

COMPANIES HOUSE

31 AUG 2022

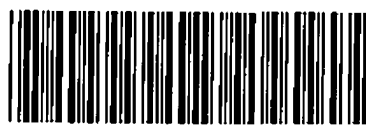
Company registration number: NI016051

HERON BROS LTD

AUDITED FINANCIAL STATEMENTS

31 AUGUST 2021

WEDNESDAY



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COMPANIES HOUSE

HERON BROS LTD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

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HERON BROS LTD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

Company Information

| | |
|--------------------------|--|
| Directors | Mr Terence McDaid Mr Michael Heron Mr Damian Heron Mr Martin O'Kane Mr Neil Bradley Mr Eugene McAneney Mr Damian O'Callaghan Mr Noel Mullan Mr Paul Mulholland Mr Karl McKillop Mr Cathal Heron Mr Keith Farren Mr Martin Blaney Mr Patrick McTaggart |
| Secretary | Mr Neil Bradley |
| Company number | NI016051 |
| Registered office | 2 St Patrick's Street Draperstown BT45 7AL |
| Business address | 2 St Patrick's Street Draperstown BT45 7AL |
| Auditor | Kelly & O'Neill Ltd 15E Molesworth Street Cookstown Co Tyrone BT80 8NX |

HERON BROS LTD

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

Bankers

First Trust Bank
90 Ann Street
Belfast
BT1 3AY

Solicitors

Doris & MacMahon
63 James Street
Cookstown
Co Tyrone
BT80 8AE

Brodies LLP
110 Queens Street
Glasgow
G1 3BX

HERON BROS LTD

STRATEGIC REPORT YEAR ENDED 31 AUGUST 2021

Principal Activities

The company's principal activities are construction, joinery manufacturing, building suppliers, quarrying, property investment and property development.

Review of Business

The Board continues to invest significantly in its digital transformation programme to ensure IT systems continuity and resilience, greater collaboration, quality control, process efficiency, improved communication capabilities, efficient data capture and real time data analytics, which are at the forefront of the industry.

The Board is satisfied that it consistently identified, evaluated and effectively managed the risks the Company was exposed to during the year ending August 2021, and is satisfied that it is strategically positioned to continue to expand in a controlled manner over the next 12 months.

The company controls and is responsible for management of a property portfolio which provides a sustainable annual profit for the company. The Directors are pleased to see a significant increase in the rental income during the period.

The Company has a loyal and long serving workforce and management team who continue to work efficiently to increase market share and maximise margin. Our core values of Collaboration, Forward Thinking, and Passion are embedded throughout the Company and will continue to be encouraged through our Investors in People strategy.

Growth will continue to be driven through consolidating the existing sectors within which we operate, alliances with long standing customers, the pursuit of niche markets, residential developments, renewable energy, strategic joint ventures, and developments in conjunction with the Company's Property Division. The Company continues to expand its current development model of site identification, design and build, sale, or leasing of developments to both the Private and Public Sector clients.

With continued uncertainty at a local and national level and to avoid spending troughs, the company will have a continued focus on the UK market. We are however encouraged by a strong balance sheet, order book and opportunities for the year ahead. This will be done as always, in a controlled manner to ensure that key issues such as health and safety, customer service, business reputation and margin are not compromised in any way.

Awards & Accreditations

Heron Bros. Ltd. have achieved the following industry standard accreditations: -

- ISO 45001 (Health & Safety)
- ISO14001 (Environmental)
- ISO 9001 (Quality)
- PAS 1192-2:2013 - BIM Level 2 Certification
- Forest Stewardship Council Chain of Custody
- Enviro-Cert
- Safe-T-Cert
- CHAS (Contractors Health & Safety Assessment Scheme)
- RoSPA Gold Safety Award
- FORS Bronze
- Altius Vendor Assured
- Safe Contractor (SSIP)
- Constructionline Acclaim
- Investors in People Platinum Global Employer of the Year
- RICS(NI) Social Impact Award
- Two Considerate Constructors Scheme Silver National Site Awards

HERON BROS LTD

STRATEGIC REPORT YEAR ENDED 31 AUGUST 2021

- Business in the Community Responsible Business winners for: -
 - Core Gold
 - Environmental Benchmarking Survey Gold
- Mates in Mind – SME Organisation Impact Award for Employee Wellbeing Programme
- Arts & Business NI Award for Mental Health & Wellbeing Award
- VIBES Scotland – Environmental Good Practice Award
- CIOB – Construction Manager of the Year Award – Schools over £20m

