 16,750        | 9,028         |
| Auditors' remuneration for non audit work | 2,780         | 4,410         |
|   | <u>19,530</u> | <u>13,448</u> |

7. **TAXATION**

**Analysis of tax expense**

|  |                |               |
|--|----------------|---------------|
|  | 2021           | 2020          |
|  | £              | £             |
| Current tax:                                     |                |               |
| Tax  | 26,833         | -             |
| Deferred tax:                                    |                |               |
| Deferred tax                                     | 105,312        | 63,405        |
| Deferred tax on pension payments                 | (18,430)       | (15,390)      |
| Total deferred tax                               | <u>86,882</u>  | <u>48,015</u> |
| Total tax expense in statement of profit or loss | <u>113,715</u> | <u>48,015</u> |

**Factors affecting the tax expense**

The tax assessed for the year is higher (2020 - lower) than the standard rate of corporation tax in the UK. The difference is explained below:

|   |                |                |
|---|----------------|----------------|
|   | 2021           | 2020           |
|   | £              | £              |
| Profit before income tax  | <u>391,434</u> | <u>259,830</u> |
| Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%) | 74,372         | 49,368         |
| Effects of:   |                |                |
| Disallowed expenses   | 39,515         | 10,806         |
| Allowable expenses  | (15,580)       | -              |
| Gain/loss on revaluation  | (71,474)       | (60,174)       |
| Timing differences  | 86,882         | 48,015         |
| Tax expense   | <u>113,715</u> | <u>48,015</u>  |

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 March 2021**

7. **TAXATION - continued**

The deferred tax expenditure in 2021 relates to the origination and reversal of temporary differences.

8. **INVESTMENT PROPERTY**

|                       | Total<br>£  |
|-----------------------|-------------|
| <b>FAIR VALUE</b>     |             |
| At 1 April 2020       | 5,316,075   |
| Additions             | 2,166,445   |
| Revaluations          | 376,178     |
|                       | <hr/>       |
| At 31 March 2021      | 7,858,698   |
|                       | <hr/>       |
| <b>NET BOOK VALUE</b> |             |
| At 31 March 2021      | 7,858,698   |
|                       | <hr/> <hr/> |
|                       | Total<br>£  |
| <b>FAIR VALUE</b>     |             |
| At 1 April 2019       | 3,903,659   |
| Additions             | 1,095,666   |
| Revaluations          | 316,750     |
|                       | <hr/>       |
| At 31 March 2020      | 5,316,075   |
|                       | <hr/>       |
| <b>NET BOOK VALUE</b> |             |
| At 31 March 2020      | 5,316,075   |
|                       | <hr/> <hr/> |

Fair value at 31 March 2021 is represented by:

|                   | £           |
|-------------------|-------------|
| Valuation in 2018 | 280,524     |
| Valuation in 2019 | 458,052     |
| Valuation in 2020 | 316,750     |
| Valuation in 2021 | 376,178     |
| Cost              | 6,427,194   |
|                   | <hr/>       |
|                   | 7,858,698   |
|                   | <hr/> <hr/> |

9. **INVESTMENTS**

|                                      | Shares in<br>group<br>undertakings<br>£ |
|--------------------------------------|---|
| <b>COST</b>                          |   |
| At 1 April 2020<br>and 31 March 2021 | 100                                     |
|                                      | <hr/>                                   |
| <b>NET BOOK VALUE</b>                |   |
| At 31 March 2021                     | 100                                     |
|                                      | <hr/> <hr/>                             |
|                                      | Shares in<br>group<br>undertakings<br>£ |
| <b>COST</b>                          |   |
| At 1 April 2019<br>and 31 March 2020 | 100                                     |
|                                      | <hr/>                                   |
| <b>NET BOOK VALUE</b>                |   |
| At 31 March 2020                     | 100                                     |
|                                      | <hr/> <hr/>                             |

