

Company registration number: 10832066

**Aequus Construction Limited
Annual Report and Financial Statements
Year Ended 31 March 2024**

Company registration number: 10832066

Aequus Construction Limited

Financial Statements

Year Ended 31 March 2024

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Aequus Construction Limited

Company Information

Year Ended 31 March 2024

Company registration number	10832066
Directors	D P E Quilter (Resigned 30 September 2024) T Richens C D Gerrish (Resigned 6 May 2024) M Hyde L J Kew (Resigned 6 May 2024) R H Marshall E Pickering A W Wright V O'Brien S Higham (Appointed 7 May 2024) A Johnston (Appointed 19 August 2024)
Registered office	Cambridge House Henry Street Bath BA1 1BT
Auditor	Bishop Fleming LLP Chartered Accountants and Statutory Auditors 10 Temple Back Bristol BS1 6FL

Aequus Construction Limited

Directors' Report

Year Ended 31 March 2024

The directors present their report with the financial statements of the company for the Year Ended 31 March 2024.

Principal Activity

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

Review of Business

We are pleased to present this Annual Report, which focuses on the business of Aequus Construction Limited (ACL), a local authority housing development and construction company. ACL is a wholly owned subsidiary of Aequus Group Holdings Limited (AGHL) and is dedicated to providing homes for the community in partnership with, Bath & North East Somerset Council. We also work with our partner councils South Gloucestershire Council & North Somerset Council.

Aequus Construction Ltd is actively supporting the Shareholder's corporate strategy to tackle the climate emergency in the housing sector through its commitment to delivering sustainable, low-energy housing. With a focus on both current and new projects, Aequus is pioneering the construction of homes that meet the rigorous AECB (Association for Environment Conscious Building) standards. These homes are designed to significantly reduce energy consumption, minimize carbon emissions, and enhance overall energy efficiency, aligning with the Council's climate objectives.

Our current and future developments will also focus on social value providing a range of affordable housing options within communities. ACL is also committed to working with local businesses on our developments where possible, supporting employment in local areas.

During this year of operation, we have continued to develop and maintain a sustainable business, benefiting our shareholder and, most importantly continued progress in our operations. We are pleased to say that our fourth development at Malmains Drive, Frenchay, is progressing well and, at the 31st March 2024, we had successfully handed over 7 affordable units to Alliance Homes and sold 1 private unit to the market. The development is expected to be finished in Autumn 2024, delivering 30 low energy family homes, 11 of which are affordable.

The U.K. house building market has been relatively strong over the last 12 months, fuelled by the underlying demand for new housing due to population growth and other factors. The construction industry, is subject to fluctuations based on various economic conditions and government policies. Contract price inflation has slowed compared to the previous couple of years however, interest rates continue to remain high and this is likely to continue to impact on ACL's rate of borrowing to fund future developments. Fixing the interest rates at the outset will help to mitigate this risk.

Financial Performance

In the financial year 2023/24, ACL achieved a total turnover of £4,383,919. This includes the handover of seven affordable units and one privately sold unit at Malmains Drive, Frenchay of £1,928,443 and Development Management Services of £2,455,476 resulting in a gross profit of £408,046 and a net profit after overheads and before taxation of £8,961. We will be recognising profit on a more commercial approach going forwards for future projects

B&NES Council revenue financial returns include proposed dividends of £771,000 to be paid to B&NES via Aequus Group Holdings Limited. A dividend of £848,000 relating to 2022/23 was paid to B&NES during this financial year. In terms of capital financial returns, an additional land value payment of £62,630 was made to B&NES due to an underspend on our well managed budgets at our development at 17 Newbridge Hill, Bath.

Financial return of £272k was paid to South Glos Council for commercial interest paid in the financial year

Looking ahead B&NES Council's target revenue returns of £1 million from ADL and ACL for 2024/25 will be met through anticipated interest returns and expected dividend payments.

Aequus Construction Limited

Directors' Report

Year Ended 31 March 2024

We are pleased with our solid financial performance for the year, as the company continues to build a long term sustainable business. We have collaborated with our Shareholder and partners on the current housing pipeline and have an approved a three-year Business Plan (2024/25 to 2025/27) that supports the Shareholder's sustainability and social value objectives for the company. Aequus will continue to support the Council to deliver the right homes in the place to improve availability of affordable housing, accessible to local jobs and services that support and improve peoples lives.