A detailed listing can be viewed on our website: www.heronbros.com

Principal Risks & Uncertainties

The Directors have identified the following areas of risk and uncertainty:

Health and Safety

Heron Bros. Ltd recognises the importance of managing occupational health, safety, welfare and wellbeing throughout all our operations and activities. We regard it as an integral component to our overall business strategy and of paramount importance in the operation of the business. The Directors are continuously reviewing and investing to ensure that risks in this area are minimised and controlled. This commitment extends throughout all our sites, premises, operations and activities, and to staff, sub-contractors and other persons who may be affected by our undertakings.

COVID-19

The Board's key priority is always the Health & Wellbeing of our staff, their families, our Clients, Value Chain and the communities within which we work. Through the transition to Living with Covid, the Board has maintained its hands on role through the Task Force implemented at the outset of the pandemic which continues to ensure the risk exposure to Covid-19 is kept to minimum including but not limited to: -

- Continual open communication with all staff members of the latest guidelines and the actions taken in response to implement covid safe working practices.
- Ensuring we protected the financial, mental and physical well-being of our staff
- Maintain excellent relationships with our Clients, Value Chain and the communities within which we work.

The Board's approach and implementation of its protocols has ensured that they have protected our staff and supply chain while maintaining a sustainable strong order book and strong balance sheet.

The Board continues to monitor the situation and the impacts Covid-19 is having on the industry and the business and adapt our protocols as necessary to the changing needs.

Cyber Crime

Heron Bros have implemented robust controls and procedures effectively monitor all IT systems for on-going cybercrime threats. We have a mature IT Disaster Recovery Plan, which is regularly tested and updated to ensure it remains fit for purpose. Our staff have all been provided with training on how to recognise potential cybercrime threats and personal data security.

Business Performance

Business performance is dependent on both market conditions and internal factors. Directors seek to control this risk through the consistent implementation of financial and operational controls and effective risk management protocols to ensure projects are procured at sustainable margins and delivered to meet or exceed contract requirements. There has been significant investment during the period in a new ERP system, which includes bespoke development to streamline and improve the financial and commercial processes, control and reporting across the organisation.

Investment in our People

The Directors recognise the importance of the key recruitment, training and retention of a highly skilled and motivated work force. The company operates a policy of continuous training review to ensure all staff have the appropriate skill sets to manage an ever changing construction market. This risk is being addressed through our bespoke development programmes for professional qualification personal awareness and wellbeing. This is best displayed through our continuing commitment to: -

- Investors in People Platinum status
- The continuation and development of our own in-house StartSmart Training Academy
- Roll-out of a bespoke Health & Wellbeing programme
- Increasing the number of staff gaining professional charterships
- Building Information Modelling Level 2 Certification and
- Extensive investment in our Digital Transformation programme including a key emphasis on training.

Environmental, Social & Governance (ESG)

Heron Bros has a long history of caring for its people and the communities where it does business. We strive to leave a positive legacy through our work within the built environment. How we do business and the impact we have on the environment, on people, our value chain and on the communities we work in underpins our ESG Strategy and Net Zero Roadmap.

The Board fully recognise the significance of environmental risk and have employed resources to manage the risk effectively. The Company cares about the environment in all its forms. As a fundamental part of the business the Company ensures it maintains an awareness its operations have on the environment and measures its activities against industry recognized key performance indicators to ensure minimal impact. This is clearly evidenced through numerous awards listed above and in particular achieving the Business in the Community (BITC) Environmental Benchmark Platinum status as well as the signing of the Climate Action Pledge.

The Boards approach to Social Value is embedded in all of Heron Bros operations and is a daily priority of line management. Our commitment to social and community issues is applied Company wide. This means that we:

- Seek to encourage social inclusion within the company, our Value Chain and in all the communities in which the Company undertakes activities and to operate in an ethical manner with all its stakeholders;
- Comply as a minimum with all the applicable legislation and ensure that our social stewardship meets or exceeds industry best practice;
- Manage our business in a fair and equitable manner, meeting our social responsibilities both as a direct and indirect employer;
- Afford equality of opportunity;
- Deal responsibly with our suppliers and customers in accordance with our Code of Business Conduct and proper business practice;
- Provide suitable and sufficient training to all employees and relevant sub-contractors, where appropriate, in all aspects of their responsibilities to the Company.
- Provide a Human Trafficking awareness programme as part of our Modern Slavery Policy

HERON BROS LTD

STRATEGIC REPORT YEAR ENDED 31 AUGUST 2021

Heron Bros. ESG strategy is led by the Board with support from our Senior Management Team, ESG Manager and Human Resources Associate Director to ensure ownership, commitment and full implementation across our organisation around our growing environmental, social and governance commitments.