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

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 March 2021**

9. **INVESTMENTS - continued**

The company's investments at the Statement of Financial Position date in the share capital of companies include the following:

**Aequus Construction Limited**

Registered office: Guildhall, Bath, England, BA1 5AW

Nature of business: Property development

| Class of shares:               | %<br>holding | 2021             | 2020           |
|--------------------------------|--------------|------------------|----------------|
| Ordinary                       | 100.00       | £                | £              |
| Aggregate capital and reserves |              | 3,304,668        | 311,824        |
| Profit for the year            |              | <u>2,993,044</u> | <u>823,901</u> |

10. **TRADE AND OTHER RECEIVABLES**

|                                    | 2021           | 2020           |
|------------------------------------|----------------|----------------|
|                                    | £              | £              |
| Current:                           |                |                |
| Trade debtors                      | 2,198          | -              |
| Amounts owed by group undertakings | 186,824        | 142,001        |
| Other debtors                      | 1,740          | -              |
| Prepayments and accrued income     | 24,883         | 1,777          |
|                                    | <u>215,645</u> | <u>143,778</u> |

11. **CASH AND CASH EQUIVALENTS**

|               | 2021           | 2020          |
|---------------|----------------|---------------|
|               | £              | £             |
| Bank accounts | <u>113,252</u> | <u>56,266</u> |

12. **CALLED UP SHARE CAPITAL**

| Allotted, issued and fully paid: |          | Nominal value: | 2021       | 2020       |
|----------------------------------|----------|----------------|------------|------------|
| Number:                          | Class:   | £              | £          | £          |
| 100                              | Ordinary | £1             | <u>100</u> | <u>100</u> |

All shares rank equally in regards to voting rights. The shares have a nominal value of £1 and were issued at par. All shares rank equally in regards to dividends. All shares rank in proportion to the nominal amount paid up with regards to distributions on winding up or other repayment of capital.

13. **RESERVES**

|                                       | Retained earnings | Other reserves   | Pension reserve    | Totals           |
|---------------------------------------|-------------------|------------------|--------------------|------------------|
|                                       | £                 | £                | £                  | £                |
| At 1 April 2020                       | (257,246)         | 964,827          | (937,980)          | (230,399)        |
| Profit for the year                   | 277,719           |                  |                    | 277,719          |
| Actuarial gains on pension scheme     | -                 | -                | (196,830)          | (196,830)        |
| Transfer to non distributable reserve | (355,109)         | 355,109          | -                  | -                |
| At 31 March 2021                      | <u>(334,636)</u>  | <u>1,319,936</u> | <u>(1,134,810)</u> | <u>(149,510)</u> |

**Notes to the Financial Statements - continued  
for the Year Ended 31 March 2021**

**13. RESERVES - continued**

|  | Retained<br>earnings<br>£ | Other<br>reserves<br>£ | Pension<br>reserve<br>£ | Totals<br>£ |
|--|---------------------------|------------------------|-------------------------|-------------|
| At 1 April 2019                                    | (253,288)                 | 749,054                | -                       | 495,766     |
| Profit for the year                                | 211,815                   |                        |                         | 211,815     |
| Pension scheme liability transferred<br>from BANES | -                         | -                      | (993,870)               | (993,870)   |
| Actuarial gains on pension scheme                  | -                         | -                      | 55,890                  | 55,890      |
| Transfer to non distributable<br>reserve           | (215,773)                 | 215,773                | -                       | -           |
| At 31 March 2020                                   | (257,246)                 | 964,827                | (937,980)               | (230,399)   |

Other reserves represents non distributable retained earnings from revaluation gains on investment property. The pension reserve represents IAS 19 pension liabilities arising as a result of staff having been TUPE'd from the Company from BANES and subsequent actuarial gains/losses on defined benefit pension scheme, net of deferred tax.

