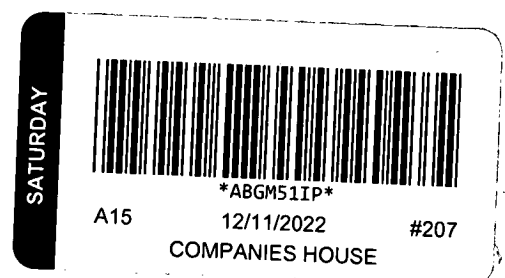


Company registration number: 10060817

Aequus Developments Limited
Annual Report and Financial Statements
Year Ended 31 March 2022



Company registration number: 10060817

Aequus Developments Limited

Financial Statements

Year Ended 31 March 2022

CONTENTS	PAGE
Company Information	3
Directors' Report	4
Independent Auditor's Report	7
Statement of Profit or Loss and Other Comprehensive Income	11
Statement of Financial Position	12
Statement of Changes in Equity	13
Statement of Cash Flows	14
Notes to the Financial Statements	15

Aequus Developments Limited

Company Information

Year Ended 31 March 2022

Company registration number

10060817

Directors

C D Gerrish
L J Kew
R H Marshall
D P E Quilter
T Richens
A W Wright
M Hyde
E Pickering (Appointed 1 April 2022)
D P Robathan (Resigned 31 March 2022)

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 Developments Limited

Directors' Report

Year Ended 31 March 2022

The directors present their report with the financial statements of the company for the year ended 31 March 2022.

Principal activity

The principal activity of the company in the year under review was that of a property asset investment and rental company.

Review of Business

It gives us 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 housing construction and development sites) being reported separately in the Annual Report of ACL.

During this sixth full year of operation, we continue to develop and maintain a sustainable business, to the benefit of our shareholder and most importantly providing rental homes for the community. Operational progress during the year has seen rental income levels remaining healthy, with rent increase reviews taking place at the point prior to a change of tenant. An independent external valuation was carried out across the ADL rental portfolio this year to reflect the current market valuations. In future years the external valuation will be carried out annually, based on a sample of properties across the ADL portfolio.

Underlying void levels were 4.53% over the year and we anticipate this void level remaining within the target of 5% as the size of the portfolio increases in the future. During the year we took the opportunity to refurbish some of the rooms at our Stall Street property and flat 7 Parsonage Lane was long term vacant due to head landlord repairs required to fix a leak in the roof. No new properties were transferred from the Council during the year and the portfolio remains at 52 units.

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 includes presenting feasibility options for Phase 1 (December 2020) and a potential Phase 2 list of properties which is being developed. 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 and partners on the housing pipeline in accordance with the shareholders objectives in line with our approved three year Business Plan 2021/22 to 2023/24. We will continue to develop this pipeline in readiness for our next Business Plan being brought forward in Autumn 2023.

Financial performance

The total turnover of ADL for 2021/22 was £1,348,065 this includes service income of £832,597 mainly from ADL staff providing management and project management services to ACL and rental income of £515,468 that will continue to grow as the portfolio expands.

The profit before tax of ADL for 2021/22 was £321,607 this includes gains on revaluation of investment property of £283,952 offset by costs of £202,000 related to the defined pension benefit scheme.

Property refurbishment costs of £17,899 were capitalised during the financial year and paid to the Council as a capital receipt together with interest on loans of £81,288.

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

Aequus Developments Limited

Directors' Report

Year Ended 31 March 2022

With the progress of the ACL developments we will continue to 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.

The outlook for the rental market remains positive however ADL's ability to grow is subject to the future pipeline, this situation will be monitored on a regular basis by the Board and included in regular update briefings provided to the shareholder.

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 of the company

The directors shown below have held office during the whole of the period from 1 April 2022 to the date of this report.

C D Gerrish
M Hyde
L J Kew
R H Marshall
D P E Quilter
T Richens
D P Robathan (Resigned 31 March 2022)
A Wright
E Pickering (Appointed 1 April 2022)

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 directors' report 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 (IFRS) and applicable law. 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 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 to 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.