Energy & Carbon

In line with HM Governments Environmental Reporting Guidelines, below we outline energy and emissions report for 2021. During the period there have been many measures introduced to improve energy efficiency across the organization.

| Energy Source | Consumption kWh | Scope | Emissions calculation |
|--|----------------------|---------|--|
| Natural Gas – total kWh (kilowatt-hours) used for the year taken from the gas meter readings | 0 | Scope 1 | |
| Red Diesel for plant / equipment taken from order deliveries | 66,123 | Scope 1 | kWh (2020 fuels, diesel conversion factor gross CV to kgco2e 0.24057) = 274.85 t Co2 |
| White Diesel for plant | 12,812 | Scope 1 | kWh (2020 fuels, diesel conversion factor gross CV to kgco2e 0.24057) = 53.25 t Co2 |
| Electricity – total kWh used for the year, taken from the electricity meter readings | 373,112 | Scope 2 | kWh (2020 electricity conversion factor to 0.23314 kgCO2e) = 1,600.37 t CO2e |
| Company Owned Transport Diesel Fuel - Business Travel taken from fuel cards and fuel pumps | 131,034 | Scope 1 | kWh (2020 diesel fuel conversion factor 0.24057 to kgCO2e) = 544.68 tCo2e |
| Company Owned Transport Petrol Fuel - Business Travel taken from fuel cards and fuel pumps | 431 | Scope 1 | kWh (2020 petrol fuel conversion factor to 0.22920 kgCO2e) = 1.8 tCo2e |
| Total | 583,512 | | 2,474.95 t co2e |
| Total per £100k turnover | 691 kWh/£100k | | 2.9 tco2e/£100k turnover |

The following measures have been implemented to improve energy efficiency measures across the company:

- Investment and construction of new energy efficient headquarters buildings including upgrade of existing facilities
- Installed five biomass burners at various facilities across the company.
- Updated company car policy to include electrical vehicles and hybrid cars including the implementation of EV charging points
- Phasing in of energy efficient to carbon neutral site accommodation.
- Procurement of electricity and gas procured from renewable green tariffs where possible
- Strategic partnership with CE-SEA Building Integrated Solar Energy and Ulster University Centre for Sustainable Technologies to develop a HyPVT thermaldiode solar facades.
- Strategic partnership with HHT Renewables to improve the renewable energy output in Northern Ireland and develop new technologies.
- Investment in battery storage technology

HERON BROS LTD

**STRATEGIC REPORT
YEAR ENDED 31 AUGUST 2021**

Quality

Quality is the heart of our company culture and has been instilled over 65 years of family business and extensive repeat business. The Company continually develops its Quality Management Systems and following significant continued investment has successfully implemented an advanced digital transformation programme that is further improving the quality of the projects we deliver providing, end users buildings they can feel proud of, are built to the highest standards, use best products/materials, provide excellent whole life value for money and excellent exemplar for future projects.

This report was approved by the Board on 31 August 2022 and signed on its behalf by;



**Mr. Damien O'Callaghan
Director**

HERON BROS LTD

DIRECTORS REPORT FOR THE YEAR ENDED 31 AUGUST 2021

The directors present their report and the financial statements of the company for the year ended 31 August 2021.

Incorporation

The Company's principal activities are construction, joinery, manufacturing, building suppliers, quarrying, property investment and property development.

Directors

The directors who served the company during the period are listed on page 2.

Results and Dividends

The results for the year are as set out on page 14.

The operating profit for the period before taxation amounted to £4.4m; 5.2% (2020 £5.7m; 4.4%).

The directors do not recommend payment of a final dividend.

Future developments

The Company has a continual policy of upgrading its accommodation and production facilities to improve efficiency and expand the services offered by its existing businesses.

Employee involvement

Heron Bros Ltd is an Equal Opportunities Employer committed to objectives noted in our Equal Opportunity Policy. We are committed to ensuring the talents and resources of all our employees are utilised to the full. We will not discriminate against any individual in matter of recruitment or selection for any position, promotion, development or training on the grounds of perceived religious or political affiliation, sex, age, marital status, disability, colour, race or ethnic origins.