**14. TRADE AND OTHER PAYABLES**

|                                    | 2021<br>£      | 2020<br>£      |
|------------------------------------|----------------|----------------|
| Current:                           |                |                |
| Trade creditors                    | 72,715         | 88,631         |
| Amounts owed to group undertakings | 99,812         | 59,275         |
| Social security and other taxes    | 18,355         | 18,675         |
| Other creditors                    | 9,762          | 11,664         |
| Accruals and deferred income       | 243,752        | 123,665        |
| VAT                                | 47,556         | 38,427         |
|                                    | <u>491,952</u> | <u>340,337</u> |

**15. FINANCIAL LIABILITIES - BORROWINGS**

|                                | 2021<br>£        | 2020<br>£        |
|--------------------------------|------------------|------------------|
| Current:                       |                  |                  |
| Bank loans                     | 7,924            | -                |
| Intercompany loans             | 93,438           | 98,094           |
|                                | <u>101,362</u>   | <u>98,094</u>    |
| Non-current:                   |                  |                  |
| Bank loans - 1-2 years         | 42,076           | -                |
| Intercompany loans - 1-2 years | 6,123,907        | 4,137,824        |
|                                | <u>6,165,983</u> | <u>4,137,824</u> |

**Terms and debt repayment schedule**

|                    | 1 year or<br>less<br>£ | 1-2 years<br>£ | 2-5 years<br>£ | More than<br>5 years<br>£ | Totals<br>£      |
|--------------------|------------------------|----------------|----------------|---------------------------|------------------|
| Bank loans         | 7,924                  | 9,730          | 30,691         | 1,655                     | 50,000           |
| Intercompany loans | 93,438                 | 99,138         | 304,083        | 5,720,686                 | 6,217,345        |
|                    | <u>101,362</u>         | <u>108,868</u> | <u>334,774</u> | <u>5,722,341</u>          | <u>6,267,345</u> |

**Aequus Developments Limited**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 March 2021**

**16. 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:

|  | 2021<br>£          | 2020<br>£          |
|--|--------------------|--------------------|
| <b>Financial assets</b>                          |                    |                    |
| Financial assets measured at amortised cost      | 215,645            | 143,778            |
| Cash and cash equivalents                        | 113,252            | 56,266             |
|  | <u>328,897</u>     | <u>200,004</u>     |
| <b>Financial liabilities</b>                     |                    |                    |
| Financial liabilities measured at amortised cost | (401,181)          | (264,660)          |
| Loans  | (6,267,345)        | (4,235,918)        |
|  | <u>(6,668,526)</u> | <u>(4,500,578)</u> |

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

|   | 2021               |                        | 2020               |                        |
|---|--------------------|------------------------|--------------------|------------------------|
|   | Fair value<br>£    | Carrying<br>value<br>£ | Fair Value<br>£    | Carrying<br>Value<br>£ |
| <b>Financial assets measured at cost or amortised cost</b>      |                    |                        |                    |                        |
| Cash and cash equivalents                                       | 113,252            | 113,252                | 56,266             | 56,266                 |
| Other current financial assets                                  | 215,645            | 215,645                | 143,778            | 143,778                |
|   | <u>328,897</u>     | <u>328,897</u>         | <u>200,004</u>     | <u>200,004</u>         |
| <b>Financial liabilities measured at cost or amortised cost</b> |                    |                        |                    |                        |
| Trade payables  | (72,714)           | (72,714)               | (88,631)           | (88,631)               |
| Other current financial liabilities                             | (471,905)          | (471,905)              | (274,123)          | (274,123)              |
| Non current financial liabilities                               | (6,123,907)        | (6,123,907)            | (4,137,824)        | (4,137,824)            |
|   | <u>(6,668,526)</u> | <u>(6,668,526)</u>     | <u>(4,500,578)</u> | <u>(4,500,578)</u>     |

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

Interest is charged on the amounts borrowed from the company's parent at a rate of between 1% and 4% above the base rate (the EC reference rate) and is payable at 6 monthly intervals. The amounts borrowed from the parent are secured by fixed and floating charges over the investment property held by the company.