Aequus Developments Limited

Directors' Report

Year Ended 31 March 2022

Disclosure of information to the 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, 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, consisting of a stylized 'T' followed by a long, sweeping horizontal stroke that curves upwards at the end.

T Richens, Director

Date: 8th September 2022

Aequus Developments Limited

Independent Auditor's Report

Year Ended 31 March 2022

We have audited the financial statements of Aequus Developments Limited (the 'company') for the year ended 31 March 2022 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 2022, 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 2022 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. If, based on the work we have

Aequus Developments Limited

Independent Auditor's Report

Year Ended 31 March 2022

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. 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;

Independent Auditor's Report

Year Ended 31 March 2022

- 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 Developments Limited

Independent Auditor's Report

Year Ended 31 March 2022

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 *22nd September 2022*

Aequus Developments Limited

Statement of Profit or Loss and Other Comprehensive Income

Year Ended 31 March 2022

	Note	2022 £	2021 £
Revenue	4	1,348,065	1,444,202
Cost of sales		(156,393)	(314,767)
Gross profit		1,191,672	1,129,435
Other operating income		4,597	14,654
Administrative expenses		(1,039,729)	(992,625)
Gain on revaluation of investment property	10	283,952	376,177
Profit from operations		435,895	527,641
Finance expense	8	(114,288)	(136,207)
Profit before taxation		321,607	391,434
Taxation	9	(23,560)	(113,715)
Profit for the year		298,047	277,719
Other comprehensive income			
<i>Items that will not be reclassified to profit or loss:</i>			
Re-measurement gain/(loss) on defined benefit pension plan	14	294,000	(243,000)
Tax relating to items that will not be reclassified	9	(73,500)	46,170
Other comprehensive income for the year		220,500	(196,830)
Total comprehensive income for the year		518,547	80,889

Aequus Developments Limited

Statement of Financial Position

Year Ended 31 March 2022

	Note	2022 £	2021 £
Non-current assets			
Long term leasehold property	10	8,135,748	7,858,698
Investments		100	100
Deferred tax		-	28,025
		8,135,848	7,886,823
Current assets			
Trade and other receivables	11	111,043	215,645
Cash and cash equivalents		112,437	113,252
		223,480	328,897
Current liabilities			
Trade and other payables	12	(370,211)	(491,952)
Borrowings	13	(92,419)	(101,362)
Current tax liabilities	9	(34,938)	(26,833)
		(274,088)	(291,250)
Net current (liabilities)		(274,088)	(291,250)
Total assets less current liabilities		7,861,760	7,595,573
Non-current liabilities			
Borrowings	13	(6,048,526)	(6,165,983)
Deferred tax	9	(34,097)	-
Retirement benefit obligation	14	(1,410,000)	(1,579,000)
		(7,492,623)	(7,744,983)
Total non-current liabilities		(7,492,623)	(7,744,983)
Net assets / (liabilities)		369,137	(149,410)
Equity			
Share capital		100	100
Revaluation reserve		1,703,465	1,319,936
Pension reserve		(914,310)	(1,134,810)
Retained earnings		(420,118)	(334,636)
		369,137	(149,410)

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

8th September 2022

Signed on behalf of the board of directors



C D Gerrish, Director



T Richens, Director

The notes on pages 15 to 29 form part of these accounts.
Company registration number: 10060817

Aequus Developments Limited

Statement of Changes in Equity

Year Ended 31 March 2022

	Share capital £	Revaluation reserve £	Retained earnings £	Pension reserve £	Total equity £
Balance at 1 April 2020	100	964,827	(257,246)	(937,980)	(230,299)
Profit for the year	-	-	277,719	-	277,719
Revaluation of tangible fixed assets	-	355,109	(355,109)	-	-
Re-measurement on defined benefit pension plan	-	-	-	(196,830)	(196,830)
Balance at 31 March 2021	100	1,319,936	(334,636)	(1,134,810)	(149,410)
Profit for the year	-	-	298,047	-	298,047
Revaluation of tangible fixed assets	-	383,529	(383,529)	-	-
Re-measurement on defined benefit pension plan	-	-	-	220,500	220,500
Balance at 31 March 2022	100	1,703,465	(420,118)	(914,310)	369,137

