

Heron Leisure Limited
Directors' Report and Financial Statements
for the Year Ended 31 December 2019



Heron Leisure Limited

Contents

Company Information	1
Strategic Report	2
Directors' Report	3 - 4
Statement of Directors' Responsibilities	5
Independent Auditor's Report	6 - 8
Income Statement	9
Statement of Comprehensive Income	10
Statement of Financial Position	11
Statement of Changes in Equity	12
Notes to the Financial Statements	13 - 21

Heron Leisure Limited

Company Information

Chairman

G M Ronson

Chief Executive

G M Ronson

Directors

G M Ronson

S B Fink

L Milken

R V Sandler

J T Sutton

Company Secretary

J E Manning

Registered Office

2nd Floor

24 Brook's Mews

Mayfair

London

W1K 4EA

Auditors

Ernst & Young LLP

1 More London Place

London

SE1 2AF

Company Number

03847798

Heron Leisure Limited

Strategic Report for the Year Ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019.

Review of the business

The Company's main activity is the indirect holding of shares in group companies involved in the development and operation of a chain of destination-based entertainment and lifestyle centers branded Heron City.

The company will continue its activities for the foreseeable future.

Principal risks and uncertainties

Objectives and policies

Financial risk management is an integral part of the company's management processes. Stringent policies designed to identify, manage and limit both existing and possible risks are applied at various management levels.

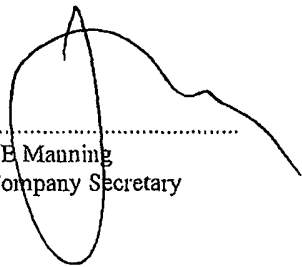
Price risk, credit risk, liquidity risk and cash flow risk

The company is exposed to potential credit risk on financial instruments such as liquid assets and debtors. Credit risk is managed, at group level, spreading its investments in liquid assets across several high quality financial institutions. In line with normal business practice the group operates credit management procedures.

Price risk is considered at a group level as part of the review of management forecasts and at a project level as part of the tender process and monitored on an ongoing basis.

Liquidity risk and cash flow risk is actively managed at group level through the preparation and monitoring of medium term plans, budgets and quarterly forecasts.

Approved by the Board and signed on its behalf by:



J E Manning
Company Secretary

18 September 2020

Heron Leisure Limited

Directors' Report for the Year Ended 31 December 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

Principal activity

The principal activity of the company is a holding company.

Results and dividends

The loss for the year was £69.9m (2018: £61.9m loss) and the state of the affairs of the company are as set out in the attached accounts.

The company is unable to pay a dividend (2018: £nil).

Going concern and Novel Coronavirus (COVID-19)

On 11 March 2020, the World Health Organization declared a global pandemic. Many countries have reacted by instituting quarantine, prohibition on travel and the closure of offices, businesses, schools, retail stores and other public venues. Businesses are also implementing similar precautionary measures.

Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity and are having a particularly adverse impact on transportation, hospitality, tourism, entertainment and other industries. The impact of COVID-19 has also led to significant volatility and declines in the global public equity markets and it is uncertain how long this volatility will continue. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess.

The most significant conditions relating to COVID-19 arose after the reporting period and as a result, the directors consider the emergence of the COVID-19 pandemic to be a non-adjusting post-balance-sheet event.

As at the date of this report, it is not possible to estimate reliably the effect of COVID-19 on the operations of the Group and the fair value of the Group's assets. Note 1 and note 24 give further details on what management are doing to limit the impact of the pandemic on the Group.

The directors have a reasonable expectation that the Company has adequate resources to continue its operational existence for the foreseeable future. To confirm this expectation, a letter of support was obtained from the directors of Heron International Holdings, the ultimate UK parent entity, stating that it has the ability and will continue to provide the operational financial support to the Company for a period of at least twelve months from the date of authorisation of these financial statements or until the Company has sufficient funds to meet its obligations. The letter of support also confirms that the amounts due will not be called for at least 12 months from the date of authorisation of these financial statements. As a result, the going concern basis of accounting has been adopted.

After considering the company's forecast cash flows and applying appropriate sensitivities to the cash flow projections, the directors continue to consider it appropriate that the going concern basis be adopted in preparing the company's accounts.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving these financial statements is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all reasonable steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Heron Leisure Limited

Directors' Report for the Year Ended 31 December 2019 (Continued)

Directors and their interests

The current directors of the company, and those who served throughout the period are as listed on page 1.