**Notes to the Financial Statements - continued**  
**for the Year Ended 31 March 2021**

**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 sales and purchases are denominated in sterling.

**Credit risk and market risk**

The company is at risk from its customers defaulting in making payments for services that have been supplied to them or from properties let out to them on long term leases. 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 sole 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. At 31 March 2021 the company's borrowings were in the region of £6.3m (2020: £4.2m), and it is therefore estimated that a general change of one percentage point in the interest rate would affect profit before tax by approximately £63,000 (2020: £42,000).

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.

|                             | 2022<br>£ | 2023<br>£ | 2024 to 2026<br>£ | 2027 and<br>thereafter<br>£ |
|-----------------------------|-----------|-----------|-------------------|-----------------------------|
| Trade payables              | 72,714    | -         | -                 | -                           |
| Other financial liabilities | 510,692   | 176,776   | 530,326           | 7,192,912                   |

The company does not have any derivative financial liabilities.

Cash outflows for financial liabilities without fixed amount or timing, including interest, are based on the conditions existing at 31 March 2021.

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.

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

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 March 2021**

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

|  | 2021<br>£          | 2020<br>£          |
|--|--------------------|--------------------|
| Cash and cash equivalents                                | 113,252            | 56,266             |
| Receivables from group companies                         | 186,824            | 142,001            |
| Total liquidity  | <u>300,076</u>     | <u>198,267</u>     |
| Short term debt and current maturities of long term debt | (101,362)          | (98,094)           |
| Amounts due to group companies                           | (99,812)           | (59,275)           |
| Long term debt   | (6,165,983)        | (4,137,824)        |
| Total debt   | <u>(6,367,157)</u> | <u>(4,295,193)</u> |
| Net liquidity  | <u>(6,067,081)</u> | <u>(4,096,926)</u> |

**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.

17. **DEFERRED TAX**

|                                       | 2021<br>£       | 2020<br>£       |
|---------------------------------------|-----------------|-----------------|
| Balance at 1 April                    | (68,737)        | 103,268         |
| Charged to income statement           | 86,882          | 48,015          |
| Charged to other comprehensive income | (46,170)        | (220,020)       |
| Balance at 31 March                   | <u>(28,025)</u> | <u>(68,737)</u> |

|   | 2021<br>£        | 2020<br>£        |
|---|------------------|------------------|
| <b>Assets:</b>                            |                  |                  |
| Pension Liability                         | 300,010          | 235,410          |
| Provisions and tax losses                 | -                | 33,838           |
| Deferred tax asset                        | <u>300,010</u>   | <u>269,248</u>   |
| <b>Liabilities:</b>                       |                  |                  |
| Investment property                       | (271,985)        | (200,511)        |
| Deferred tax liability                    | <u>(271,985)</u> | <u>(200,511)</u> |
| <b>Net deferred tax asset/(liability)</b> | <u>28,025</u>    | <u>68,737</u>    |

18. **EMPLOYEE BENEFIT OBLIGATIONS**

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

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 March 2021**

The amounts recognised in profit or loss are as follows:

|   | Defined benefit pension plans |                  |
|---|-------------------------------|------------------|
|   | 2021                          | 2020             |
|   | £                             | £                |
| Current service cost                                  | 148,000                       | 28,000           |
| Net interest from net defined benefit asset/liability | 28,000                        | 2,000            |
| Past service cost                                     | -                             | 65,000           |
|   | <u>176,000</u>                | <u>95,000</u>    |
| Actual return on plan assets                          | <u>325,000</u>                | <u>(213,000)</u> |