We recognise our moral and social obligations to promote equality of opportunity within our community. Our policies and procedures will be reviewed to ensure individuals continue to be selected, promoted or treated solely on the basis of merit and in accordance with the requirements of the job.

Heron Bros Ltd seeks to ensure persons are appointed on merit irrespective of ability/disability. The Company will examine the working environment and job responsibilities. This will optimise the working conditions and environment for all staff. The working environment and job responsibilities will be reviewed on an ongoing basis.

Financial risk management objectives and policies

The Company's activities expose it to a number of financial risks, principally credit risk. The Board reviews and agrees policies for the prudent management of financial risk as follows:

Credit Risk

The Company's principal financial assets are bank balances and amounts recoverable on contracts. The credit risk associated with cash is limited and so the principal credit risk arises from contract balances.

The risk in relation to contract balances is managed by assessing potential customers at the tender stage by way of credit references, industry knowledge and other financial information. A large proportion of our customers are public or semi-public bodies which mitigates the potential credit risk.

HERON BROS LTD

DIRECTORS REPORT (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Disclosure of information in the strategic report.

The Company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations

Directors responsibilities statement

The directors are responsible for preparing the strategic report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

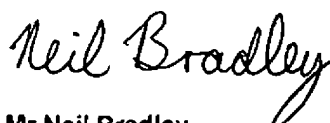
- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 785 of the Companies Act 2006.

This report was approved by the board of directors on 31 August 2022 and signed on behalf of the board by:



Mr Damian O'Callaghan
Director



Mr Neil Bradley
Director

HERON BROS LTD

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HERON BROS LTD (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Opinion

We have audited the financial statements of Heron Bros Ltd (the 'company') for the year ended 31 August 2021 which comprise the Profit & Loss, Balance Sheet, statement of changes in equity, statement of cash flows and notes to the financial statements, 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 state of the company's affairs as at 31 August 2021 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. 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.

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 our 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 this other information, we are required to report that fact.

We have nothing to report in this regard.

**INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF
HERON BROS LTD (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

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 the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where 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 the returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. we also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

HERON BROS LTD

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF HERON BROS LTD (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 auditors 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.



Aisling McCrory FCA (Senior Statutory Auditor)

For and on behalf of
Kelly & O'Neill Ltd
Chartered Accountant and Registered Auditors
15E Molesworth Street
Cookstown
Co Tyrone
BT80 8NX

31 August 2022

HERON BROS LTD

**PROFIT & LOSS
FOR THE YEAR ENDED 31 AUGUST 2021**

| | | Year ended | 18 month period ended |
|--|-------------|-------------------------|----------------------------------|
| | Note | 31/08/21 £ | 31/08/20 £ |
| Turnover | 4 | 84,497,155 | 128,378,622 |
| Cost of sales | | (71,217,697) | (108,293,236) |
| Gross profit | | <u>13,279,458</u> | <u>20,085,386</u> |
| Administrative expenses | | (8,860,659) | (14,358,187) |
| Operating profit | 5 | <u>4,418,799</u> | <u>5,727,199</u> |
| Gain on financial assets at fair value through profit or loss | | - | 6,844,803 |
| Other interest receivable and similar income | 8 | <u>1,167,003</u> | <u>1,963,289</u> |
| Profit before taxation | | <u>5,585,802</u> | <u>14,535,291</u> |
| Tax on profit | 9 | (271,332) | (271,390) |
| Profit for the financial year | | <u>5,314,470</u> | <u>14,263,901</u> |
| Revaluation of tangible assets | | (773,715) | 6,003,030 |
| Total comprehensive income for the year | | <u><u>4,540,755</u></u> | <u><u>20,266,931</u></u> |

All the activities of the company are from continuing operations.