Aequus Developments Limited

Statement of Cash Flows

Year Ended 31 March 2022

	Note	2022 £	2021 £
Cash generated from operations	20	215,654	300,915
Interest paid		(81,288)	(108,941)
Net cash flow from operating activities		134,366	191,974
Cash flow from investing activities			
Purchase of investment property		(8,781)	(2,166,445)
Net cash flow from investing activities		(8,781)	(2,166,445)
Cash flow from financing activities			
Receipts from issue of new long-term loans		17,899	2,488,867
Repayment of long term loans		(144,299)	(457,410)
Net cash flow from financing activities		(126,400)	2,031,457
Net (decrease) / increase in cash and cash equivalents		(815)	56,986
Cash and cash equivalents at 1 April	19	113,252	56,266
Cash and cash equivalents at 31 March		112,437	113,252
Cash and cash equivalents consists of:			
Cash at bank and in hand	19	112,437	113,252
Cash and cash equivalents at 31 March		112,437	113,252

Aequus Developments Limited

Notes to the Financial Statements

Year Ended 31 March 2022

1 Statutory information

Aequus Developments Limited is a private company limited by shares incorporated in the United Kingdom and registered in England and Wales. The address of the registered office is given in the company information on page 3 of these financial statements. The nature of the company's operations and principal activities are that of an investment property company.

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 Developments 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

2.5 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.

Aequus Developments Limited

Notes to the Financial Statements

Year Ended 31 March 2022

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 provided to group companies and other parties are recognised in the period in which the services are provided in accordance with the stage of completion of the work contracted.

2.6 Investment properties

Investment properties are initially measured at cost and subsequently each year re-measured at fair value. Gains or losses arising from changes in fair values of investment properties are included in profit or loss in the period in which they arise.

An external property valuation will be carried out on the full portfolio every four years and in the interim an external valuation based on a sample of properties across the portfolio.

2.7 Investments in subsidiaries

Investments in subsidiary undertakings are recognised at cost.

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. Included in borrowing costs is the amortisation of fees associated with the arrangement of financing. The company pays and received 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.

2.11 Government grants

Government grant income in relation to the Covid-19 pandemic is accounting 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.

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.

Notes to the Financial Statements

Year Ended 31 March 2022

2.13 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.

2.14 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.

2.15 Going concern

Based on the information available, including the approved three year Business Plan 2021/22 to 2023/24 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 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 using recognised valuation techniques and the principles of IFRS13.

Defined pension liabilities – Note 14 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.

Aequus Developments Limited

Notes to the Financial Statements

Year Ended 31 March 2022

4 Revenue from contracts with customers

An analysis of the company's revenue for the year, all of which was generated in the United Kingdom, is as follows:

	2022 £	2021 £
Revenue from contracts with customers		
Rental income	515,468	440,217
Service and Management	832,597	1,003,984
	<u>1,348,065</u>	<u>1,444,201</u>

Assets and liabilities related to contracts with customers

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

	2022 £	2021 £
Deferred revenue – rental income	<u>21,562</u>	<u>24,860</u>
Total current contract liabilities	<u>21,562</u>	<u>24,860</u>

5 Auditor's remuneration

	2022 £	2021 £
Fees payable to the company's auditor for the audit of the company's annual accounts	<u>17,500</u>	<u>16,750</u>
Fees payable to the company's auditor for other services: Other services	<u>2,000</u>	<u>2,780</u>
	<u>19,500</u>	<u>19,530</u>

6 Directors' remuneration

	2022 £	2021 £
Remuneration	<u>302,329</u>	<u>300,682</u>
	<u>302,329</u>	<u>300,682</u>

	2022 £	2021 £
The remuneration of the highest paid director included above was:		
Emoluments	<u>142,330</u>	<u>141,467</u>
	<u>142,330</u>	<u>141,467</u>

Aequus Developments Limited

Notes to the Financial Statements

Year Ended 31 March 2022

6 Directors' remuneration (continued)

During the year two directors (2021: two) were accruing benefits under defined benefit pension schemes.