Changes in the present value of the defined benefit obligation are as follows:

|  | Defined benefit pension plans |                  |
|--|-------------------------------|------------------|
|  | 2021                          | 2020             |
|  | £                             | £                |
| Opening defined benefit obligation                             | 3,060,000                     | -                |
| Current service cost   | 148,000                       | 28,000           |
| Past service cost  | -                             | 65,000           |
| Contributions by scheme participants                           | 41,000                        | 7,000            |
| Interest cost  | 71,000                        | 8,000            |
| Actuarial losses/(gains)                                       | (33,000)                      | (4,000)          |
| Present value of defined benefit obligation on scheme transfer | -                             | 3,240,000        |
| Actuarial (gains)/losses from changes in financial assumptions | <u>558,000</u>                | <u>(284,000)</u> |
|  | <u>3,845,000</u>              | <u>3,060,000</u> |

Changes in the fair value of scheme assets are as follows:

|  | Defined benefit pension plans |                  |
|--|-------------------------------|------------------|
|  | 2021                          | 2020             |
|  | £                             | £                |
| Opening fair value of scheme assets                        | 1,821,000                     | -                |
| Administration expenses                                    | (3,000)                       | -                |
| Contributions by employer                                  | 82,000                        | 14,000           |
| Contributions by scheme participants                       | 41,000                        | 7,000            |
| Interest income  | 43,000                        | 6,000            |
| Actuarial gains/(losses)                                   | 282,000                       | (219,000)        |
| Present value of defined benefit assets on scheme transfer | -                             | 2,013,000        |
|  | <u>2,266,000</u>              | <u>1,821,000</u> |

The amounts recognised in other comprehensive income are as follows:

|  | Defined benefit pension plans |               |
|--|-------------------------------|---------------|
|  | 2021                          | 2020          |
|  | £                             | £             |
| Actuarial (gains)/losses from changes in financial assumptions | (558,000)                     | 284,000       |
| Actuarial gains/(losses)                                       | 315,000                       | (215,000)     |
| Income tax   | 46,170                        | (13,110)      |
|  | <u>(196,830)</u>              | <u>55,890</u> |

**Aequus Developments Limited**

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 March 2021**

The major categories of scheme assets as amounts of total scheme assets are as follows:

|               | Defined benefit pension plans |                  |
|---------------|-------------------------------|------------------|
|               | 2021                          | 2020             |
|               | £                             | £                |
| Equities      | 851,000                       | 793,000          |
| Bonds         | 512,000                       | 267,000          |
| Property      | 163,000                       | 181,000          |
| Alternatives  | 674,000                       | 540,000          |
| Cash Accounts | 66,000                        | 40,000           |
|               | <u>2,266,000</u>              | <u>1,821,000</u> |

Principal actuarial assumptions at the statement of financial position date (expressed as weighted averages):

|                          | 2021  | 2020  |
|--------------------------|-------|-------|
| Discount rate            | 2.20% | 2.30% |
| Future salary increases  | 4.20% | 3.60% |
| Future pension increases | 2.80% | 2.20% |
| CPI Inflation            | 2.70% | 2.10% |

To assess the value of the Employer's liabilities as at 31 March 2021, the actuaries have rolled forward the value of the Employer's liabilities calculated for the latest Triennial valuation allowing for the different financial assumptions required under IAS 19.

The full actuarial valuation involved projecting future cash flows to be paid from the Fund and placing a value on them. These cash flows include pensions currently being paid to members of the Scheme as well as pensions (and lump sums) that may be payable in future to members of the Fund or their dependants. These pensions are linked to inflation and will normally be payable on retirement for the life of the member or a dependant following a member's death.

It is not possible to assess the accuracy of the estimated liability as at 31 March 2021 without completing a full valuation. However, the actuaries are satisfied that the approach of rolling forward the previous valuation data to 31 March 2021 should not introduce any material distortions in the results provided that the actual experience of the Employer and the Fund has been broadly in line with the underlying assumptions, and that the structure of the liabilities is substantially the same as at the latest formal valuation. The contributions expected to be paid in the year to 31 March 2022 are £82,000.

