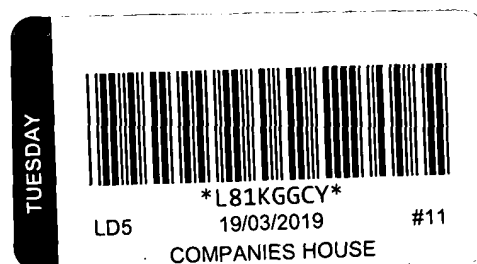


Heron Yate Limited
Directors' Report and Financial Statements
For the ended 31 December 2018



Heron Yate Limited

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Heron Yate Limited

Company Information

Directors

Gerald M. Ronson CBE Hon. DCL
Peter T Woolley (resigned 19 December 2018)
Stephen P Bailey
Joe T Sutton (appointed 19 December 2018)

Company secretary

James E Manning

Registered office

Heron House
4 Bentinck Street
London
W1U 2EF

Auditors

Ernst & Young
1 More London Place
London
SE1 2AF

Company Number

09889649

Heron Yate Limited

Strategic Report for the Year Ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

Business review

The company was incorporated on 26 November 2015.

The company undertakes land development activities and it had a site in Yate, South Gloucestershire with outline planning consent for 2,450 new homes. During the previous year it sold this site for in excess of book value.

The company's key financial performance indicators during the year were as follows:

	2018	2017
	£ 000	£ 000
Profit after tax	–	28,910
Equity shareholder's surplus	7,870	27,468

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

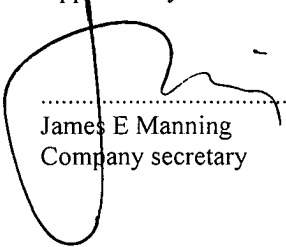
The company is exposed to potential credit risk on financial instruments such as liquid assets and debtors. Credit risk is managed, at group level, by spreading its investments in liquid assets across several high quality financial institutions. In line with normal business practice the group operates 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 are actively managed at group level through the preparation and monitoring of medium term plans, budgets and quarterly forecasts.

No significant uncovered risks were identified up to the date of these accounts.

Approved by the Board on 18 March 2019 and signed on its behalf by:



James E Manning
Company secretary

Heron Yate Limited

Director' Report for the Year Ended 31 December 2018

The directors present their report together with the financial statements for the year ended 31 December 2018.

Dividends

The company paid a dividend of £19.6m (2017: Nil).

Principal activity and future developments

The principal activity of the company is property development. The company intends to continue this activity in the future.

Results and dividends

The profit for the year was £162 (2017 profit: £28.9m) and the state of the affairs of the company are as set out in the attached accounts.

Charitable donations

There were no charitable or political donations made during the period.

Directors and their interests

The current directors of the company, and those who served throughout the period are as listed on page 2.

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

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

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report 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 the 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.

Going concern

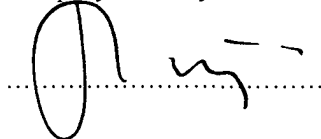
After considering the company's forecast cash flows and applying appropriate sensitivities to the cash flow projections, the directors continue to consider it appropriate that the going concern basis be adopted in preparing the company's accounts.

Reappointment of auditors

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

For and on behalf of the Board.

James E Manning
Company secretary



18 MARCH 2019

Heron Yate 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 Yate Limited

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

Opinion

We have audited the financial statements of Heron Yate Limited for the year ended 31 December 2018 which comprise the Income Statement, Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Notes 1 to 13, 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 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 2018 and of its profit 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.

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 Yate Limited

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

Independent Auditor's Report to the members of Heron Yate Limited (continued)

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'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 March 2015

Heron Yate Limited**Income Statement for the Year Ended 31 December 2018**

	Note	2018 £	2017 £
Turnover		–	73,799,803
Cost of sales		–	(41,886,161)
Gross profit		–	31,913,642
Management fee payable to a fellow subsidiary undertaking		–	(1,131,000)
Interest receivable and similar charges	3	162	–
Interest payable and similar charges	4	–	(772,135)
Profit before taxation		162	30,010,507
Tax on profit on ordinary activities	5	–	(1,100,000)
Profit on ordinary activities after taxation		162	28,910,507
Profit for the year		162	28,910,507

The above profit for the year was derived from continuing operations.

Heron Yate Limited

Statement of Comprehensive Income for the Year Ended 31 December 2018

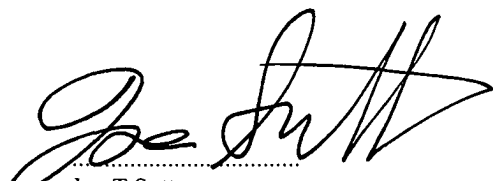
	2018	2017
	£	£
Profit for the year	<u>162</u>	<u>28,910,507</u>
Total comprehensive profit for the year	<u>162</u>	<u>28,910,507</u>

The notes on pages 13 to 17 form an integral part of these financial statements.

Heron Yate Limited
(Registration Number 09889649)
Statement of Financial Position as at 31 December 2018

	<i>Notes</i>	2018 £	2017 £
Current assets			
Stocks and work in progress	6	10,000	10,000
Debtors: amounts falling due within one year	7	7,859,999	21,088,664
Debtors: amounts falling due after more than one year	7	–	7,500,000
		7,869,999	28,598,664
Creditors: amounts falling due within one year	8	–	(1,131,000)
Net current assets		7,869,999	27,467,664
Net assets		7,869,999	27,467,664
Capital and reserves			
Called up share capital	9	1	1
Retained earnings		7,869,998	27,467,663
Total shareholder's surplus		7,869,999	27,467,664

Approved by the Board of Directors on 18 March 2019 and signed on its behalf by:


Joe T Sutton
Director

The notes on pages 13 to 17 form an integral part of these financial statements.