7 Staff costs

The average monthly number of employees, including directors, during the year was as follows:

	2022 Number	2021 Number
Directors	8	8
Administration	7	8
	<u>15</u>	<u>16</u>

The aggregate payroll costs of these persons were as follows:

	2022 £	2021 £
Wages and salaries	607,099	693,085
Social security	71,508	73,250
Other pension costs	5,769	7,365
	<u>684,376</u>	<u>773,700</u>

8 Finance expense

	2022 £	2021 £
Interest on loans	81,288	108,207
Interest on pension schemes	33,000	28,000
Total interest expense	<u>114,288</u>	<u>136,207</u>

Aequus Developments Limited

Notes to the Financial Statements

Year Ended 31 March 2022

9 Income taxes

9.1 Income tax recognised in profit or loss

	2022 £	2021 £
Tax expense comprises:		
Current tax expense in respect of the current year	<u>34,938</u>	<u>26,833</u>
	34,938	26,833
<i>Deferred tax</i>		
Origination and reversal of timing differences	(2,529)	86,882
Effect of tax rate change on opening balance	<u>(8,849)</u>	<u>-</u>
Total deferred tax	(11,378)	86,882
Total tax expense in statement of profit or loss	<u>23,560</u>	<u>113,715</u>

	2022 £	2021 £
Profit before tax	321,607	391,434
Tax on profit at 19%	61,105	74,372
Effects of:		
Income not taxable for tax purposes	(53,951)	(71,474)
Expenses not deductible for tax purposes	4,237	39,515
Amounts (charged) / credited directly to statement of changes in equity	55,860	46,170
Chargeable gains / (losses)	48,574	71,474
Deferred tax (charged)/credited directly to OCI	(73,500)	(46,170)
Remeasurement of deferred tax for changes in tax rates	8,183	-
Movement in deferred tax not recognised	<u>(26,948)</u>	<u>(172)</u>
Income tax expense recognised in profit or loss	<u>23,560</u>	<u>113,715</u>

The tax rate used for the 2022 and 2021 reconciliations above is the corporate tax rate of 19% payable by corporate entities on taxable profits under tax law in that jurisdiction.

9.2 Deferred tax balances

	2022 £	2021 £
Balance at 1 April	(28,025)	(68,737)
Deferred tax credited to profit and loss account for the period	(11,378)	86,882
Charged / (credited) to other comprehensive income	<u>73,500</u>	<u>(46,170)</u>
Balance at 31 March	<u>34,097</u>	<u>(28,025)</u>

Aequus Developments Limited

Notes to the Financial Statements

Year Ended 31 March 2022

10 Investment property

	2022 £	2021 £
At fair value		
Balance at 1 April	7,858,698	5,316,075
Additions through subsequent expenditure	8,781	2,166,445
Disposals	(15,683)	-
Net gain from fair value adjustments	283,952	376,178
Balance at 31 March	8,135,748	7,858,698

The fair value of investment properties is reviewed every five years by an independent qualified valuer, with the last review being in 2022.

11 Trade and other receivables

	2022 £	2021 £
Trade receivables	-	2,198
Amounts due from related party transactions	110,666	186,824
Prepayments	-	24,883
Other debtors	377	1,740
	111,043	215,645

12 Trade and other payables

	2022 £	2021 £
Trade payables	29,521	72,715
Amounts owed to group undertakings	102,428	99,812
Social security and other taxes	28,682	18,355
Other creditors	(938)	9,762
Accruals and deferred income	175,602	243,752
VAT	34,916	47,556
	370,211	491,952

Aequus Developments Limited

Notes to the Financial Statements

Year Ended 31 March 2022

13 Borrowings

	Current		Non-current	
	2022	2021	2022	2021
	£	£	£	£
Bank loans	-	7,924	-	42,076
Intercompany loans	92,419	93,438	6,048,526	6,123,907
	92,419	101,362	6,048,526	6,165,983

Terms and debt repayments schedule

	1 year or less £	1-2 years £	2-5 year £	More than 5 years £	Total £
Intercompany loans	92,419	88,737	275,187	5,684,602	6,140,945
	92,419	88,737	275,187	5,684,602	6,140,945

14 Retirement benefit plans

To assess the value of the Employer's liabilities as at 31 March 2022, the actuaries have rolled forward the value of the Employer's liabilities calculated for the latest Triennial valuation on 31 March 2019 allowing for the different financial assumptions required under IAS19.

