

Company registration number: 10832066

Aequus Construction Limited
Annual Report and Financial Statements
Year Ended 31 March 2025

Company registration number: 10832066

Aequus Construction Limited

Financial Statements

Year Ended 31 March 2025

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Aequus Construction Limited

Company Information

Year Ended 31 March 2025

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 (Resigned 7 December 2024)
E Pickering
A W Wright
V O'Brien
S Higham (Appointed 7 May 2024)
A Johnston (Appointed 19 August 2024)
T Rollings (Appointed 6 January 2025)

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 2025

The directors present their report with the financial statements of the company for the year ended 31 March 2025.

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 (the sole Shareholder of the Aequus Group). We also work with our partner councils South Gloucestershire Council & North Somerset Council.

Under our approved five-year Strategic Business Plan (2024/25 to 2029/30), ACL remains committed to increasing the supply of local housing across affordable, social, and homeowner markets. We aim to operate in a commercially viable, innovative, and creative manner—adhering to best practices in property development and delivering high-quality, energy-efficient homes that support the climate and ecological goals of our local authority partners

Throughout the year, ACL has continued to build a sustainable business that delivers tangible value to our shareholder. Notably, we successfully completed our fourth development at Malmaison Drive, Frenchay, delivering 30 low-energy family homes, including 11 affordable units. Additionally, we constructed nine well-appointed apartments at Argyle Works on behalf of B&NES Council, designated for affordable housing and scheduled for completion in May 2025.

The 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 including impending changes to stamp duty. 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.

Financial Performance

In the financial year 2024/25, ACL achieved a total turnover of £11,804,264. This includes the handover of the four remaining affordable units' and fourteen privately sold units at Malmaison Drive, Frenchay. These generated a turnover of some £8,184,883 with a further £3,619,381 being generated by our Development Management Services, resulting in a gross profit of £1,864,588 and a net profit after overheads and before taxation of £1,242,188.

B&NES Council revenue financial returns include proposed dividends of £631,000 to be paid to B&NES via Aequus Group Holdings Limited. A dividend of £771,000 relating to 2023/24 was paid to B&NES during this financial year.

Commercial interest payments of £294,528 for development loans was paid in the financial year and an overage provision of £674,000 relating to an agreed profit share, was made at the year-end and will be paid during 2025/26.

Looking ahead B&NES Council's target revenue returns of £1 million from ADL and ACL for 2025/26 will be met through anticipated interest returns and expected dividend payments.

We are proud of our strong financial performance and continued progress toward building a long-term, sustainable business. Our collaboration with the Shareholder and partner councils has helped shape a robust housing pipeline. With our Strategic Business Plan (2024/25 to 2029/30) in place, we are well-positioned to seize new opportunities for growth, support the delivery of shareholder priorities, and provide the right homes in the right places—while generating financial returns that help protect and enhance frontline services.

Aequus Construction Limited

Directors' Report

Year Ended 31 March 2025

We are pleased with our solid financial performance for the year, which gives us confidence for the future. Our Executive team is actively seeking opportunities to grow the business within an increasingly challenging economic outlook, particularly in terms of inflation and debt interest rates.

Although the outlook for the housing market remains cautiously optimistic, ACL's ability to grow is dependent on the future pipeline. The Board will monitor this situation regularly and provide updates to the shareholder accordingly.

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 2024 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 (Resigned 7 December 2024)
- E Pickering
- A W Wright
- V O'Brien
- S Higham (Appointed 7 May 2024)
- A Johnston (Appointed 19 August 2024)
- T Rollings (Appointed 6 January 2025)

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 15 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 2025

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

T Richens

Tim Richens

T Richens, Director

Date: 23 October 2025

Aequus Construction Limited

Independent Auditor's Report

Year Ended 31 March 2025

We have audited the financial statements of Aequus Construction Limited (the 'company') for the Year Ended 31 March 2025 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 2025, 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.

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 Annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual 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 2025**

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 2025**

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 2025

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.

