

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



Heron Treasury Services Limited

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Heron Treasury Services Limited

Company Information

Directors

Mr Gerald Ronson CBE Hon. DCL

Mr Joe Sutton

Company Secretary

Mr James Manning

Registered Office

2nd Floor

24 Brook's Mews

Mayfair

London

W1K 2EA

Auditors

Ernst & Young LLP

1 More London Place

London

SE1 2AF

Company Number

2191171

Heron Treasury Services 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 remains an investment company and will do so 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 supplied at various management levels.

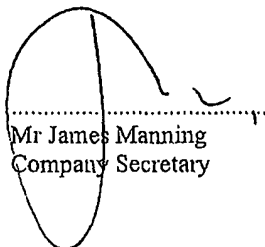
Price risk, credit risk, liquidity risk and cash flow risk

The company is an investment company with limited exposure to financial risk, save for the changes in the value of its investments. All financial risk for the company is managed at a parent level.

Foreign currency risk

Due to its nature of business, the company has no cross-border trade transactions and therefore foreign exchange transaction exposure is not applicable.

Approved by the Board and signed on its behalf by:



Mr James Manning
Company Secretary

18 September 2020

Heron Treasury Services 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 that of an investment company.

Results and dividends

The profit for the year was £10.7m (2018: £15.9m) and the state of the affairs of the company are as set out in the attached accounts. During the year the company paid an interim dividend of £20.9m (2018: £Nil).

The company holds an 8.56% interest in the Ronson Capital Partners 1 (Real Estate) Partnership L.P. ('RCP'). This fund had two residential developments in Central London. The company invested £9.9m in this fund. During the previous years these development reached completion. To date £21.1m of equity/profit has been returned to the Company. The company's investment in RCP as at 31 December 2019 is £Nil (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 Group'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 Treasury Services Limited

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

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.

Directors and their interests

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

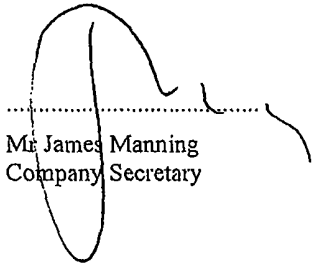
There are no directors' interests which require to be disclosed under the Companies Act 2006.

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:



.....
Mr James Manning
Company Secretary

18 September 2020

Heron Treasury Services 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 Treasury Services Limited
Independent Auditor's Report to the Members

Opinion

We have audited the financial statements of Heron Treasury Services 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 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 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 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.

Emphasis of matter – Covid-19

We draw attention to note 1 "Going Concern" and note 13 "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 Treasury Services Limited

Independent Auditor's Report to the Members (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 Treasury Services Limited

Independent Auditor's Report to the Members (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

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

18 September 2020

Heron Treasury Services Limited
Income Statement for the Year Ended 31 December 2019

	Note	2019 £	2018 £
Administrative expenses		—	—
Operating loss	2	—	—
(Deficit)/surplus on revaluation of fixed asset investment	6	(3,039,134)	2,227,889
		(3,039,134)	2,227,889
Distribution from investment		2,445,777	5,736,621
Distribution from joint venture		2,004,163	—
Interest receivable and similar income	3	10,196,513	9,289,989
Interest payable and similar income	4	(912,830)	(1,038,928)
Profit before tax		10,694,489	16,215,571
Tax on profit on ordinary activities	5	—	(360,000)
Profit for the financial year		10,694,489	15,855,571

The above profits were derived from continuing operations.

Heron Treasury Services Limited
Statement of Comprehensive Income for the Year Ended 31 December 2019

	Note	2019 £	2018 £
Profit for the year		<u>10,694,489</u>	<u>15,855,571</u>
Total comprehensive income for the year		<u>10,694,489</u>	<u>15,855,571</u>

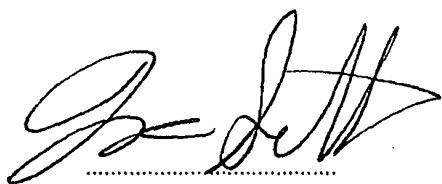
Heron Treasury Services Limited

(Registration Number: 2191171)