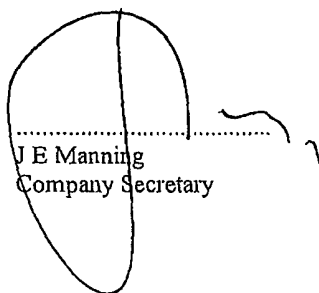
There are no directors' interests required to be disclosed under the Companies Act 2006.

A parent company maintains liability insurance for directors and officers of the company.

Reappointment of auditors

The auditors Ernst & Young LLP are deemed to be reappointed under section 485 of the Companies Act 2006.

Approved by the Board and signed on its behalf by:



J E Manning
Company Secretary

18 September 2020

Heron Leisure Limited

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 applicable law and United Kingdom Accounting Standards (UK Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable to the UK and Republic of Ireland'. 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 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.

Heron Leisure Limited

Independent Auditor's Report to the members of Heron Leisure Limited

Opinion

We have audited the financial statements of Heron Leisure Limited (the 'company') for the year ended 31 December 2019 which comprise Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the related notes 1 to 11, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the company's affairs as at 31 December 2019 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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's responsibilities for the audit of the financial statements section of our report below. 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.

Emphasis of matter – Covid-19

We draw attention to note 1 "Going Concern" and note 11 "Events after the reporting period" of the financial statements, which describes the impacts the company is facing as a result of COVID-19. Our opinion is not modified in respect of this matter.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Heron Leisure Limited

Independent Auditor's Report to the members of Heron Leisure Limited (Continued)

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.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have 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 strategic report or 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.

Heron Leisure Limited

Independent Auditor's Report to the members of Heron Leisure Limited (Continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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's 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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.

Ernst & Young LLP

*Oxana Dorrington (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London*

18 September 2020

Heron Leisure Limited
Income Statement for the Year Ended 31 December 2019

	Note	2019 £ 000	2018 £ 000
Management fee income		505	425
Management fee expense		—	(385)
Other income		250	—
		<hr/> 755	<hr/> 40
Foreign exchange (losses)/gains		(44)	3
Operating profit	2	<hr/> 711	<hr/> 43
Interest payable and similar charges	3	(70,644)	(61,991)
Loss on ordinary activities before taxation		<hr/> (69,933)	<hr/> (61,948)
Tax on loss on ordinary activities	4	—	—
Loss for the financial year		<hr/> (69,933)	<hr/> (61,948)

The above losses were derived from continuing operations.

The notes on pages 13 to 21 form an integral part of these financial statements

Heron Leisure Limited

Statement of Comprehensive Income for the Year Ended 31 December 2019

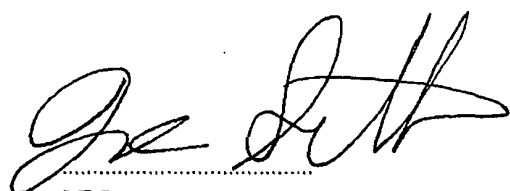
	Note	2019 £ 000	2018 £ 000
Loss for the year		(69,933)	(61,948)
Unrealised loss on revaluation of investment in subsidiary undertaking		(4,581)	(294)
Total comprehensive loss for the year		<u>(74,514)</u>	<u>(62,242)</u>

The notes on pages 13 to 21 form an integral part of these financial statements

Heron Leisure Limited
(Registration number: 03847798)
Statement of Financial Position as at 31 December 2019

	Note	2019 £ 000	2018 £ 000
Fixed assets			
Investments	5	8,728	13,309
Current assets			
Debtors: amounts falling due within one year	6	71,090	69,291
Creditors: amounts falling due within one year	7	(245,988)	(217,674)
Net current liabilities		(174,898)	(148,383)
Total assets less current liabilities		(166,170)	(135,074)
Creditors: amounts falling due after more than one year	7	(389,369)	(345,951)
Net liabilities		(555,539)	(418,025)
Capital and reserves			
Called up share capital	8	1,000	1,000
Revaluation reserve		7,727	12,308
Retained deficit		(564,266)	(494,333)
Total shareholders' deficit		(555,539)	(481,025)

Approved and authorised by the Board and signed on its behalf by:



