

Company no : 2447559

FOLKESTONE PROPERTIES LIMITED
REPORT AND FINANCIAL STATEMENTS

31 December 2002



FOLKESTONE PROPERTIES LIMITED

REPORT AND FINANCIAL STATEMENTS 2002

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FOLKESTONE PROPERTIES LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 December 2002.

1. ACTIVITIES

The company owns the seaport and inner harbour at Folkestone, and receives port dues and rental income from the port and harbour operations.

2. REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

A loss of £266,000 (2001 : £1,494,000) has been made by the company during the year.

The directors do not recommend a dividend for the year (2001 : £nil).

The directors anticipate that the company will continue to trade in the future.

3. DIRECTORS

The directors who served throughout the year were as follows :

D J O'Sullivan	(resigned 1 April 2003)
D G Benson	
W P Rann	

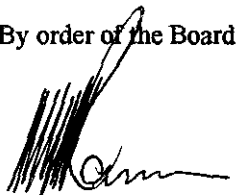
None of the directors had any notifiable interests in the shares of the company or of other group companies during the year (2001 : none).

4. AUDITORS

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Deloitte & Touche has informed the directors that they are intending to transfer their business to a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000, to be known as Deloitte & Touche LLP. It is the current intention of the directors to use the Company's statutory power to give consent to the appointment of Deloitte & Touche being treated as extending to Deloitte & Touche LLP at the appropriate time

By order of the Board



W P Rann
Director
Sea Containers House
20 Upper Ground
London
SE1 9PF

Date: 27 June 2003

FOLKESTONE PROPERTIES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to :

- select suitable accounting policies and then apply them consistently ;
- make judgements and estimates that are reasonable and prudent ;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

FOLKESTONE PROPERTIES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FOLKESTONE PROPERTIES LIMITED

We have audited the financial statements of Folkestone Properties Limited for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet, the reconciliation of movement in shareholder funds, statement of total recognised gains and losses and the related notes 1 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

FOLKESTONE PROPERTIES LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
FOLKESTONE PROPERTIES LIMITED**

Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



DELOITTE & TOUCHE
Chartered Accountants and Registered Auditors
London

Date : 30 June 2003

FOLKESTONE PROPERTIES LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 2002

	Note	2002 £000	2001 restated (see note 13) £000
Turnover	1b	231	556
Cost of sales (including in 2001, loss on revaluation of £1,299,000)		(366)	(1,918)
Gross loss		(135)	(1,362)
Administrative expenses		(114)	(98)
Operating loss	4	(249)	(1,460)
Interest payable and similar charges	5	(201)	(16)
Loss on ordinary activities before taxation		(450)	(1,476)
Tax credit/(charge) on loss on ordinary activities	6	184	(18)
Loss on ordinary activities after taxation		(266)	(1,494)
Retained profit brought forward		17	1,511
Retained (loss)/profit carried forward		(249)	17

All activities derive from continuing operations.

FOLKESTONE PROPERTIES LIMITED

BALANCE SHEET

As at 31 December 2002

			2002		2001 restated (see note 13)
	Note	£000	£000	£000	£000
FIXED ASSETS					
Tangible assets	7		5,195		5,257
CURRENT ASSETS					
Debtors	8	128		109	
Cash at bank and in hand		<u>2</u>		<u>2</u>	
		130		111	
CREDITORS : Amounts falling due within one year	9	<u>(482)</u>		<u>(474)</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(352)</u>		<u>(363)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			4,843		4,894
CREDITORS : Amounts falling due after more than one year	10		<u>(5,092)</u>		<u>(4,877)</u>
			<u>(249)</u>		<u>17</u>
CAPITAL AND RESERVES					
Called up share capital	12		-		-
Profit and loss account			<u>(249)</u>		<u>17</u>
Equity Shareholders' (deficit)/funds			<u>(249)</u>		<u>17</u>

These financial statements were approved at a meeting of the Board of Directors held on 27 June 2003.