Statement of Financial Position as at 31 December 2019

	Note	2019 £	2018 £
Fixed assets			
Investments	6	<u>106,368,434</u>	<u>109,407,568</u>
Current assets			
Debtors: amounts falling due within one year	7	10,207,255	15,295
Debtors: amounts falling due after one year	7	153,524,027	71,851,632
Cash at bank and in hand		<u>1,213</u>	<u>1,242</u>
		<u>163,732,495</u>	<u>71,868,169</u>
Creditors: amounts falling due within one year	8	<u>(130,995,907)</u>	<u>(32,007,264)</u>
Net current assets		<u>32,736,588</u>	<u>39,860,905</u>
Total assets less current liabilities		<u>139,105,022</u>	<u>149,268,473</u>
Net assets		<u>139,105,022</u>	<u>149,268,473</u>
Capital and reserves			
Called up share capital	9	90,000,000	90,000,000
Retained Earnings		<u>49,105,022</u>	<u>59,268,473</u>
Equity shareholders' funds		<u>139,105,022</u>	<u>149,268,473</u>

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



Mr Joe Sutton
Director

18 September 2020

Heron Treasury Services Limited

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

	Share capital £	Retained Earnings £	Total £
At 1 January 2018	90,000,000	43,412,902	133,412,902
Total comprehensive income	—	15,855,571	15,855,571
At 31 December 2018	90,000,000	59,268,473	149,268,473
Total comprehensive income	—	10,694,489	10,694,489
Dividend paid	—	(20,857,940)	(20,857,940)
At 31 December 2019	90,000,000	49,105,022	139,105,022

Heron Treasury Services Limited

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

1 Accounting policies

Corporate information

Heron Treasury Services 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.

Exemption from preparing group accounts

The company is exempt from preparing group accounts under s.400 of the Companies Act 2006 as it is included within the consolidated accounts of the Heron International Holdings group.

Heron Treasury Services Limited

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

1 Accounting policies (Cont'd)

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 Group'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

Fixed asset investments are carried as follows:

Investments in joint ventures are stated at cost less any provisions for impairment. All impairments are recorded to the Income Statement. Other investments are stated at cost unless there is a permanent diminution in value where they are written off to the Income Statement.

Investment in subsidiary undertakings are stated at valuation based on the underlying net asset value of each subsidiary. Surplus and deficits on revaluation are taken to the Income Statement.

Interest payable

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

Heron Treasury Services Limited

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

1 Accounting policies (Cont'd)

Interest income

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

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.

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.

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.

Distributions

Distributions are recognised when the company's right to receive the payment is established.

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.

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 loss

The operating loss is stated after charging

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 Treasury Services Limited

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

3 Interest receivable and similar income

	2019 £	2018 £
Interest receivable from a joint venture (see note 7 & 10)	10,194,304	9,289,989
Other	2,209	—
	<u>10,196,513</u>	<u>9,289,989</u>

4 Interest payable and similar charges

	2019 £	2018 £
Payable to a parent undertaking (see note 8)	912,830	1,038,928
	<u>912,830</u>	<u>1,038,928</u>

5 Taxation

	2019 £	2018 £
Current taxation		
Corporation tax	—	360,000
Deferred taxation		
Total deferred taxation	—	—
Tax expense in the income statement	<u>—</u>	<u>360,000</u>

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

The differences are reconciled below:

	2019 £	2018 £
Profit before tax	10,694,489	16,215,571
Corporation tax at standard rate	2,031,952	3,080,958
Tax increase (decrease) arising from group relief	—	(853,682)
Effect of tax losses	—	(577,355)
Other tax effects for reconciliation between accounting profit and tax expense (income)	(2,031,952)	(1,289,921)
Total tax charge/(credit)	<u>(360,000)</u>	<u>360,000</u>

Heron Treasury Services Limited

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

5 Taxation (Cont'd)

Deferred tax

There are £61.1m of unused tax losses (2018 - £61.1m) in respect of which no deferred tax asset is recognised in the Statement of Financial Position.

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.

6 Fixed asset investment

Investments held as fixed assets

	2019 £	2018 £
Summary		
Subsidiary undertaking	106,359,909	109,399,043
Investment in joint venture	8,525	8,525
	<u>106,368,434</u>	<u>109,407,568</u>

	Investment in Joint Venture £	Subsidiary Undertaking £	Total £
At 1 January 2018	8,525	107,171,154	107,179,679
Revaluation	—	2,227,889	2,227,889
At 31 December 2018	8,525	109,399,043	109,407,568
Revaluation	—	(3,039,134)	(3,039,134)
At 31 December 2019	<u>8,525</u>	<u>106,359,909</u>	<u>106,368,434</u>

Heron Treasury Services Limited

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

6 Fixed asset investment (Cont'd)

Details of subsidiary undertakings and joint ventures are disclosed in note 11.