HERON BROS LTD


BALANCE SHEET 31 AUGUST 2021

| | Note | 31/08/21 £ | £ | 31/08/20 £ | £ |
|---|------|--------------------|---|--------------------|---|
| Fixed assets | | | | | |
| Intangible assets | 10 | 75,116 | | 65,083 | |
| Tangible assets | 11 | 45,248,512 | | 47,083,608 | |
| Investments | 12 | 2 | | 2 | |
| | | <u>45,323,630</u> | | <u>47,148,693</u> | |
| Current assets | | | | | |
| Stocks | 13 | 14,831,436 | | 16,373,155 | |
| Debtors | 14 | 73,604,980 | | 55,162,296 | |
| Cash at bank and in hand | | 31,126,065 | | 28,539,447 | |
| | | <u>119,562,481</u> | | <u>100,074,898</u> | |
| Creditors: amounts falling due within one year | 15 | (58,137,517) | | (45,015,762) | |
| Net current assets | | <u>61,424,964</u> | | <u>55,059,146</u> | |
| Total assets less current liabilities | | <u>106,748,594</u> | | <u>102,207,839</u> | |
| Net assets | | <u>106,748,594</u> | | <u>102,207,839</u> | |
| Capital and reserves | | | | | |
| Called up share capital | 18 | 150,938 | | 150,938 | |
| Share premium account | | 29,334,284 | | 29,334,284 | |
| Revaluation reserve | | 5,871,315 | | 6,645,030 | |
| Profit and loss account | | 71,392,057 | | 66,077,587 | |
| Shareholders funds | | <u>106,748,594</u> | | <u>102,207,839</u> | |

These financial statements were approved by the board of directors and authorised for issue on 31 August 2022, and are signed on behalf of the board by:



Mr Damian O'Callaghan
Director



Mr Neil Bradley
Director

Company registration number: NI016051

HERON BROS LTD

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2021**

| | Called up share capital £ | Share premium account £ | Revaluation reserve £ | Profit & loss account £ | Total £ |
|--|------------------------------------|-------------------------------|-----------------------------|-------------------------------|-------------|
| At 1 March 2019 | 150,938 | 29,334,284 | 642,000 | 51,813,686 | 81,940,908 |
| Profit for the year ended | | | | 14,263,901 | 14,263,901 |
| Other comprehensive income for the year (note 17) | - | - | 6,003,030 | - | 6,003,030 |
| Total comprehensive income for the year ended | - | - | 6,003,030 | 14,263,901 | 20,266,931 |
| At 31 August 2020 and 1 September 2020 | 150,938 | 29,334,284 | 6,645,030 | 66,077,587 | 102,207,839 |
| Profit for the year | | | | 5,314,470 | 5,314,470 |
| Other comprehensive income for the year (note 17) | - | - | (773,715) | - | (773,715) |
| Total comprehensive income for the year | - | - | (773,715) | 5,314,470 | 4,540,755 |
| At 31 August 2021 | 150,938 | 29,334,284 | 5,871,315 | 71,392,057 | 106,748,594 |

HERON BROS LTD

**STATEMENT OF CASH FLOWS
YEAR ENDED 31 AUGUST 2021**

| | Year ended 31/08/21 £ | 18 month period ended 31/08/20 £ |
|---|--|---|
| Cash flows from operating activities | | |
| Profit for the financial year | 5,314,470 | 14,263,901 |
| <i>Adjustments for:</i> | | |
| Depreciation & amortisation of assets | 917,764 | 871,704 |
| Gain/(loss) on sale of subsidiary | - | (6,844,803) |
| Other interest receivable and similar income | (1,167,003) | (1,963,289) |
| Gain/(loss) on disposal of tangible assets | (246,183) | (621,699) |
| Tax on profit | 271,332 | 271,390 |
| <i>Changes in:</i> | | |
| Stocks | 1,541,719 | (293,984) |
| Trade and other debtors | (18,442,684) | (20,295,846) |
| Trade and other creditors | 13,121,765 | 6,574,607 |
| Cash generated from operations | 1,311,180 | (8,038,019) |
| Interest received | 1,167,003 | 1,963,289 |
| Tax paid | (271,332) | (1,283,125) |
| Net cash from/(used in) operating activities | <u>2,206,851</u> | <u>(7,357,855)</u> |
| Cash flows from investing activities | | |
| Purchase of tangible assets | (1,129,899) | (5,771,774) |
| Proceeds from sale of tangible assets | 1,528,849 | 694,310 |
| Purchase of intangible assets | (19,183) | (72,314) |
| Proceeds from sale of subsidiaries | - | 6,844,803 |
| Net cash from investing activities | <u>379,767</u> | <u>1,695,025</u> |
| Net increase/(decrease) in cash and cash equivalents | <u>2,586,618</u> | <u>(5,662,830)</u> |
| Cash and cash equivalents at beginning of year | <u>28,539,447</u> | <u>34,202,277</u> |
| Cash and cash equivalents at end of year | <u><u>31,126,065</u></u> | <u><u>28,539,447</u></u> |

HERON BROS LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

1. General information

The company is a private company limited by shares, registered in NI. The address of the registered office is Heron Bros Ltd, 2 St Patrick's Street, Draperstown, BT45 7AL.