N Coughlin

Nathan Coughlin

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

Date 27 October 2025

Aequus Construction Limited**Statement of Profit or Loss and Other Comprehensive Income****Year Ended 31 March 2025**

	Note	2025 £	2024 £
Revenue	4	11,804,264	4,383,919
Cost of sales		(9,939,676)	(3,975,873)
Gross profit		1,864,588	408,046
Other operating income		-	-
Administrative expenses		(688,484)	(486,827)
Profit from operations		1,176,104	(78,781)
Finance income		66,084	87,742
Finance expense		-	-
Profit before taxation		1,242,188	8,961
Taxation	7	(310,112)	1,066
Profit for the year		932,076	10,027
Other comprehensive income for the year		-	-
Total comprehensive income for the year		932,076	10,027

Aequus Construction Limited**Statement of Financial Position****Year Ended 31 March 2025**

	Note	2025 £	2024 £
Non-current assets			
Owned: Property, plant and equipment	8	23,329	29,354
Right of use: Property, plant and equipment	12	-	-
		<hr/>	<hr/>
		23,329	29,354
Current assets			
Inventories	9	1,718,195	4,755,037
Trade and other receivables	10	989,179	519,770
Cash and cash equivalents	17	2,506,757	2,370,584
		<hr/>	<hr/>
		5,214,132	7,645,391
Current liabilities			
Trade and other payables	11	(1,588,493)	(1,634,004)
Borrowings	13	(1,227,884)	(4,084,749)
Current tax liabilities		(307,760)	(2,239)
		<hr/>	<hr/>
Net current assets		2,089,994	1,924,399
Total assets less current liabilities		<hr/>	<hr/>
		2,113,323	1,953,753
Non-current liabilities			
Deferred tax	7	(5,832)	(7,339)
Total non-current liabilities		(5,832)	(7,339)
		<hr/>	<hr/>
Net assets		2,107,491	1,946,414
		<hr/>	<hr/>
Equity			
Share capital	14	100	100
Retained earnings		2,107,391	1,946,314
		<hr/>	<hr/>
		2,107,491	1,946,414
		<hr/>	<hr/>

The financial statements were approved and authorised for issue by the Board on 23 October 2025

Signed on behalf of the Board of Directors

T Richens

Tim Richens

T Richens, Director

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

Aequus Construction Limited**Statement of Changes in Equity****Year Ended 31 March 2025**

	Share capital £	Retained earnings £	Total equity £
Balance at 1 April 2023	100	2,784,287	2,784,387
Dividends	-	(848,000)	(848,000)
Profit for the year	-	10,027	10,027
Balance at 31 March 2024	100	1,946,314	1,946,414
Dividends	-	(771,000)	(771,000)
Profit for the year	-	932,077	932,077
Balance at 31 March 2025	100	2,107,391	2,107,491

Aequus Construction Limited**Statement of Cash Flows****Year Ended 31 March 2025**

	Note	2025 £	2024 £
Cash generated from operations	18	3,706,021	(2,526,370)
Tax paid		(4,750)	(46,920)
Net cash flow from operating activities		3,701,271	(2,573,290)
Cash flow from investing activities			
Purchase of tangible fixed assets		(1,970)	-
Interest received		64,736	87,742
Sale of tangible assets			
Net cash flow from investing activities		62,766	87,742
Cash flow from financing activities			
New loans in the year		700,000	2,450,000
Repayment of long term loans		(3,556,865)	-
Dividends paid		(771,000)	(848,000)
Net cash flow from financing activities		(3,627,865)	1,602,000
Net (decrease) / increase in cash and cash equivalents		136,173	(883,548)
Cash and cash equivalents at 1 April	17	2,370,584	3,254,132
Cash and cash equivalents at 31 March	17	2,506,757	2,370,584
Cash and cash equivalents consists of:			
Cash at bank and in hand	17	2,506,757	2,370,548
Cash and cash equivalents at 31 March	17	2,506,757	2,370,584

Aequus Construction Limited

Notes to the Financial Statements

Year Ended 31 March 2025

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.

2.4 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.