* During the year the company received £2,445,777 (2018: £5,736,621) return of equity and profit from the Ronson Capital Partners 1 (Real Estate) Partnership L.P. ('RCP'). The company's investment in RCP as at 31 December 2019 is Nil (2018: Nil).

At 31 December 2019 the company holds an 8.56% (2018: 8.56%) interest in RCP.

7 Debtors

	2019 £	2018 £
Debtors: Amounts falling due within one year		
Amount due from a parent undertaking	15,295	15,295
Amount due from ultimate parent undertaking	10,191,930	—
	<u>10,207,225</u>	<u>15,295</u>
Debtors: Amounts falling due after more than one year		
Loan to a related party (see note 10) (a)	78,212,840	71,101,871
Other debtors	1,055	749,761
Amounts due from parent undertakings (b)	75,310,132	—
	<u>153,524,027</u>	<u>71,851,632</u>

(a) The amount of £78.2m (2018: £71.1m) due from the joint venture has a maturity date of 24 April 2021. This amount of £78.2m is due from Heron Tower Property Unit Trust. The amount is unsecured and is subordinated to the bank loan in the Trust. Interest is charged at 14% per annum. In the opinion of the directors this is a market rate of interest. The carrying value of these balances is presented after discounting considerations.

(b) The above amount of £75.3m consist of the following

- (i) A Euro 30.3m unsecured loan with no fixed repayment date. Interest is charged at three month EURIBOR plus 1.7%.
- (ii) A Euro 58.4m unsecured loan with no fixed repayment date. Interest is charged at three month EURIBOR plus 1.7%.
- (iii) A £404k unsecured loan with no fixed repayment date. Interest is not charged on this amount.

Heron Treasury Services Limited

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

8 Creditors

	2019	2018
	£	£
Creditors: Amounts falling due within one year		
Amounts due to a parent undertaking (a)	24,635,905	32,007,264
Amounts due to parent undertakings (b)	106,360,001	—
	<u>130,995,906</u>	<u>32,007,264</u>

(a) The amount of £24.2m (due to Heron International Holdings) is unsecured with no fixed repayment date. Interest is charged at three month LIBOR plus 2%. In the opinion of the directors this is a market rate of interest. The carrying value of these balances is presented after discounting considerations.

(b) This amount of £106.4m has no fixed repayment date and interest is not charged on this amount.

9 Share capital

Allotted, called up and fully paid shares

	No.	2019 £	No.	2018 £
Ordinary Shares of £1 each	90,000,000	90,000,000	90,000,000	90,000,000

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.

The Heron Tower Property Unit Trust is a Jersey registered unit trust of which 33.33% is held by a fellow subsidiary undertaking.

Heron Treasury Services Limited

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

10 Related party transactions (Cont'd)

	Heron Tower Property Unit Trust £
Loan receivable at 1 January 2018	64,711,882
Interest charged	9,289,989
Repayments	(2,900,000)
At 31 December 2018	71,101,871
Interest charged	10,194,304
Repayments	(3,083,335)
At 31 December 2019 (note 7)	78,212,840

The company holds 33.40% of The Heron Residences LLP ("the LLP") and Heron International N.V. (a parent undertaking) holds 16.7% of the LLP. During the year the company received distributions of £2,004,163 (2018: £nil) from The Heron Residences LLP. The company holds 8.56% interest in Ronson Capital Partners 1 (Real Estate) Partnership L.P. See note 6 for movements during the year.

11 Investment in subsidiaries and joint ventures

Subsidiary Undertakings

<i>Name</i>	<i>% of ordinary shares held</i>	<i>Country of incorporation</i>	<i>Nature of business</i>
Bonivir Investments Limited [^]	99.99%	United Kingdom	Investment
Ronex Properties Limited ^{*^}	99.99%	United Kingdom	Investment

Joint Ventures

<i>Name</i>	<i>% of ordinary shares held</i>	<i>Country of incorporation</i>	<i>Nature of business</i>
The Heron Residences LLP ^{**^}	33.40%	United Kingdom	Property Development

* Ordinary share capital is held by a subsidiary company

** Designated member

[^]Registered office at 2nd Floor, 24 Brook's Mews, Mayfair, London, W1K 2EA

Heron Treasury Services Limited

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

12 Parent and ultimate parent undertaking

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

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

13 Events after 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.