Signed on behalf of the Board of Directors



W P RANN

Director

FOLKESTONE PROPERTIES LIMITED

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

Year ended 31 December 2002

	Note	2002 £000	2001 restated (see note 13) £000
Opening shareholders' (deficit)/funds as previously stated		(43)	1,433
Prior year adjustment – adoption of FRS 19	13	<u>60</u>	<u>78</u>
		17	1,511
Loss for the year		<u>(266)</u>	<u>(1,494)</u>
Closing shareholders' (deficit)/funds		<u>(249)</u>	<u>17</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	Note	2002 £000	2001 restated (see note 13) £000
Loss for the year		<u>(266)</u>	<u>(1,494)</u>
Total losses recognised relating to the year		(266)	(1,494)
Prior year adjustment – adoption of FRS 19	13	<u>60</u>	<u>-</u>
Total losses recognised since the last annual report		<u>(206)</u>	<u>(1,494)</u>

FOLKESTONE PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below.

(a) Accounting convention

The financial statements are prepared under the historical cost convention.

(b) Turnover

Turnover principally comprises income from rents and port and traffic dues. All turnover is derived from the United Kingdom.

(c) Tangible fixed assets

Tangible fixed assets are included in the balance sheet at historical cost, modified to include the revaluation of certain assets. Expenditure includes own work and where appropriate it is capitalised.

Depreciation is provided on the cost of the assets in use on the straight line method so as to write off the assets over their useful economic lives. The principal rates used (per annum) are set out below:

Transport	-	20% to 33.33%
Plant and equipment	-	14%
Fixtures and fittings	-	10% to 20%
Freehold land and building	-	3.03%

Depreciation is not provided on the cost of freehold land.

(d) Deferred taxation

Deferred taxation is provided in full on all timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2. ULTIMATE PARENT COMPANY

The immediate parent company is Sea Containers Ports Limited, a company registered in England and Wales. The smallest group for which consolidated financial statements are prepared is Ferry and Port Holdings Limited, a company registered in England and Wales. Copies of its accounts can be obtained from the company's registered office at 20 Upper Ground, London, SE1 9PF.

FOLKESTONE PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

2. ULTIMATE PARENT COMPANY (continued)

The parent company of the largest United Kingdom group which includes the company and for which consolidated financial statements are prepared is Sea Containers UK Limited. Copies of its accounts can be obtained from the Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

The ultimate parent and controlling company and the largest group for which consolidated financial statements are prepared is Sea Containers Ltd, a company incorporated in Bermuda. Copies of its accounts can be obtained from its registered office at 41 Cedar Avenue, Hamilton, Bermuda.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

No payments were made to the directors for their services to the company for the year (2001 : £nil).

Employee costs for the year for the company :

	2002 £000	2001 £000
Wages and salaries	103	252
Social security costs	7	17
Other pension costs	8	18
	<u>118</u>	<u>287</u>
	Number	Number
Average number of employees (excluding directors)	<u>4</u>	<u>9</u>

4. OPERATING LOSS

The operating loss is stated after charging :

	2002 £000	2001 £000
Depreciation on owned assets	62	66
Adjustment on revaluation	-	1,299

The audit fee in the current year is borne by Sea Containers UK Limited. In the prior year the audit fee was borne by Sea Containers Ltd, the ultimate parent company.

FOLKESTONE PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £000	2001 £000
Interest payable on bank loans	198	16
Amortisation of prepaid loan arrangement cost	<u>3</u>	<u>-</u>
	<u>201</u>	<u>16</u>

6. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES

	Note	2002 £000	2001 restated (see note 12) £000
Current taxation : UK corporation tax 30% (2001 : 30%)		133	-
Adjustments in respect of prior periods		51	-
Deferred taxation	10	<u>-</u>	<u>(18)</u>
		<u>184</u>	<u>(18)</u>

The difference between the current tax credit shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is explained as follows :

	2002 £000	2001 £000
Loss on ordinary activities before tax	<u>450</u>	<u>1,476</u>
Tax on loss before tax at the standard UK rate	135	443
Factors effecting the tax credit for the period :		
Expenses not deductible for tax purposes	-	(3)
Depreciation in excess of capital allowances	(2)	(389)
Surrender of tax losses to group companies for nil consideration	-	(51)
Adjustments to tax charge in respect of prior periods	<u>51</u>	<u>-</u>
Current tax credit for the year	<u>184</u>	<u>-</u>