Reference to the Conceptual Framework (Amendments to IFRS3 Business Combinations)

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS37 Provisions, Contingent Liabilities and Contingent Assets)

Annual improvements 2018-2020 cycle

IFRS 17 Insurance contracts

Amendments to IFRS17 – Insurance Contracts; and Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4 Insurance Contracts)

Disclosure of Accounting Policies (Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements)

Definition of Accounting Estimates (Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors)

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 Income Taxes)

Classification of Liabilities as Current or Non-Current: amendments to IAS 1

Aequus Construction Limited

Notes to the Financial Statements

Year Ended 31 March 2025

2.5 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.

2.6 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

2.7 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.

2.8 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.

2.9 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.

2.10 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.

2.11 Government grants

Government grant income 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.

Aequus Construction Limited

Notes to the Financial Statements

Year Ended 31 March 2025

2.12 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.

2.13 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.

2.14 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 2025****4 Revenue from contracts with customers**

All revenue was generated within the United Kingdom

	2025 £	2024 £
Revenue from contracts with customers		
Property Sales	8,184,883	1,928,443
Service and Management	3,619,381	2,455,476
	11,804,264	4,383,919

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

	2025 £	2024 £
Fees payable to the company's auditor for the audit of the company's annual accounts	16,515	16,515
Fees payable to the company's auditor for other services:		
Other services	1,985	1,985
	18,500	18,500

6 Employees and Directors

There were no staff costs for the year ended 31 March 2025 nor for the year ended 31 March 2024.

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

	2025 £	2024 £
Directors	8	9
Directors' remuneration	-	-

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 16 on related party transactions.

Aequus Construction Limited**Notes to the Financial Statements****Year Ended 31 March 2025****7 Income taxes****7.1 Income tax recognised in profit or loss**

	2025 £	2024 £
Tax expense comprises:		
Current tax expense in respect of the current year	309,108	2,239
Adjustment in respect of prior periods	2,511	(1,471)
	311,619	768
<i>Deferred tax</i>		
Deferred tax	(1,507)	(1,834)
Total deferred tax	(1,507)	(1,834)
 Total tax expense in statement of profit or loss	 310,112	 (1,066)
	2025 £	2024 £
Profit on ordinary activities before tax	1,242,188	8,961
Tax on profit on ordinary activities at 25% (25%)	310,547	2,240
Effects of:		
Disallowed expenses	143	-
Capital allowances in excess of depreciation	-	-
Additional deductions for land remedial expenditure	(3,089)	(1,373)
Marginal Relief	-	(462)
Remeasurement of deferred tax for changes in tax rates	-	-
Adjustment in respect of prior periods	2,511	(1,471)
Income tax expense recognised in profit or loss	310,112	(1,066)

The tax rate used for the 2025 and 2024 reconciliations above is the corporate tax rate of 25% (FY24: 25%) payable by corporate entities on taxable profits under tax law in that jurisdiction.

7.2 Deferred tax balances

	2025 £	2024 £
Balance at 1 April	7,339	9,173
Deferred tax debited / (credited) to profit and loss account for the period	(1,507)	(1,834)
Balance at 31 March	5,832	7,339

Aequus Construction Limited**Notes to the Financial Statements****Year Ended 31 March 2025****8 Property, plant and equipment**

	Short Leasehold	Motor Vehicles	Computer equipment	Totals
	£	£	£	£
Cost				
At 1 April	7,562	36,693	38,769	83,024
Additions	-	-	1,969	1,969
Impairments	-	-	-	-
At 31 March	7,562	36,693	40,738	84,993
Depreciation				
At 1 April	7,562	7,339	38,769	53,670
Charge for the year	-	7,339	656	7,995
At 31 March	7,562	14,678	39,425	61,665
Net Book Value				
At 31 March 2025	-	22,016	1,313	23,329
At 31 March 2024	-	29,354	-	29,354

9 Inventories

	2025 £	2024 £
Work in progress	1,718,195	4,755,037
	1,718,195	4,755,037

10 Trade and other receivables

	2025 £	2024 £
Trade receivables	1,333	99,021
Amounts due from related party transactions	18,437	52,550
Prepayments and accrued income	923,988	346,406
Other debtors	29,826	10,989
VAT Recoverable	15,594	10,804
	989,179	519,770

Aequus Construction Limited**Notes to the Financial Statements****Year Ended 31 March 2024****11 Trade and other payables**