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 2023 to the date of this report.

D P E Quilter (Resigned 30 September 2024)

T Richens

C D Gerrish (Resigned 6 May 2024)

M Hyde

L J Kew (Resigned 6 May 2024)

R H Marshall

E Pickering

A W Wright

V O'Brien

S Higham (Appointed 7 May 2024)

A Johnston (Appointed 19 August 2024)

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 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 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.

Aequus Construction Limited

Directors' Report

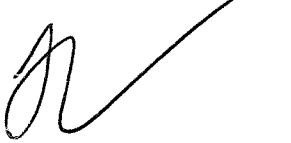
Year Ended 31 March 2024

Auditors

The auditors, Bishop Fleming, 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

A handwritten signature in black ink, appearing to be 'T Richens', written over a horizontal line.

T Richens, Director

Date: 24/9/24

Aequus Construction Limited

Independent Auditor's Report

Year Ended 31 March 2024

We have audited the financial statements of Aequus Construction Limited (the 'company') for the Year Ended 31 March 2024 which comprise the Statement of Profit or Loss and Other Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK adopted international accounting standards.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024, and of its profit for the year then ended;
- have been properly prepared in accordance with UK adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 2 to the financial statements, the company in addition to complying with its legal obligation to apply UK-adopted international accounting standards, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion the financial statements give a true and fair view of the financial position of the company as at 31 March 2024 and of its financial performance and its cash flows for the year then ended in accordance with IFRSs as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK) and applicable law. Our responsibilities under those standards are further described in the Auditor 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 other information comprises the information included in the directors' report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the directors' report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves.

Aequus Construction Limited

Independent Auditor's Report

Year Ended 31 March 2024

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report 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 directors' report.

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

- adequate accounting records have not been kept, 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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.

Auditor responsibilities for the audit of the financial statements

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Aequus Construction Limited

Independent Auditor's Report

Year Ended 31 March 2024

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We have considered the nature of the sector, control environment and financial procedures;
- We have considered the results of enquiries with management and trustees in relation to their own identification of the risk of irregularities within the entity;
- We have reviewed the documentation of key processes and controls and performed walkthroughs of transactions to confirm that the systems are operating in line with documentation.

As a result of these procedures, we have considered the opportunities and incentives that may exist within the organisation for fraud and identified the highest area of risk to be in relation to revenue recognition, with a particular risk in relation to year end cut off. In common with all audits under ISAs (UK) we are also required to perform specific procedures to respond to the risk of management override. We have also obtained understanding of the legal and regulatory frameworks that the company operates in, focusing on provisions of those law and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context include the UK Companies Act, IFRS and UK tax legislation. In addition, we considered the provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or avoid a material penalty.

Our procedures to respond to risks identified included the following:

- Reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having direct effect on the financial statements;
- Performing analytical procedures to identify unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- Reviewing board meeting minutes;
- Enquiring of management in relation to actual and potential claims or litigations;
- Performing detailed transactional testing in relation to the recognition of revenue with a particular focus around year-end cut off; and
- In addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in accounting estimates are indicative of potential bias; and evaluating the business rationale of significant transactions that are unusual or outside the normal course of business.

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

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>. This description forms part of our auditor's report.

Aequus Construction Limited

Independent Auditor's Report

Year Ended 31 March 2024

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 an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Bishop Fleming LLP

Nathan Coughlin
For and on behalf of
Bishop Fleming LLP
Chartered Accountants
Statutory Auditors
10 Temple Back
Bristol
BS1 6FL

Date *10th October 2024*

Aequus Construction Limited

Statement of Profit or Loss and Other Comprehensive Income

Year Ended 31 March 2024

	Note	2024 £	2023 £
Revenue	4	4,383,919	8,056,920
Cost of sales		(3,975,873)	(7,234,721)
Gross profit		<u>408,046</u>	<u>822,199</u>
Other operating income		-	-
Administrative expenses		(486,827)	(499,493)
Profit from operations		<u>(78,781)</u>	<u>322,706</u>
Finance income	7	87,742	31,553
Finance expense		-	(837)
Profit before taxation		<u>8,961</u>	<u>353,422</u>
Taxation	8	1,066	(69,303)
Profit for the year		<u>10,027</u>	<u>284,119</u>
Other comprehensive income for the year		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>10,027</u>	<u>284,119</u>