The full actuarial valuation involved in 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 2022 without completing a full valuation. However, the actuaries are satisfied that the approach of rolling forward the previous valuation data to 31 March 2022 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 the latest formal valuation. The contributions expected to be paid in the year to 31 March 2023 are £77,000.

As required under IAS19, pension fund liabilities and service costs have been calculated using the Project Unit method of valuation.

The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2022 %	2021 %
Discount rate	2.80	2.20
Future salary increases	4.70	4.20
Future pension increases	3.30	2.80
CPI inflation	3.20	2.70

Aequus Developments Limited

Notes to the Financial Statements

Year Ended 31 March 2022

14 Retirement benefit plans (continued)

Average longevity at retirement age for current pensioners and employees is:

	2022
Future pensioners age 65 in 20 years' time (male)	24.6
Future pensioners age 65 in 20 years' time (female)	27.3
Current pensioner aged 65 (male)	23.1
Current pensioner aged 65 (female)	25.3

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

	Approximate monetary amount (£)
Change in assumption at 31 March 2022	
0.1% increase in discount rate	(88,000)
0.1% increase in inflation	91,000
0.1% increase in salary growth	20,000
1 year increase in life expectancy	111,000

Amounts recognised through profit and loss in respect of these defined benefit plans are as follows:

	2022 £	2021 £
Current service cost	167,000	148,000
Administration expenses	2,000	-
Interest on obligation	33,000	28,000
Components of defined benefit costs recognised in profit or loss	<u>202,000</u>	<u>176,000</u>

Amounts recognised in other comprehensive income in respect of these defined benefit plans are as follows:

	2022 £	2021 £
Actuarial (gains)/losses	(294,000)	243,000
Income tax	73,500	(46,170)
Total	<u>(220,500)</u>	<u>196,830</u>

Aequus Developments Limited

Notes to the Financial Statements

Year Ended 31 March 2022

14 Retirement benefit plans (continued)

The amount included in the statement of financial position arising from the entity's obligation in respect of its defined benefit plan is as follows:

	2022 £	2021 £
Present value of funded defined benefit obligation	4,021,000	3,845,000
Fair value of plan assets	<u>(2,611,000)</u>	<u>(2,266,000)</u>
Present value of unfunded defined benefit obligation	<u>1,410,000</u>	<u>1,579,000</u>

Movements in the present value of the defined benefit obligation in the current period were as follows:

	2022 £	2021 £
Opening defined benefit obligation	3,845,000	3,060,000
Current service cost	167,000	148,000
Interest cost	84,000	71,000
Contributions from plan participants	39,000	41,000
Actuarial losses/ (gains) arising from:		
- Changes in demographic assumptions	(31,000)	(33,000)
- Changes in financial assumptions	(90,000)	558,000
- Experience adjustments	7,000	-
	<u>4,021,000</u>	<u>3,845,000</u>

Movements in the present value of the plan assets in the current period were as follows:

	2022 £	2021 £
Opening fair value of plan assets	2,266,000	1,821,000
Interest on plan assets	51,000	43,000
Remeasurements (assets)	180,000	282,000
Administration expenses	(2,000)	(3,000)
Contributions from the employer	77,000	82,000
Contributions from plan participants	39,000	41,000
Closing fair value of plan assets	<u>2,611,000</u>	<u>2,266,000</u>

Aequus Developments Limited

Notes to the Financial Statements

Year Ended 31 March 2022

14 Retirement benefit plans (continued)

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

	2022 £	2021 £
Equities	1,060,000	851,000
Bonds	519,000	512,000
Property	174,000	163,000
Alternatives	817,000	674,000
Cash Accounts	41,000	66,000
Closing fair value of plan assets	<u>2,611,000</u>	<u>2,266,000</u>

15 Issued capital

	2022 £	2021 £
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:

	2022 £	2021 £
Financial assets		
Financial assets measured at amortised cost	111,043	215,645
Cash and cash equivalents	<u>105,440</u>	<u>113,252</u>
	<u>216,483</u>	<u>328,897</u>

Notes to the Financial Statements

Year Ended 31 March 2022

16 Financial instruments (continued)

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

	2022 £	2021 £
Financial liabilities		
Financial liabilities measured at amortised cost	(285,051)	(401,181)
Loans	<u>(6,140,945)</u>	<u>(6,267,345)</u>
	<u>(6,425,996)</u>	<u>(6,668,526)</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 1% 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.