	2025	2024
	£	£
Trade payables	16,702	494,804
Amounts owed to group undertakings	78,609	180,924
Social security and other taxes	-	-
Other creditors	4,000	-
Accruals and deferred income	1,489,182	958,276
	1,588,493	1,634,004

12 Leases**Right of use assets****Property, plant and equipment**

Cost	2025	2024
	£	£
At 1 April	20,418	20,418
Additions	-	-
Impairments	-	-
	20,418	20,418
Depreciation		
At 1 April	20,418	20,418
Charge for the year	-	-
Charge written back	-	-
At 31 March	20,418	20,418
Net Book Value	-	-

Aequus Construction Limited**Notes to the Financial Statements****Year Ended 31 March 2025****13 Borrowings**

	Current		Non-current	
	2025	2024	2025	2024
	£	£	£	£
Other loans	1,227,884	4,084,749	-	-
Intercompany loans	-	-	-	-
	1,227,884	4,084,749	-	-

Terms and debt repayments schedule

	1 year or less	1-2 years	2-5 year	More than 5 years	Total
	£	£	£	£	£
Other loans	1,227,884	-	-	-	1,227,884
Intercompany loans	-	-	-	-	-
	1,227,884	-	-	-	1,227,884

14 Issued capital

	2025	2024
	£	£
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.

Aequus Construction Limited

Notes to the Financial Statements

Year Ended 31 March 2025

15 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:

	2025 £	2024 £
Financial assets		
Financial assets measured at amortised cost	49,596	162,560
Cash and cash equivalents	<u>2,506,757</u>	<u>2,370,584</u>
	<u>2,556,353</u>	<u>2,533,144</u>
Financial liabilities		
Financial liabilities measured at amortised cost	(99,311)	(675,728)
Loans and hire purchase	<u>(1,227,884)</u>	<u>(4,084,749)</u>
	<u>(1,327,195)</u>	<u>(4,760,477)</u>

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.

Aequus Construction Limited

Notes to the Financial Statements

Year Ended 31 March 2025

15 Financial instruments (continued)

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 2025 the company's borrowings were in the region of £1.2m (2024: £4.1m) and it is therefore estimated that a general change of one percentage point in the interest rate would affect profit before tax by approximately £12,000 (2024: £41,000).

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 2025.

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.

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.

Aequus Construction Limited**Notes to the Financial Statements****Year Ended 31 March 2025****16 Related party transactions**

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

	2025	2024
	£	£
Other goods and services	(8,230)	(83,368)
Interest recharge	-	-
Loan arrangement fees	-	-
Services Income	3,923,082	2,455,476
Property sales	-	-

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

	2025	2024
	£	£
Trade receivables	1,006	356,771
Trade payables	-	(64,448)

Transactions with Aequus Group Holdings Limited (immediate parent)

	2025	2024
	£	£
Dividend paid to AGHL	771,000	848,000

Year end balances arising from Aequus Group Holdings Limited amount to:

	2025	2024
	£	£
Trade receivables	-	-
Trade payables	-	-

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

	2025	2024
	£	£
Other goods and services	(913,099)	(931,597)
Services income	16,584	14,579
Property sales	-	-

Aequus Construction Limited**Notes to the Financial Statements****Year Ended 31 March 2025****16 Related party transactions (continued)**

Year end balances arising from Aequus Developments Limited amount to:

	2025 £	2024 £
Trade receivables	17,431	17,175
Trade payables	(78,609)	(116,476)

17 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:

	2025 £	2024 £
Cash and bank balances	2,506,757	2,370,584
	2,506,757	2,370,584

18 Reconciliation of profit to cash flow from operating activities

	2025 £	2024 £
Profit before taxation	1,242,188	8,961
Depreciation charges	7,995	7,339
Finance costs	-	-
Finance income	(66,084)	(87,742)
(Increase) / Decrease in inventories	3,036,842	(2,144,035)
(Increase) / decrease in trade and other receivables	(464,619)	(365,449)
Increase / (Decrease) in trade and other payables	(50,301)	54,556
Cash flow from operating activities	3,706,021	(2,526,370)

19 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