Aequus Construction Limited

Statement of Financial Position

Year Ended 31 March 2024

	Note	2024 £	2023 £
Non-current assets			
Owned: Property, plant and equipment	9	29,354	36,693
Right of use: Property, plant and equipment	13	-	-
		<u>29,354</u>	<u>36,693</u>
Current assets			
Inventories	10	4,755,037	2,611,002
Trade and other receivables	11	519,770	143,517
Cash and cash equivalents	18	2,370,584	3,254,132
		<u>7,645,391</u>	<u>6,008,651</u>
Current liabilities			
Trade and other payables	12	(1,634,004)	(1,568,644)
Borrowings	14	(4,084,749)	(1,634,749)
Current tax liabilities		(2,239)	(48,391)
		<u>1,924,399</u>	<u>2,756,867</u>
Net current assets			
		<u>1,924,399</u>	<u>2,756,867</u>
Total assets less current liabilities			
		<u>1,953,753</u>	<u>2,793,560</u>
Non-current liabilities			
Borrowings	14	-	-
Deferred tax	8	(7,339)	(9,173)
		<u>(7,339)</u>	<u>(9,173)</u>
Total non-current liabilities			
		<u>(7,339)</u>	<u>(9,173)</u>
Net assets			
		<u>1,946,414</u>	<u>2,784,387</u>
Equity			
Share capital	15	100	100
Retained earnings		1,946,314	2,784,287
		<u>1,946,414</u>	<u>2,784,387</u>

The financial statements were approved and authorised for issue by the Board on 24 September 2024

Signed on behalf of the Board of Directors



T Richens, Director

The notes on pages 15 to 26 form part of these accounts.

Company registration number: 10832066

Aequus Construction Limited

Statement of Changes in Equity

Year Ended 31 March 2024

	Share capital £	Retained earnings £	Total equity £
Balance at 1 April 2022	100	3,669,168	3,668,168
Dividends	-	(1,169,000)	(1,169,000)
Profit for the year	-	284,119	284,119
Balance at 31 March 2023	<u>100</u>	<u>2,784,287</u>	<u>2,784,387</u>
Dividends	-	(848,000)	(848,000)
Profit for the year	-	10,027	10,027
Balance at 31 March 2024	<u>100</u>	<u>1,946,314</u>	<u>1,946,414</u>

Aequus Construction Limited

Statement of Cash Flows

Year Ended 31 March 2024

	Note	2024 £	2023 £
Cash generated from operations	19	(2,526,370)	3,345,597
Interest paid		-	-
Lease interest paid		-	-
Tax paid		(46,920)	-
Net cash flow from operating activities		(2,573,290)	3,345,597
Cash flow from investing activities			
Purchase of tangible fixed assets		-	(36,693)
Interest received		87,742	31,553
Net cash flow from investing activities		87,742	(5,140)
Cash flow from financing activities			
New loans in the year		2,450,000	1,634,749
Repayment of long term loans		-	(3,450,000)
Dividends paid		(848,000)	(1,169,000)
Interest paid		-	(837)
Net cash flow from financing activities		1,602,000	(2,985,088)
Net (decrease) / increase in cash and cash equivalents		(883,548)	355,369
Cash and cash equivalents at 1 April	18	3,254,132	2,898,763
Cash and cash equivalents at 31 March	18	2,370,584	3,254,132
Cash and cash equivalents consists of:			
Cash at bank and in hand	18	2,370,584	3,254,132
Cash and cash equivalents at 31 March	18	2,370,584	3,254,132

Aequus Construction Limited

Notes to the Financial Statements

Year Ended 31 March 2024

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.

2 Accounting policies

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards including standards and interpretations issued by the International Accounting Standards Board and in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006. They have been prepared using the historical cost convention except that as disclosed in the accounting policies below certain items, including investment properties, derivatives, and some investments, are shown at fair value.

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest pound.

2.2 Preparation of consolidated financial statements

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

2.3 Changes in accounting policies

At the date of authorisation of these financial statements, the following standards and interpretations were in issue but not yet effective. As yet, none of these have been endorsed for use in the UK and will not be adopted until such time as endorsement is confirmed.