2. Statement of compliance

These financial statements have been prepared in compliance with FRS 102, 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. The Triennial review 2017 amendments to the standard have been early adopted.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Consolidation

The company has taken advantage of the exemption from preparing consolidated financial statements contained in Section 401 of the Companies Act 2006 on the basis that it is a subsidiary undertaking and its immediate parent undertaking is not established under the law of an EEA State.

Turnover

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in capital and reserves. In this case, tax is recognised in other comprehensive income or directly in capital and reserves, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021**

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at a revalued amount, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are only recognised separately from goodwill when they arise from contractual or other legal rights, are separable, the expected future economic benefits are probable and the cost or value can be measured reliably.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Patents, trademarks and licences - 10% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated depreciation and impairment losses.

Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in capital and reserves, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in capital and reserves in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in capital and reserves in respect of that asset, the excess shall be recognised in profit or loss.

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

| | | |
|---------------------------------|-------|---------------|
| Plant and machinery | - 10% | straight line |
| Fittings fixtures and equipment | - 25% | straight line |
| Motor vehicles | - 25% | straight line |
| Farm machinery | - 20% | straight line |

If there is an indication that there has been a significant change in depreciation rate, useful life or residual value of tangible assets, the depreciation is revised prospectively to reflect the new estimates.

Fixed asset investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses. Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Impairment

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

When it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stocks to their present location and condition.

Construction contracts

Where the outcome of construction contracts can be reliably estimated, contract revenue and contract costs are recognised by reference to the stage of completion of the contract activity as at the period end.

Where the outcome of construction contracts cannot be estimated reliably, revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable, and contract costs are recognised as an expense in the period in which they are incurred.

The entity uses the percentage of completion method to determine the amounts to be recognised in the period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred for work performed to date do not include costs relating to future activity, such as for materials or prepayments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised in finance costs in profit or loss in the period in which it arises.

HERON BROS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

4. Turnover

Turnover arises from:

| | Year ended 31/08/21 | 18 month period ended 31/08/20 |
|---------------|---------------------------|--------------------------------------|
| | £ | £ |
| Sale of goods | 81,994,024 | 124,764,848 |
| Rental Income | 2,503,131 | 3,613,774 |
| | <u>84,497,155</u> | <u>128,378,622</u> |

The whole of the turnover is attributable to the principal activity of the company wholly undertaken in the United Kingdom and Ireland.

5. Operating profit

Operating profit is stated after charging/(crediting):

| | Year ended 31/08/21 | 18 month period ended 31/08/20 |
|--|---------------------------|--------------------------------------|
| | £ | £ |
| Amortisation of intangible assets | 9,150 | 7,231 |
| Depreciation of tangible assets | 908,614 | 864,473 |
| (Gain)/loss on disposal of tangible assets | (246,183) | (621,699) |
| Impairment of trade debtors | 43,000 | 22,657 |
| Fees payable for the audit of the financial statements | <u>17,600</u> | <u>16,000</u> |

HERON BROS LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021****6. Staff costs**

The average number of persons employed by the company during the year, including the directors, amounted to:

| | Year ended 31/08/21 | 18 month period ended 31/08/20 |
|----------------|--------------------------------|---|
| Administration | 122 | 116 |
| Other | 168 | 165 |
| | <u>290</u> | <u>281</u> |

The aggregate payroll costs incurred during the year were:

| | Year ended 31/08/21 | 18 month period ended 31/08/20 |
|---------------------|--------------------------------|---|
| | £ | £ |
| Wages and salaries | 12,038,413 | 16,415,829 |
| Other pension costs | 436,749 | 573,172 |
| | <u>12,475,162</u> | <u>16,989,001</u> |

7. Directors remuneration

The directors aggregate remuneration in respect of qualifying services was:

| | Year ended 31/08/21 | 18 month period ended 31/08/20 |
|--------------|--------------------------------|---|
| | £ | £ |
| Remuneration | <u>1,685,203</u> | <u>2,894,334</u> |