Heron Yate Limited
Statement of Changes in Equity for the Year Ended 31 December 2018

	Share capital £	Retained Earnings £	Total £
On incorporation at 26 November 2015	1	(1,442,844)	(1,442,843)
Total comprehensive income	—	28,910,507	28,910,507
At 31 December 2017	1	27,467,663	27,467,664
Total comprehensive profit	—	162	162
Dividend paid	—	(19,597,827)	(19,597,827)
At 31 December 2018	1	7,869,998	7,869,999

The notes on pages 13 to 17 form an integral part of these financial statements.

Heron Yate Limited

Notes to Financial Statements for the Year Ended 31 December 2018

1. ACCOUNTING POLICIES

Corporate information

Heron Yate Limited is a private limited liability company incorporated in England. The Registered Office is disclosed on page 2.

Statement of compliance

These financial statements have been prepared in accordance 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 reviewed 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.

Going concern

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.

Heron Yate Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

The principal accounting policies are as follows:

Turnover

Sales of land are recognised on unconditional exchange of contracts, provided that legal completion has been affected prior to the date of approval of the financial statements.

Turnover represents sales within the United Kingdom and is stated exclusive of VAT.

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.

Stocks, work in progress and long-term contracts

Stocks and work in progress are stated at the lower of cost and net realisable value. Purchases of land are recorded in the accounts upon unconditional exchange of contracts. Net realisable value is calculated as the amount recoverable from the development of the site, or a sale in its existing state, whichever is planned less selling costs.

Trade and other receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost and, where the effect is material, discounted to reflect the time value of money.

Interest income

Interest income is recognised on the basis of the effective interest method and is included in interest receivable and similar income.

Interest expense

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

Management fees

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

Heron Yate Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

2. OPERATING PROFIT/(LOSS)

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

No directors received any remuneration during the year/period.

The company did not employ any persons during the year/period.

3. INTEREST RECEIVABLE AND SIMILAR CHARGES

	2018 £	2017 £
Interest receivable from a fellow subsidiary undertaking	162	—
	<u>162</u>	<u>—</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2018 £	2017 £
Interest payable to a fellow subsidiary undertaking	—	772,135
	<u>—</u>	<u>772,135</u>

5. TAX CREDIT ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2018 £	2017 £
Current taxation		
Corporation tax	—	1,100,000
Group relief	—	—
Deferred taxation		
Total deferred taxation	<u>—</u>	<u>—</u>
Tax expense in the income statement	<u>—</u>	<u>1,100,000</u>

The tax on the profit/(loss) on ordinary activities for the year/period is lower (2017: lower) than the standard rate of corporation tax in the UK of 19% (2017: 19.25%). The differences are explained below:

	Year Ended 31 Dec 2018 £	Period from 26 Nov 2015 to 31 Dec 2017 £
Profit on ordinary activities before tax	162	30,010,507
Corporation tax at standard rate	31	5,777,023
(Decrease)/increase from tax losses for which no deferred tax asset is recognised	—	(277,747)
Tax decrease arising from group relief	(31)	(4,399,276)
Tax charge/(credit) for year/period	<u>—</u>	<u>1,100,000</u>

Heron Yate Limited**Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)**

Factors that may affect future tax charges

The Finance Act 2018 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.

Deferred tax

There are £nil (2017: £nil) unused tax losses in respect of which no deferred tax asset is recognised in the Statement of Financial Position.

6. STOCKS

	2018 £	2017 £
Work in progress – properties and land	10,000	10,000

In the directors' opinion the valuation of the land held by the company is significantly in excess of book value.

7. DEBTORS

	2018 £	2017 £
Debtors: amounts falling due within one year		
Trade debtors-deferred sales proceeds	7,500,000	7,500,000
Amounts due from a fellow subsidiary undertaking	360,000	13,588,664
	<u>7,859,999</u>	<u>21,088,664</u>
Debtors: amounts falling due after more than one year		
Trade debtors-deferred sales proceeds	–	7,500,000
	<u>7,859,999</u>	<u>28,588,664</u>

8. CREDITORS

	2018 £	2017 £
Creditors: amounts falling due within one year		
Management fee payable to a fellow subsidiary undertaking	–	1,131,000
Creditors: amounts falling due after more than one year		
Amounts due to a fellow subsidiary undertaking	–	–
	<u>–</u>	<u>1,131,000</u>

Heron Yate Limited

Notes to the Financial Statements for the Year Ended 31 December 2018 (continued)

9. CALLED UP SHARE CAPITAL

	2018		2017	
	No.	£	No.	£
Ordinary Shares of £1 each	1	1	1	1

10. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS 102, section 33.1A Related Party Disclosures not to disclose transactions with group companies which meet the criteria that all subsidiary undertakings which are party to the transactions are wholly owned by the ultimate controlling parent.

11. CONTINGENT LIABILITIES

The directors are not aware of any significant contingencies at the balance sheet date

12. PARENT UNDERTAKINGS

The company's immediate parent undertaking is Heron Corporation.

The Company's ultimate parent and controlling undertaking at 31 December 2018 is Heron International Limited.

The parent undertaking of the smallest and largest group 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.

13. POST BALANCE SHEET EVENTS

There have been no significant events since the balance sheet date.