J T Sutton
Director

18 September 2020

The notes on pages 13 to 21 form an integral part of these financial statements

Heron Leisure Limited

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

	Share capital	Revaluation reserve	Retained Earnings	Total
	£ 000	£ 000	£ 000	£ 000
At 1 January 2018	1,000	12,602	(432,385)	(418,783)
Total loss for the year	–	–	(61,948)	(61,948)
Other comprehensive loss	–	(294)	–	(294)
Total comprehensive loss	–	(294)	(61,948)	(62,242)
At 31 December 2018	1,000	12,308	(494,333)	(481,025)
Total loss for the year	–	–	(69,933)	(69,933)
Other comprehensive loss	–	(4,581)	–	(4,581)
Total comprehensive loss	–	(4,581)	(69,933)	(74,514)
At 31 December 2019	1,000	7,727	(564,266)	(555,539)

The notes on pages 13 to 21 form an integral part of these financial statements

Heron Leisure Limited

Notes to the Financial Statements for the Year Ended 31 December 2019

1 Accounting policies

Corporate information

Heron Leisure Limited is a private limited liability company incorporated in England. The Registered Office is disclosed on page 1.

Statement of Compliance

These financial statements have been prepared in compliance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – 'The Financial Reporting Standard Applicable in the United Kingdom and Republic of Ireland' (FRS 102), and with the Companies Act 2006.

Basis of preparation

The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

Under the provisions of FRS 102, the Company is defined as a qualifying entity and has consequently taken advantage of the disclosure exemptions set out in FRS 102 section 1.12 not to:

- provide a reconciliation of the number of shares outstanding at the beginning and end of the year;
- prepare a statement of cash flows as it is a wholly owned subsidiary undertaking of Heron International Holdings, the consolidated financial statements of which will include a consolidated statement of cash flows, including those of the company and
- disclose key management personnel compensation.

Significant judgement and estimates

The preparation of the financial statements requires management to make significant judgements and estimates and assumptions that effect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

In the process of applying the company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

- Tax - the Company establishes provisions based on reasonable estimates for likely tax liabilities. The amount of such provisions is based on various factors, such as management experience and interpretation of tax regulations. Management estimation is required to determine the quantum of deferred tax asset that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax attributes. Refer to tax accounting policy note for more information.
- Impairment considerations of debtors – the carrying values of debtor balances are assessed regularly for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Estimates and assumptions

Management consider that there are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year

Heron Leisure Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (Continued)

1 Accounting policies (cont'd)

Group accounts not prepared

Group accounts have not been prepared under s.400 of the Companies Act 2006 as the company is a subsidiary of a company incorporated in the European Union.

Going Concern and Novel Coronavirus (COVID-19)

On 11 March 2020, the World Health Organization declared a global pandemic. Many countries have reacted by instituting quarantine, prohibition on travel and the closure of offices, businesses, schools, retail stores and other public venues. Businesses are also implementing similar precautionary measures.

Such measures, as well as the general uncertainty surrounding the dangers and impact of COVID-19, are creating significant disruption in supply chains and economic activity and are having a particularly adverse impact on transportation, hospitality, tourism, entertainment and other industries. The impact of COVID-19 has also led to significant volatility and declines in the global public equity markets and it is uncertain how long this volatility will continue. As COVID-19 continues to spread, the potential impacts, including a global, regional or other economic recession, are increasingly uncertain and difficult to assess.

The most significant conditions relating to COVID-19 arose after the reporting period and as a result, the directors consider the emergence of the COVID-19 pandemic to be a non-adjusting post-balance-sheet event.

As at the date of this report, it is not possible to estimate reliably the effect of COVID-19 on the operations of the Group and the fair value of the Group's assets. Note 1 and note 24 give further details on what management are doing to limit the impact of the pandemic on the Group.

The directors have a reasonable expectation that the Company has adequate resources to continue its operational existence for the foreseeable future. To confirm this expectation, a letter of support was obtained from the directors of Heron International Holdings, the ultimate UK parent entity, stating that it has the ability and will continue to provide the operational financial support to the Company for a period of at least twelve months from the date of authorisation of these financial statements or until the Company has sufficient funds to meet its obligations. The letter of support also confirms that the amounts due will not be called for at least 12 months from the date of authorisation of these financial statements. As a result, the going concern basis of accounting has been adopted.

After considering the company's forecast cash flows and applying appropriate sensitivities to the cash flow projections, the directors continue to consider it appropriate that the going concern basis be adopted in preparing the company's accounts.

The principal accounting policies are as follows:

Fixed asset investments

Investments in subsidiary undertakings are stated at valuation based on underlying net asset value. Subsequent changes in valuation are recorded in the Statement of Comprehensive Income.

Foreign currency

Transactions in foreign currency are recorded at the exchange rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account.

Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost less any impairment. Where trade and other receivables are expected to be recovered in more than one year, the balance is discounted to reflect the time value of money.

Heron Leisure Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (Continued)

1 Accounting policies (cont'd)

Management fees

Management fees are recognised in the Income Statement as they are earned/incurred.

Tax

Current tax is recognised for the amount of tax payable in respect of the taxable profit for the current or past reporting periods using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised except as noted otherwise in respect of all timing differences at the reporting date between taxable profits and total comprehensive income.

Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

No deferred tax is recognized on the unremitted earnings of subsidiaries as the company is able to control the reversal of the timing difference and it is probable that the timing difference will not reverse in the foreseeable future.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Income Statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

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

2 Operating profit

The audit fees for the year have been borne by another group undertaking.

No director received any remuneration in respect of services rendered to the company during the year (2018: £nil).

The company did not employ any persons during the year (2018: nil).

Heron Leisure Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (Continued)

3 Interest payable and similar charges

	2019 £ 000	2018 £ 000
Interest payable to parent undertaking	27,224	24,200
Interest payable to fellow subsidiary undertaking	43,420	37,791
	<u>70,644</u>	<u>61,991</u>

4 Taxation

	2019 £ 000	2018 £ 000
Current taxation		
Group relief	—	—
Deferred taxation		
Total deferred taxation	—	—
Tax expense in the income statement	—	—

The tax on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 19% (2018 – 19%).

The differences are reconciled below:

	2019 £ 000	2018 £ 000
Loss before tax	(69,933)	(61,948)
Corporation tax at standard rate	(13,287)	(11,777)
Effect of tax losses	—	—
Tax increase arising from group relief	13,287	11,777
Total tax credit	—	—

Heron Leisure Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (Continued)

4 Taxation (Cont'd)

Deferred tax

There are £19.9m of unused tax losses (2018 - £19.9m) for which no deferred tax asset is recognised in the Statement of Financial Position as the directors have not identified suitable profits going forward in order to utilise these tax losses.

Factors that may affect future tax charges

The Finance Act 2017 included legislation to reduce the main rate of corporation tax from 19% to 17% from 1 April 2020. As this change was substantively enacted before the reporting date, deferred tax is recognised at 17% in the current period.

The rate changes will impact the amount of future tax payments to be made by the company.

5 Fixed asset investment

	2019 £ 000	2018 £ 000
At 1 January	13,309	13,603
Deficit on revaluation of investment in subsidiary undertaking	(4,581)	(294)
At 31 December	8,728	13,309

The companies subsidiaries are disclosed in note10.

6 Debtors

	2019 £ 000	2018 £ 000
Debtors: Amounts falling due within one year		
Trade debtors	626	886
Amounts due from subsidiary undertaking (a)	70,464	68,405
	71,090	69,291

- (a) This £70.5m is due from Heron City Limited. This amount is interest free and had no fixed repayment date. See note 9.

Heron Leisure Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (Continued)

7 Creditors

	2019 £ 000	2018 £ 000
Creditors: Amounts falling due within one year		
Accrued management fees to parent undertaking	—	385
Amounts due to a parent undertaking (a)	245,988	217,289
	<u>245,988</u>	<u>217,674</u>

	2019 £ 000	2018 £ 000
Creditors: Amounts falling due after more than one year		
Amounts due to a fellow subsidiary undertaking (b)	389,369	345,951
	<u>389,369</u>	<u>345,951</u>

- (a) The above amount of £245.9m is unsecured with no fixed repayment date. Interest is charged at 12% per annum. In the opinion of the directors this is a market rate of interest.
- (b) The above amount of £388.4m is unsecured with a maturity date of 30 June 2022. Interest is charged at 12% per annum. In the opinion of the directors this is a market rate of interest.

8 Share capital

Allotted, called up and fully paid shares

	2019 No. '000 £ 000	2018 No. '000 £ 000
Ordinary Shares of £1 each	1,000 <u>1,000</u>	1,000 <u>1,000</u>

Heron Leisure Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (Continued)

9 Related party transactions

During the year the company entered into transactions in the ordinary course of business, with other related parties. Transactions entered into and balances outstanding at 31 December 2019 are as follows:

	Heron City Limited	Heron International Holdings	Heron Finance UK Limited	Total
	£000	£000	£000	£000
At 1 January 2018	67,969	(192,709)	(308,160)	(432,900)
Interest	–	(24,200)	(37,791)	(61,991)
Movement during the year	897	(380)	–	517
At 31 December 2018	68,866	(217,289)	(345,951)	(494,374)
Interest	–	(27,224)	(43,420)	(70,644)
Movement during the year	1,598	(1,475)	2	125
At 31 December 2019	70,464	(245,988)	(389,369)	(564,893)