8. Other interest receivable and similar income

| | Year ended 31/08/21 | 18 month period ended 31/08/20 |
|-----------------------------|--------------------------------|---|
| | £ | £ |
| Bank deposits | 24,208 | 238,237 |
| Loans to group undertakings | 782,765 | 757,568 |
| Other Income receivable | 360,030 | 967,484 |
| | <u>1,167,003</u> | <u>1,963,289</u> |

HERON BROS LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021****9. Tax on profit****Major components of tax expense**

| | Year ended 31/08/21 £ | 18 month period ended 31/08/20 £ |
|--|--|---|
| Current tax: | | |
| UK current tax expense | - | 271,390 |
| Adjustments in respect of previous periods | 266,883 | - |
| Double taxation relief | 4,449 | - |
| Tax on profit | 271,332 | 271,390 |

Reconciliation of tax expense

The tax assessed on the profit for the year is lower than (2020: lower than) the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%).

| | Year ended 31/08/21 £ | 18 month period ended 31/08/20 £ |
|---|--|---|
| Profit before taxation | 5,585,802 | 14,535,291 |
| Profit multiplied by rate of tax | 1,061,302 | 2,761,705 |
| Adjustments in respect of prior periods | 266,883 | - |
| Effect of capital allowances and depreciation | (79,306) | (656,206) |
| Effect of different UK tax rates on some earnings | - | 271,390 |
| Group Relief | - | (210,778) |
| Research & Development Relief | (977,547) | (1,894,721) |
| Tax on profit | 271,332 | 271,390 |

HERON BROS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021

10. Intangible assets

| | Patents, trademarks & licences £ | Total £ |
|--------------------------|---|---------------|
| Cost | | |
| At 1 September 2020 | 72,314 | 72,314 |
| Additions | 19,183 | 19,183 |
| At 31 August 2021 | 91,497 | 91,497 |
| Amortisation | | |
| At 1 September 2020 | 7,231 | 7,231 |
| Charge for the year | 9,150 | 9,150 |
| At 31 August 2021 | 16,381 | 16,381 |
| Carrying amount | | |
| At 31 August 2021 | 75,116 | 75,116 |
| At 31 August 2020 | 65,083 | 65,083 |

11. Tangible assets

| | Freehold property £ | Plant and machinery £ | Fixtures, fittings and equipment £ | Motor vehicles £ | Farm Machinery £ | Total £ |
|--------------------------|---------------------------|-----------------------------|---|------------------------|------------------------|-------------------|
| Cost or valuation | | | | | | |
| At 1 September 2020 | 44,092,280 | 7,565,480 | 1,352,466 | 2,064,039 | 48,900 | 55,123,165 |
| Additions | 251,965 | 325,729 | 109,269 | 442,936 | - | 1,129,899 |
| Disposals | (1,238,107) | (30,000) | - | (285,523) | - | (1,553,630) |
| Revaluation | (773,715) | - | - | - | - | (773,715) |
| At 31 August 2021 | 42,332,423 | 7,861,209 | 1,461,735 | 2,221,452 | 48,900 | 53,925,719 |
| Depreciation | | | | | | |
| At 1 September 2020 | - | 5,385,232 | 1,160,988 | 1,444,437 | 48,900 | 8,039,557 |
| Charge for the year | - | 425,152 | 108,485 | 374,977 | - | 908,614 |
| Disposals | - | (30,000) | - | (240,964) | - | (270,964) |
| At 31 August 2021 | - | 5,780,384 | 1,269,473 | 1,578,450 | 48,900 | 8,677,207 |
| Carrying amount | | | | | | |
| At 31 August 2021 | 42,332,423 | 2,080,825 | 192,262 | 643,002 | - | 45,248,512 |
| At 31 August 2020 | 44,092,280 | 2,180,248 | 191,478 | 619,602 | - | 47,083,608 |

HERON BROS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

Tangible assets held at valuation

Freehold property held by the company was revalued in August 2021. The directors are of the opinion that this reflects the current market value of the assets.