Supplier Finance Arrangements (Amendments to: IAS 7 Cash Flow Statements, IFRS 7 Financial Instruments: Disclosure)

Lease Liability in a Sale and Leaseback (Amendment to IFRS 16 Leases)

Classification of Liabilities as Current or Non-Current (including Classification of Liabilities as Current or Non-Current – Deferral of Effective Date) (Amendment to IAS 1 Presentation of Financial Statements)

Non-Current Liabilities with Covenants (Amendment to IAS 1 Presentation of Financial Statements)

2.4 Revenue recognition

The company's revenue derives principally from the sale of homes that it has built, and it also provides management services to group undertakings.

Revenue from the sale of properties is recognised when control has been transferred to the purchaser. This generally occurs on completion. Revenue is measured at the fair value of consideration received or receivable for the property, net of discounts and VAT.

Revenue from providing services is recognised in the accounting period in which the services are rendered.

Deposits received for properties sold off plan are initially recognised at fair value and held as deferred income until completion of the property sale when they are recognised as income.

2.5 Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Short leasehold – over period of lease

Motor vehicles – 20% on straight line basis

Computer equipment – 33% on straight line basis

Aequus Construction Limited

Notes to the Financial Statements

Year Ended 31 March 2024

2.6 Assets recognised from costs to fulfil a contract

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, borrowing costs 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.

2.7 Cash and cash equivalents

Cash and cash equivalents comprises cash on hand and time, call and current balances with banks and similar institutions, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. This definition is also used for the statement of cash flows.

2.8 Borrowings

Borrowings are classified as current 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.

2.9 Borrowing costs

Borrowing costs are recognised on an accruals basis. Also included in borrowing costs is the amortisation of fees associated with the arrangement of financing.

2.10 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 their 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.

2.11 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 required 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.

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.

Aequus Construction Limited

Notes to the Financial Statements

Year Ended 31 March 2024

2.12 Going concern

Based on the information available including the approved 3-year Business Plan 2024/25 to 2026/27 the Directors see no issues relating to the going concern status of the company.

3 Critical accounting judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the date of the financial statements. If in the future such estimates and assumptions which are based on management's best judgement at the date of the financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change. Where necessary, the comparatives have been reclassified or extended from the previously reported results to take into account presentational changes.

There are no key accounting judgements (excluding estimates). The key estimates in drawing up the financial statements are accrued expenses and the allocation of costs to cost of sales and work in progress.

Allocation of costs to cost of sales – cost of sales is determined on the basis of the forecast cost of the project allocated by the floor areas of each individual unit sold.

Allocation of costs to work in progress – costs are allocated to work in progress on the basis that they will be realisable when transferred to cost of sales.

Aequus Construction Limited

Notes to the Financial Statements

Year Ended 31 March 2024

4 Revenue from contracts with customers

All revenue was generated within the United Kingdom

	2024 £	2023 £
Revenue from contracts with customers		
Property Sales	1,928,443	6,390,000
Service and Management	2,455,476	1,666,920
	<u>4,383,919</u>	<u>8,056,920</u>

The company derives revenue from the sale of properties recognised on the completion of the sales contract.

Contract balances

The company has not recognised liabilities related to contracts with customers this year end or in the previous year end.

5 Auditor's remuneration

	2024 £	2023 £
Fees payable to the company's auditor for the audit of the company's annual accounts	16,515	18,500
Fees payable to the company's auditor for other services: Other services	1,985	2,000
	<u>18,500</u>	<u>20,500</u>

6 Employees and Directors

There were no staff costs for the Year Ended 31 March 2024 nor for the year ended 31 March 2023.

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

	2024 £	2023 £
Directors	<u>9</u>	<u>8</u>
Directors' remuneration	<u>-</u>	<u>-</u>

The directors are paid by fellow subsidiary company Aequus Developments Limited and their remuneration is disclosed in those financial statements. Aequus Developments Limited invoice Aequus Construction Limited a service charge which includes the provision of services by the directors to Aequus Construction. The amounts recharged are recorded in note 17 on related party transactions.

