

Folkestone Harbour Company Limited

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2011**

**Company Number 2447559
Incorporated in England and Wales**

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Folkestone Harbour Company Limited

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Folkestone Harbour Company Limited

DIRECTOR'S REPORT

Director R M De Haan

Secretary R J Fraser

Registered Office Strand House, 125 Sandgate High Street, Folkestone, Kent CT20 3BZ

The director presents his report and the audited financial statements for the year ended 31st December 2011

Principal activities

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

Review of the business

The Company continued to operate the harbour commercially during the year

A loss after taxation of £0.6 million (2010 Loss £1.6 million) arose during the year and was transferred to reserves

Directors

R M De Haan was the sole director who served throughout the year

R M De Haan owns 100% of the share capital of Folkestone Harbour Holdings Limited, the parent undertaking of Folkestone Harbour Company Limited

Auditors

Spain Brothers & Co have agreed to continue in office as auditors of the company. A resolution proposing their re-appointment will be submitted at the annual general meeting.

Folkestone Harbour Company Limited

Statement of director's responsibilities

The director is required by law to prepare the annual report and the financial statements for each financial year in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the director to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for the year

In preparing these financial statements, the director is required to -

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business


So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware. The director has taken all steps that ought to have been taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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

Small Company Exemption

This report has been prepared in accordance with the special provisions of section 415A of part 15 of the Companies Act 2006 relating to small companies

By order of the board


R Fraser 9/8/12.
Company Secretary

Registered Office
125 Sandgate High Street
Folkestone
Kent CT20 3BZ

Folkestone Harbour Company Limited

Independent Auditor's Report to the Members of Folkestone Harbour Company Limited

We have audited the financial statements of Folkestone Harbour Company Limited for the year ended 31st December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement [set out on pages 1 and 2], the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31st December 2011, and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and

Folkestone Harbour Company Limited

- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

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 returns, or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all of the information and explanations we require for our audit, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report



F Peter Cheney FCA (Senior Statutory Auditor)
For and on behalf of Spain Brothers & Co
29 Manor Road,
Folkestone,
Kent
CT20 2SE
27/4/2012

Folkestone Harbour Company Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2011

	Note	2011	2010
		£000	£000
Turnover		397	414
Cost of sales		(248)	(259)
Gross profit		<u>149</u>	<u>155</u>
Administrative expenses		(273)	(191)
Operating loss	4	<u>(124)</u>	<u>(36)</u>
Impairment provision	5	(505)	(2,032)
Interest payable	6	-	(209)
Interest receivable	7	-	672
Loss on ordinary activities before taxation		<u>(629)</u>	<u>(1,605)</u>
Tax on ordinary activities	8	-	-
Loss on ordinary activities after taxation		<u>(629)</u>	<u>(1,605)</u>
(Loss)/ profit brought forward		(5,733)	(4,128)
Loss carried forward		<u>(6,362)</u>	<u>(5,733)</u>

Continuing operations

None of the Company's activities were acquired or discontinued during the above two years

Total recognised gains and losses

The Company has no recognised gains or losses other than the profit/loss for the above two years

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BALANCE SHEET AS AT 31ST DECEMBER 2011

	Note	2011 £	2010 £
Fixed assets			
Tangible assets	9	60	2
Current assets			
Stock		-	-
Debtors	10	3,081	3,561
Cash at bank and in hand		30	2
		<u>3,111</u>	<u>3,563</u>
Creditors			
- Amounts falling due within one year	11	(102)	(70)
Net current assets		<u>3,009</u>	<u>3,493</u>
Total assets less current liabilities		3,069	3,495
Creditors			
- Amounts falling due after more than one year	12	(9,431)	(9,228)
Net liabilities		<u>(6,362)</u>	<u>(5,733)</u>
Capital and reserves			
Called-up share capital	13	-	-
Profit and loss account		(6,362)	(5,733)
Shareholders' deficit	15	<u>(6,362)</u>	<u>(5,733)</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies

These financial statements were approved at a meeting of the Board of Directors held on 9 August 2012

R. M. De Haan

Director

Company Number 2447559

Folkestone Harbour Company Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2011

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards

(a) Accounting convention

The financial statements are prepared under the historical cost convention

A key source of estimation uncertainty within these financial statements surrounds the carrying value of the loan balance due from Folkestone Harbour (1) Limited, a fellow subsidiary undertaking. The director has reviewed the carrying value of this loan against the estimates of net realisable value (NRV). The director has arrived at NRV by valuing the recoverable loan amount equivalent to the relevant proportion of the net assets of Folkestone Harbour (1) Limited. This has given rise to an impairment of £0.50 million (2010 £2.03 million). Should there be a further significant decline in UK real estate pricing, then a further write-down of the loan may be necessary.

(b) Turnover

Turnover comprises income from rents and port and traffic dues. Turnover is stated net of Value Added Tax where applicable.

(c) Tangible Fixed Assets

Tangible fixed assets are included in the balance sheet at historical cost, net of any provision for impairment.

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:

Vehicles	33.33%
Plant and Machinery	20% and 33%
Fixtures and Fittings	15% and 33.33%

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(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.

(e) Cash flow statement

The company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (Cash Flow Statements) on the grounds that it is a small company.

(f) Leased assets

Operating lease rentals are charged to the Profit and Loss Account as incurred.

(g) Pensions

The cost of the Company's Defined Contribution Pension Scheme is charged to the Profit and Loss Account as the contributions fall due. No amounts were outstanding at the balance sheet date (2010 Nil).