The Company charged the following management fees to its subsidiary undertakings during the year and the movement is as follows:

	Heron City Plaza SLU	Adrelanine	Heron City Mediterraneo SLU	Heron City Diversia SL	Total
	£000	£000	£000	£000	£000
At 31 December 2018	126	45	126	588	885
Foreign exchange gain	(5)	(2)	(5)	(31)	(43)
Management fee for the year	144	10	144	207	505
Payments	(265)	–	(265)	(191)	(721)
At 31 December 2019	–	53	–	573	626

The company was charged a management fee by Heron Corporation of £Nil (2018: £385k). Heron Corporation is the holder of 100% of the ordinary shares of the company.

Heron Leisure Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (Continued)

9 Related party transactions (cont'd)

Heron Corporation is the holder of 100% of the ordinary shares in the company.

Heron International Holdings is the holder of 100% of the shares in Heron Corporation and is the ultimate UK parent undertaking.

Heron Inversiones SL is a Spanish registered company 100% owned (indirectly) by the ultimate parent Heron International Limited.

Heron Finance UK Limited is 100% owned by Heron Inversiones SL.

Heron Property Corporation Limited is 100% (directly) owned by Heron Corporation.

Heron Land Developments Limited is 100% (directly) owned by Heron Corporation.

10 Parent and ultimate parent undertaking

The company is controlled by its immediate parent undertaking, Heron Corporation.

The company's ultimate parent and controlling undertaking is Heron International Limited.

The company's ultimate UK registered undertaking is Heron International Holdings.

The parent undertakings of the smallest and largest groups of which the company is a member, and for which group accounts are prepared, are as follows:

Largest group - Heron International Limited, registered in the Cayman Islands

Smallest group - Heron International Holdings, registered in England and Wales

Copies of the group accounts of Heron International Limited are available from the registered office at PO Box 309, Ugland House, George Town, Grand Cayman, Cayman Islands, British West Indies.

Copies of the group accounts of Heron International Holdings will be available from Companies House at Cardiff, CF14 3UZ once they have been filed.

Heron Leisure Limited

Notes to the Financial Statements for the Year Ended 31 December 2019 (Continued)

10 Parent and ultimate parent undertaking (cont'd)

Principal subsidiary undertakings at 31 December 2019:

The Principal Subsidiary undertakings of the company are as follows:

<i>Name of undertaking</i>	<i>Nature of business</i>
Heron City Mediterraneo SL (Incorporated in Spain) *^	Property investment
Heron City Plaza SL (Incorporated in Spain) *^	Property investment
Heron City Limited^^	Holding company
Utelle Investments B.V. (Incorporated in The Netherlands) *^^	Holding company
Heron City Espana SL (Incorporated in Spain) *^	Holding company
Embride Investments B.V. (Incorporated in The Netherlands) *^^	Holding company
Heron City Diversia SL (Incorporated in Spain) *^	Property investment
Warford Investments B.V. (Incorporated in The Netherlands) *^^	Holding company
Calshot Investments B.V. (Incorporated in The Netherlands) *^^	Holding company
Heron City Madrid SL (Incorporated in Spain) *^	Holding company
Heron City Paterna SL (Incorporated in Spain) *^	Holding company

* Ordinary share capital is held by a subsidiary undertaking.

^ Registered office at Calle Camilo José Cela,2, 28232 Las Rozas (Madrid), España.

^^ Registered office at Luna ArenA, Herikerbergweg 238, 1101 CM Amsterdam Zuidoost, The Netherlands.

^^^ Registered office at Heron House, 4 Bentinck Street, London, W1U 2EF.

Except where otherwise stated, the undertakings shown above are incorporated, or registered in, and operate in England and Wales.

11 Events after the reporting period

Since the balance sheet date the Covid-19 virus has spread around the world and many governments, including the UK, have introduced strict measures to limit social contact in order to slow the spread of the virus. The company is likely to be impacted by the expected slowdown of the economy caused by these measures. As these measures were not in place at the balance sheet date management have concluded that the economic impact of the virus is a non-adjusting post balance sheet event. The company is carefully monitoring the fast-changing threat from the virus.

As described in note 1, Management consider that there are no key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

In the opinion of the directors there has been no other significant event since the balance sheet date.