FOLKESTONE PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

7. TANGIBLE FIXED ASSETS

	Plant and machinery	Fixtures & fittings	Transport	Freehold Land and buildings	Total
	£000	£000	£000	£000	£000
Cost/valuation at 1 January 2002 and at 31 December 2002	<u>46</u>	<u>6</u>	<u>54</u>	<u>5,787</u>	<u>5,893</u>
Accumulated depreciation at 1 January 2002	40	5	54	537	636
Charge for the year	<u>1</u>	<u>-</u>	<u>-</u>	<u>61</u>	<u>62</u>
Accumulated depreciation at 31 December 2002	<u>41</u>	<u>5</u>	<u>54</u>	<u>598</u>	<u>698</u>
Net book value at 31 December 2002	<u>5</u>	<u>1</u>	<u>-</u>	<u>5,189</u>	<u>5,195</u>
Net book value at 31 December 2001	<u>6</u>	<u>1</u>	<u>-</u>	<u>5,250</u>	<u>5,257</u>

Included within land and buildings is land valued at £4,976,000 (2001 : £4,976,000) which is not depreciated. A professional valuation of the property was carried out in October 2001 by Gerald Eve, Chartered Surveyors and Property Consultants.

8. DEBTORS

	2002 £000	2001 £000
Trade debtors	44	46
Other debtors	24	3
Deferred tax asset (see note 10)	<u>60</u>	<u>60</u>
	<u>128</u>	<u>109</u>

FOLKESTONE PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

9. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £000	2001 £000
Bank loans	368	368
Trade creditors	10	5
Accruals and deferred income	104	101
	<u>482</u>	<u>474</u>

10. CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002 £000	2001 £000
Bank loan	2,901	3,294
Amounts owed to parent and fellow subsidiaries	2,191	1,583
	<u>5,092</u>	<u>4,877</u>

The amounts owed to the parent company and fellow subsidiaries are regarded by all parties concerned as long term with no fixed repayment dates, interest free and are subordinated to other creditors in certain circumstances.

The bank loan is denominated in Sterling and is secured by a first fixed charge on the freehold land and building assets of the company and is repayable over ten years from 2002 by forty equal instalments of £91,875 each.

Interest charged on the loan is a floating rate based on Libor plus 1.25%.

The bank loan is repayable as follows :	2002 £000	2001 £000
Within one year	368	368
One to two years	368	368
Two to five years	<u>2,572</u>	<u>2,939</u>
	3,308	3,675
Prepaid loan arrangement costs	<u>(39)</u>	<u>(13)</u>
	<u>3,269</u>	<u>3,662</u>

FOLKESTONE PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

11. DEFERRED TAXATION

The amounts of deferred tax provided in the accounts are :

		2002 £000	2001 restated (see note 13) £000
Depreciation in excess of capital allowances b/fwd		60	78
Credit/(charge) for the year	Note 6	-	(18)
Depreciation in excess of capital allowances c/fwd		<u>60</u>	<u>60</u>

There is no unprovided potential deferred tax liability.

The asset is recognised in the financial statements as it is anticipated that in the future the company will be able to offset capital allowances against taxable profits or surrender tax losses to other group companies

A deferred tax asset has not been recognised in respect of timing differences relating to tax losses carried forward as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £168,000 (2001: £168,000). The asset would be recovered if the company made suitable trade profits in future accounting periods.

12. CALLED UP SHARE CAPITAL

	2002 £	2001 £
Authorised : 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid : 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

FOLKESTONE PROPERTIES LIMITED

NOTES TO THE ACCOUNTS

Year ended 31 December 2002

13. RESTATEMENT OF COMPARATIVES

The adoption of FRS 19 "Deferred Tax" and has required a change in accounting policy for deferred tax and the prior year figures have been restated accordingly as shown below :

a) Profit and loss account

	Loss on ordinary activities before taxation £000	Taxation £000	Loss on ordinary activities after taxation £000
As previously reported for the year ended 31 December 2001	(1,476)	-	(1,476)
Adoption of FRS 19 for the year ended 31 December 2001	<u>-</u>	<u>(18)</u>	<u>(18)</u>
As restated for the year ended 31 December 2001	<u>(1,476)</u>	<u>(18)</u>	<u>(1,494)</u>

b) Balance sheet

	Debtors - deferred tax asset £000	Profit and loss reserve £000
As previously reported as at 31 December 2001	-	(43)
Adoption of FRS 19 as at 31 December 2001	<u>60</u>	<u>60</u>
As restated as at 31 December 2001	<u>60</u>	<u>17</u>

14. RELATED PARTY DISCLOSURES

The company has taken advantage conferred by paragraph 3 (c) of Financial Reporting Standard 8 "Related Party Disclosures" not to disclose transactions with group entities or investees of the group qualifying as related parties.