(h) Going concern

The financial statements are prepared on the basis that the Company will continue in operational existence for the foreseeable future. This means in particular that the Profit and Loss Account and Balance Sheet assume no intention or necessity to liquidate or curtail significantly the scale of the operation. The financial statements have been prepared on this basis given that the director and the parent undertaking have indicated that they do not intend to demand repayment of their loans within 12 months of the date of approval of these accounts.

2. Ultimate Parent Undertaking

The immediate and ultimate parent undertaking is Folkestone Harbour Holdings Limited, a company controlled by the director, R De Haan.

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3. Directors and Employees

No payments were made to the director for his services to the company for the year (2010 £nil)

Employee costs for the year were as follows

	2011 £000	2010 £000
Wages and salaries	133	182
Redundancy costs	64	-
Social security costs	12	17
Health care and other benefits	6	6
Other pension costs	12	21
	<u>227</u>	<u>226</u>

Average number of employees (excluding directors)	5	7
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4. Operating Loss

The operating loss is stated after charging	2011 £000	2010 £000
Depreciation	16	6
Audit fee	3	3

5. Impairment provision

As outlined in note 1 there has been an impairment provision made against the amount due from Folkestone Harbour (1) Limited of £0.50 million (2010: £2.03 million)

6. Interest payable

	2011 £000	2010 £000
Interest on Director's loan account	-	154
Interest on loan from parent undertaking	-	55
	<u>-</u>	<u>209</u>

7. Interest receivable

	2011 £000	2010 £000
Interest receivable from group undertakings	-	672
Bank interest	-	-
	<u>-</u>	<u>672</u>

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8. Tax charge on profit/(loss) on ordinary activities

	2011 £000	2010 £000
Current taxation		
UK Corporation tax	-	-
	-	-
Reconciliation of Current Tax Charge	2011 £000	2010 £000
Loss on ordinary activities before taxation	(629)	(1,605)
Tax on (loss)/profit		
At the standard UK rate of 26% (2010 28%)	(163)	(449)
Factors effecting the tax charge for the period		
Timing differences due to capital allowances	(18)	(1)
Group relief	10	(162)
Unutilised losses in the year	39	-
Non relievabale costs(including impairment)	132	612
Current tax for the year	-	-

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9. Tangible Fixed Assets

	Plant and machinery £000	Fixtures Fittings £000	Vehicles £000	Total £000
Cost at 1 st January 2011	83	63	2	148
Additions	70	4	-	74
Cost as 31 st December 2011	153	67	2	222
Depreciation at 1 st January 2011	81	63	2	146
Charge for the year	14	2	-	16
Depreciation at 31 st December 2011	95	65	2	162
Net book value 31 st December 2011	58	2	-	60
Net book value 31 st December 2010	2	-	-	2

10. Debtors

	2011 £000	2010 £000
Trade debtors	67	37
Prepayments and accrued income	36	40
Amounts owed by parent undertaking	-	2
Amount due from other group undertakings	2,978	3,482
	<u>3,081</u>	<u>3,561</u>

Of the amount due from other group undertakings, £1,886,618 (2010 £2,391,594) falls due for repayment on 16th March 2017 or such earlier date as the parties may agree. The amounts due from other group undertakings are stated net of impairment provisions. See note 14 for further details.

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11. Creditors: amounts falling due within one year

	2011 £000	2010 £000
Bank overdraft	-	6
Trade creditors	24	21
Accruals and deferred income	64	26
Other tax and social security	13	15
Other creditors	1	2
	<u>102</u>	<u>70</u>

12. Creditors :amounts falling due after more than one year

	2011 £000	2010 £000
Director's loan account	6,753	6,753
Loan from parent undertaking	2,678	2,475
	<u>9,431</u>	<u>9,228</u>

The director's loan and the loan due to the parent undertaking are repayable as soon as funds become available. Both loans were interest free with effect from 1st January 2011 and are secured by way of a fixed and floating charge over the assets of the company. The director and the parent undertaking have indicated that they do not intend to demand repayment of amounts due within 12 months of the date of the approval of these accounts.

13. Called Up Share Capital

	2011 £	2010 £
Authorised 100 ordinary shares £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>

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14. Related party disclosures

The company has a loan of £29,391,963 due from Folkestone Harbour (1) Limited Interest receivable of £nil (2010 £672,046) has been rolled up in the loan An impairment provision of £504,976 (2010 £2,032,581) was charged to the Profit and Loss account during the year The balance outstanding at 31st December 2011 after deducting impairment provisions was £1,886,618 (2010 £2,391,594) The company has a loan due from Folkestone Harbour Limited Partnership of £1,091,341 (2010 £1,091,341)

As at 31st December 2011 the company had a loan due to Folkestone Harbour Holdings Limited of £2,677,522 (2010 £2,475,177) During the year Folkestone Harbour Holdings Limited made new advances of £200,000 With effect from 1st January 2011 the loan was interest free

As at 31st December 2011 the company had a loan due to the director of £6,753,069 (2010 £6,753,069) With effect from 1st January 2011 the loan was interest free

All of the entities referred to in this note are controlled by a common shareholder

15. Shareholder's Funds

	2011 £000	2010 £000
Opening shareholders funds/(deficit)	(5,733)	(4,128)
(Loss)/profit for the year	(629)	(1,605)
Closing shareholder's funds/(deficit)	<u>(6,362)</u>	<u>(5,733)</u>