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 2022 the company's borrowings were in the region of £6.1m (2021: £6.3m) and it is therefore estimated that a general change of one percentage point in the interest rate would affect profit before tax by approximately £61,000 (2020: £63,000).

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.

Aequus Developments Limited

Notes to the Financial Statements

Year Ended 31 March 2022

16 Financial instruments (continued)

The following table reflects all contractually fixed undiscounted pay-offs for settlement, repayments and interest resulting from recognised financial liabilities.

	2023	2024	2025 to 2027	2028 and thereafter
	£	£	£	£
Trade payables	29,521	-	-	-
Other financial liabilities	436,407	188,777	377,553	8,104,936

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.

17 Investments

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

	2022 £	2021 £
Cost	<u>100</u>	<u>100</u>
Net book value	<u>100</u>	<u>100</u>

Aequus Construction Limited

Registered office: Cambridge House, Henry Street, Bath, England, BA1 1BT

Nature of business: Property development

Class of shares: % holding
Ordinary 100

	2022 £	2021 £
Aggregate capital and reserves	3,674,584	3,304,668
Profit for the year	<u>370,106</u>	<u>2,993,044</u>

Aequus Developments Limited

Notes to the Financial Statements

Year Ended 31 March 2022

18 Related party transactions

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

	2022 £	2021 £
Purchase of investment property	(17,899)	(387,619)
Other goods and services	(80,774)	(33,772)
Interest expense	(81,288)	(108,207)
Loan arrangement fees	-	(3,191)
Sales – Recharges	65,569	245,206

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

	2022 £	2021 £
Loans payables to parent undertaking		
Due in less than one year	(92,419)	(94,405)
Due in more than one year	(6,048,526)	(6,122,940)
	<u>(6,140,945)</u>	<u>(6,217,345)</u>
Trade receivables	984	90,341
Trade payables	(86,590)	(99,812)

The loan payable to BANES is secured by a fixed and floating charge over the assets over 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:

	2022 £	2021 £
Sales – Recharges	767,028	770,263
Purchases – Recharged	(15,886)	(9,171)
Purchases – Investment property	-	(1,895,000)

Year end balances arising from transactions with Aequus Construction Limited amounted to:

	2022 £	2021 £
Trade receivables	109,682	96,483
Trade payables	(15,838)	-

Remuneration of key management personnel

The remuneration of key management personnel is provided in note 6 as the directors represent key management personnel.

Aequus Developments Limited

Notes to the Financial Statements

Year Ended 31 March 2022

19 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:

	2022 £	2021 £
Cash and bank balances	112,437	113,252
	<u>112,437</u>	<u>113,252</u>

20 Reconciliation of profit to cash flow from operating activities

	2022 £	2021 £
Profit before taxation	321,607	391,434
Gain on revaluation of fixed assets	(283,952)	(376,177)
Pension costs	80,850	69,000
Finance expense	114,288	136,207
Operating profit / (loss)	232,793	220,464
Decrease / (Increase) in trade and other receivables	104,602	(71,867)
(Decrease) / Increase in trade and other payables	(121,741)	152,318
Cash flow from operating activities	<u>215,654</u>	<u>300,915</u>

21 Ultimate parent

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.bathnew.gov.uk/services/your-council-and-democracy/budgets-and-spending/annual-accounts

22 Events after the reporting period

A new investment holding company Aequus Group Holding Limited was established and incorporated on 5 April 2022 and is 100% owned by Bath and North East Somerset Council (Shareholder). Both Aequus Construction Limited and Aequus Development Limited are now 100% directly owned by Aequus Group Holding Limited following the transfer of the shares of Aequus Construction Limited from Aequus Development Limited to Aequus Group Holding Limited.