12. Investments

| | Shares in group undertakings | Total |
|--|------------------------------------|-------|
| | £ | £ |
| Cost | | |
| At 1 September 2020 and 31 August 2021 | 2 | 2 |
| Impairment | | |
| At 1 September 2020 and 31 August 2021 | - | - |
| Carrying amount | | |
| At 31 August 2021 | 2 | 2 |
| At 31 August 2020 | 2 | 2 |

Investments in group undertakings

| | Registered office | Class of share | Percentage of shares held |
|--------------------------------|--------------------------------------|-------------------|---------------------------------|
| Subsidiary undertakings | | | |
| Heron Countesswell (No. 2) Ltd | 2 St Patricks Street, Draperstown | Ordinary | 100 |
| Heron Countesswell (No. 3) Ltd | 2 St Patricks Street, Draperstown | Ordinary | 100 |

13. Stocks

| | 31/08/21 | 31/08/20 |
|----------------|-------------------|-------------------|
| | £ | £ |
| Land Bank | 13,529,385 | 15,184,101 |
| Finished goods | 1,302,051 | 1,189,054 |
| | <u>14,831,436</u> | <u>16,373,155</u> |

HERON BROS LTD**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 AUGUST 2021****14. Debtors**

| | 31/08/21 | 31/08/20 |
|--|-------------------|-------------------|
| | £ | £ |
| Trade debtors | 15,124,729 | 5,836,189 |
| Amounts owed by group undertakings and related parties | 27,576,323 | 29,792,307 |
| Amounts owed by customers on construction contracts | 23,655,787 | 15,591,774 |
| Prepayments and accrued income | 1,442,478 | 1,035,390 |
| Other debtors | 5,805,663 | 2,906,636 |
| | <u>73,604,980</u> | <u>55,162,296</u> |

Amounts owed by group undertakings and related parties are unsecured and repayable on demand.

15. Creditors: amounts falling due within one year

| | 31/08/21 | 31/08/20 |
|--|-------------------|-------------------|
| | £ | £ |
| Trade creditors | 51,719,842 | 41,414,233 |
| Amounts owed to group undertakings and related parties | 888,153 | 2,422,554 |
| Accruals and deferred income | 684,532 | 629,760 |
| Social security and other taxes | 4,844,990 | 549,205 |
| | <u>58,137,517</u> | <u>45,015,752</u> |

AIB hold a charge over certain freehold property held by the company.

Amounts owed to group undertakings and related parties are unsecured and repayable on demand.

16. Employee benefits

The amount recognised in profit or loss in relation to defined contribution plans was £436,749 (2020: £573,172).

17. Analysis of other comprehensive income

| | Revaluation reserve |
|----------------------------------|------------------------|
| | £ |
| Year ended 31 August 2020 | |
| Revaluation of tangible assets | <u>6,003,030</u> |
| Year ended 31 August 2021 | |
| Revaluation of tangible assets | <u>(773,715)</u> |

HERON BROS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

18. Called up share capital Issued, called up and fully paid

| | 31/08/21 | | 31/08/20 | |
|---------------------------------------|----------|---------|----------|---------|
| | No | £ | No | £ |
| Ordinary shares shares of £ 1.00 each | 150,938 | 150,938 | 150,938 | 150,938 |

19. Analysis of changes in net debt

| | At 1 September 2020 | Cash flows | At 31 August 2021 |
|---------------------------|---------------------------|------------------|----------------------|
| | £ | £ | £ |
| Cash and cash equivalents | 28,539,447 | 2,586,618 | 31,126,065 |
| Debt due within one year | - | 3,068,802 | 3,068,802 |
| | <u>28,539,447</u> | <u>5,655,420</u> | <u>34,194,867</u> |

20. Related party transactions

During the year the company entered into the following transactions with related parties:

| | Transaction value | | Balance owed by/(owed to) | |
|------------------------|-------------------|--------------------------|---------------------------|--------------------------|
| | Year ended | 18 month period ended | Year ended | 18 month period ended |
| | 31/08/21 | 31/08/20 | 31/08/21 | 31/08/20 |
| | £ | £ | £ | £ |
| Heron Property Ltd | (15,589,797) | 15,800,985 | 2,822,778 | 18,412,575 |
| Northern Mouldings Ltd | 1,877,300 | 1,746,190 | 3,976,074 | 2,098,774 |
| KMBC Properties Ltd | (1,024,945) | 3,201,312 | 4,176,180 | 5,201,125 |
| Glassagh Property Ltd | 122,553 | 733,702 | 856,256 | 733,702 |
| Heron Property Poland | (20,739) | 20,739 | - | 20,739 |

The company is exempt under the terms of FRS8 "Related Party Disclosures" from disclosing related party transactions with entities that are part of the group.

21. Controlling party

The ultimate controlling party is Heron Bros Holdings Limited, an Isle of Man registered company which owns the entire share capital in Heron Bros Ltd.