Aequus Construction Limited

Notes to the Financial Statements

Year Ended 31 March 2024

7 Finance income

	2024	2023
	£	£
Bank interest	87,742	31,553
	<u>87,742</u>	<u>31,553</u>

8 Income taxes

8.1 Income tax recognised in profit or loss

	2024	2023
	£	£
Tax expense comprises:		
Current tax expense in respect of the current year	2,239	54,150
Adjustment in respect of prior periods	<u>(1,471)</u>	<u>6,404</u>
	768	60,554
<i>Deferred tax</i>		
Deferred tax	<u>(1,834)</u>	<u>8,749</u>
Total deferred tax	<u>(1,834)</u>	<u>8,749</u>
Total tax expense in statement of profit or loss	<u>(1,066)</u>	<u>69,303</u>

	2024	2023
	£	£
Profit on ordinary activities before tax	8,961	353,422
Tax on profit on ordinary activities at 19%	2,240	67,150
Effects of:		
Disallowed expenses	-	4,411
Capital allowances in excess of depreciation	-	(2,350)
Additional deductions for land remedial expenditure	(1,373)	(8,412)
Marginal relief	(462)	-
Remeasurement of deferred tax for changes in tax rates	-	2,100
Adjustment in respect of prior periods	<u>(1,471)</u>	<u>6,404</u>
Income tax expense recognised in profit or loss	<u>(1,066)</u>	<u>69,303</u>

The tax rate used for the 2024 and 2023 reconciliations above is the corporate tax rate of 2024: 25% and 2023: 19% payable by corporate entities on taxable profits under tax law in that jurisdiction.

Aequus Construction Limited

Notes to the Financial Statements

Year Ended 31 March 2024

8 Income taxes (continued)

8.2 Deferred tax balances

	2024 £	2023 £
Balance at 1 April	9,173	424
Deferred tax debited / (credited) to profit and loss account for the period	<u>(1,834)</u>	<u>8,749</u>
Balance at 31 March	<u>7,339</u>	<u>9,173</u>

9 Property, plant and equipment

	Short leasehold	Motor Vehicles	Computer equipment	Totals
	£	£	£	£
Cost				
At 1 April	7,562	36,693	38,769	83,024
Additions	-	-	-	-
Impairments	-	-	-	-
At 31 March	<u>7,562</u>	<u>36,693</u>	<u>38,769</u>	<u>83,024</u>
Depreciation				
At 1 April	7,562	-	38,769	46,331
Charge for the year	-	7,339	-	7,339
At 31 March	<u>7,562</u>	<u>7,339</u>	<u>38,749</u>	<u>53,670</u>
Net Book Value				
At 31 March 2024	<u>-</u>	<u>29,354</u>	<u>-</u>	<u>29,354</u>
At 31 March 2023	<u>-</u>	<u>36,693</u>	<u>-</u>	<u>36,693</u>

10 Inventories

	2024 £	2023 £
Work in progress	<u>4,755,037</u>	<u>2,611,002</u>
	<u>4,755,037</u>	<u>2,611,002</u>

Aequus Construction Limited

Notes to the Financial Statements

Year Ended 31 March 2024

11 Trade and other receivables

	2024 £	2023 £
Trade receivables	99,021	950
Amounts due from related party transactions	52,550	117,038
Prepayments and accrued income	346,406	4,885
Other debtors	10,989	20,644
VAT recoverable	10,804	-
	<u>519,770</u>	<u>143,517</u>

12 Trade and other payables

	2024 £	2023 £
Trade payables	494,804	313,521
Amounts owed to group undertakings	180,924	113,609
Social security and other taxes	-	19,047
Other creditors	-	115
Accruals and deferred income	958,276	1,122,352
	<u>1,634,004</u>	<u>1,568,644</u>

13 Leases

Right of use assets

Property, plant and equipment

Cost	2024 £	2023 £
At 1 April	20,418	20,418
Additions	-	-
Impairments	-	-
	<u>20,418</u>	<u>20,418</u>
Depreciation		
At 1 April	20,418	20,418
Charge for the year	-	-
Charge written back	-	-
At 31 March	<u>20,418</u>	<u>20,418</u>
Net Book Value	<u>-</u>	<u>-</u>

Aequus Construction Limited

Notes to the Financial Statements

Year Ended 31 March 2024

14 Borrowings

	Current		Non-current	
	2024 £	2023 £	2024 £	2023 £
Other loans	4,084,749	1,634,749	-	-
Intercompany loans	-	-	-	-
	<u>4,084,749</u>	<u>1,634,749</u>	<u>-</u>	<u>-</u>

Information about the securities and interest rates relating to this loan are included in Note 16.