To calculate the asset share the actuaries have rolled forward the assets allowing for investment returns (estimated where necessary), contributions paid into, and estimated benefits paid from, the Fund by and in respect of the company and its employees.

**Valuation Method**

As required under IAS 19, pension fund liabilities and service costs have been calculated using the Projected Unit method of valuation.

**Expected Return on Assets**

The expected return on assets is based on the long-term future expected investment return for each asset class as at the beginning of the period (i.e. as at 1 April 2020 for the year to 31 March 2021). The returns on gilts and other bonds are assumed to be the gilt yield and corporate bond yield (with an adjustment to reflect default risk) respectively at the relevant date. The returns on equities and property are then assumed to be a margin above gilt yields.

**Sensitivity Analysis**

The sensitivity regarding the principal assumptions used to measure the scheme liabilities are set out below:

| Change in assumption at 31 March 2021 | Approximate monetary amount (£000) |
|---------------------------------------|------------------------------------|
| 0.1% increase in discount rate        | (84)                               |
| 0.1% increase in inflation            | 86                                 |
| 0.1% increase in salary growth        | 20                                 |
| 1 year increase in life expectancy    | 107                                |

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

**Notes to the Financial Statements - continued**  
**for the Year Ended 31 March 2021**

18. - continued

**Guarantee**

As part of the conditions for entry of Aequus Development Limited into the Local Government Pension Scheme Bath and North East Somerset Council agreed to act as guarantor in the event that Aequus Development Limited fails to comply with any terms of the Admission Agreement. In default circumstances Bath and North East Somerset Council will assume all obligations and liabilities of Aequus Development Limited including indemnifying the pension scheme administrator for legal and other costs associated with enforcement of the guarantee.

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](http://www.bathnes.gov.uk/services/your-council-and-democracy/budgets-and-spending/annual-accounts)

20. **RELATED PARTY DISCLOSURES**

Transactions and balances between the company and its parent company BANES are disclosed below:

|                                 | 2021      | 2020      |
|---------------------------------|-----------|-----------|
|                                 | £         | £         |
| Purchase of investment property | (387,619) | (382,067) |
| Other goods and services        | (33,772)  | (20,765)  |
| Interest expense                | (108,207) | (77,641)  |
| Loan arrangement fees           | (3,191)   | (2,182)   |
| Sales - Recharges               | 245,206   | 21,270    |

Year end balances arising from loans received and other amounts from BANES amount to:

|                                    | 2021               | 2020               |
|------------------------------------|--------------------|--------------------|
|                                    | £                  | £                  |
| Loan payable to parent undertaking |                    |                    |
| Due in less than one year          | (94,405)           | (98,094)           |
| Due in more than one year          | (6,122,940)        | (4,137,824)        |
|                                    | <u>(6,217,345)</u> | <u>(4,235,918)</u> |
| Trade receivables                  | 90,341             | 14,940             |
| Trade payables                     | (99,812)           | (63,974)           |

The loan payable to BANES is secured by a fixed and floating charge over the assets of the company. Interest is charged on the loans amounting to EU Base plus 1%.

Transactions and balances between the company and its subsidiary Aequus Construction Limited are disclosed below:

|                                 | 2021        | 2020      |
|---------------------------------|-------------|-----------|
|                                 | £           | £         |
| Sales - Recharges               | 770,263     | 228,915   |
| Purchases - Recharged           | (9,171)     | (80,420)  |
| Purchases - Investment Property | (1,895,000) | (600,000) |

Year end balances arising from Aequus Construction Limited amount to:

|                   | 2021   | 2020    |
|-------------------|--------|---------|
|                   | £      | £       |
| Trade receivables | 96,483 | 127,061 |
| Trade payables    | -      | 4,699   |

**REMUNERATION OF KEY MANAGEMENT PERSONNEL**

The remuneration of key management personnel is provided in note 4 as the directors represent key management personnel.