15 Issued capital

	2024 £	2023 £
100 fully paid up ordinary £1 shares	<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.

16 Financial instruments

The 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 amount of each category of financial assets and liabilities:

	2024 £	2023 £
Financial assets		
Financial assets measured at amortised cost	162,560	138,632
Cash and cash equivalents	<u>2,370,584</u>	<u>3,254,132</u>
	<u>2,533,144</u>	<u>3,392,764</u>
	2024 £	2023 £
Financial liabilities		
Financial liabilities measured at amortised cost	(675,728)	(1,549,597)
Loans and hire purchase	<u>(4,084,749)</u>	<u>(1,634,749)</u>
	<u>(4,760,477)</u>	<u>(3,184,346)</u>

Aequus Construction Limited

Notes to the Financial Statements

Year Ended 31 March 2024

16 Financial instruments (continued)

There are no financial assets and liabilities measured at fair value. All financial assets and liabilities are measured at amortised cost. For all financial assets and financial liabilities, the carrying value is equivalent to the fair value.

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 other loan amount at a rate of 4% above the base rate (the EC reference rate) and is payable at 6 monthly intervals. The amounts borrowed are secured by fixed and floating charges over the property held for development, included within inventory.

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 relevant third parties.

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 2024 the company's borrowings were in the region of £4.1m (2023: £1.6m) and it is therefore estimated that a general change of one percentage point in the interest rate would affect profit before tax by approximately £41,000 (2023: £16,000).

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 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 2024.

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 Construction Limited

Notes to the Financial Statements

Year Ended 31 March 2024

16 Financial instruments (continued)

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 Related party transactions

Transactions and balances between the company and its parent company Bath & North East Somerset Council are disclosed below:

	2024 £	2023 £
Other goods and services procured	(83,368)	(23,582)
Interest recharge	-	(56,533)
Loan arrangement fees	-	-
Services Income	2,455,476	1,638,787
Property sales	-	2,160,000

Year end balances arising from loans received and other amounts from Bath & North East Somerset Council amount to:

	2024 £	2023 £
Loans payables to parent undertaking		
Due in less than one year	-	-
Due in more than one year	-	-
	-	-
Trade receivables	356,771	92,839
Trade payables	(64,448)	-

Transactions with Aequus Group Holdings Limited (immediate parent)

	2024 £	2023 £
Dividend payable to AGHL	848,000	1,169,000

As at 31 March 2024 and 31 March 2023, there were no balances due to or from Aequus Group Holdings Limited.

Aequus Construction Limited

Notes to the Financial Statements

Year Ended 31 March 2024

17 Related party transactions (continued)

Transactions with Aequus Developments Limited (fellow subsidiary undertaking) amount to:

	2024 £	2023 £
Other goods and services	(931,597)	(931,179)
Services income	14,579	9,950
Property sales	-	-

Year end balances arising from Aequus Developments Limited amount to:

	2024 £	2023 £
Trade receivables	17,175	11,940
Trade payables	(116,476)	(113,609)

18 Cash and Cash equivalents

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flows can be reconciled to the related items in the statement of financial position as follows:

	2024 £	2023 £
Cash and bank balances	2,370,584	3,254,132
	<u>2,370,584</u>	<u>3,254,132</u>

19 Reconciliation of profit to cash flow from operating activities

	2024 £	2023 £
Profit before taxation	8,961	353,422
Depreciation charges	7,339	1,697
Finance costs	-	837
Finance income	(87,742)	(31,553)
(Increase) / Decrease in inventories	(2,144,035)	1,987,468
(Increase) / decrease in trade and other receivables	(365,449)	385,886
Increase / (Decrease) in trade and other payables	54,556	647,840
Cash flow from operating activities	<u>(2,526,370)</u>	<u>3,345,597</u>

Aequus Construction Limited

Notes to the Financial Statements

Year Ended 31 March 2024

20 Ultimate parent

The immediate parent company is Aequus Group Holdings Limited.

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