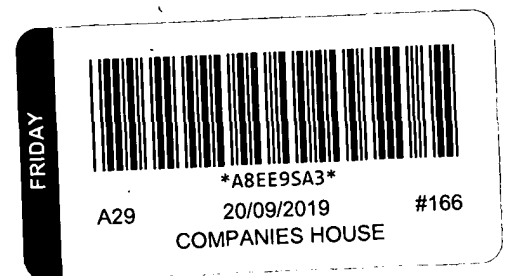


Folkestone Harbour Company Limited

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2018



Company Number 2447559
Incorporated in England and Wales

FOLKESTONE HARBOUR COMPANY LIMITED

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FOLKESTONE HARBOUR COMPANY LIMITED

DIRECTOR'S REPORT

Director: Sir Roger De Haan

Secretary: Richard Fraser

Registered Office: Strand House, Pilgrims Way, Monks Horton, Ashford, Kent TN25 6DR

The director presents his report and the audited financial statements for the year ended 31st December 2018.

Principal activities

The company operates the seaport and inner harbour at Folkestone, and receives port dues, parking fees 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 £760,000 (2017: £3 million) arose during the year and was transferred to reserves.

One of the reasons for the loss was due to the inclusion of an impairment provision of £287,000 in respect of a debt due from a fellow subsidiary undertaking.

The operating losses are also higher than in previous years because the company has incurred initial losses as a result of increasing the scale of its trading activities at Folkestone Harbour.

Directors

Sir Roger De Haan was the sole director who served throughout the year

Sir Roger De Haan owns 100% of the share capital of Folkestone Harbour Holdings Limited, the parent undertaking of Folkestone Harbour Company Limited.

Independent Auditors

MHA MacIntyre Hudson LLP have expressed their willingness to continue in office as the auditors and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

FOLKESTONE HARBOUR COMPANY LIMITED

Statement of director's responsibilities

The director is responsible for preparing the directors report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period.

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable United Kingdom Accounting Standards have been followed, 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.

The director is 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 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.

Disclosure of Information to Auditors

The report must contain a statement to the effect that, in the case of the director at the time when the report is approved, the following applies:


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

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

FOLKESTONE HARBOUR COMPANY LIMITED



Richard Fraser
Company Secretary

Registered Office

Strand House,
Pilgrims Way,
Monks Horton,
Ashford

Kent
TN25 6DR

13/09/19

FOLKESTONE HARBOUR COMPANY LIMITED

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

Opinion

We have audited the financial statements of Folkestone Harbour Company Limited (the 'company') for the year ended 31 December 2018 which comprise the profit and loss account and the balance sheet, and related 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 Financial Reporting Standard 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 December 2018, and of its loss 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 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 director has 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.

FOLKESTONE HARBOUR COMPANY LIMITED

Other information

The director is responsible for the other information. The other information comprises the information included in the directors' report, other than the financial statements and our auditor's report thereon. 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.

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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; 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 our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director is not entitled to prepare the financial statements in accordance with

FOLKESTONE HARBOUR COMPANY LIMITED

the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of the director

As explained more fully in the Director's Responsibilities Statement [set out on page 3], the director is 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 director determines 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 director is 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 director either intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but, is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Mark Minus BA F.C.A (Senior Statutory Auditor)

For and on behalf of MHA MacIntyre Hudson

Chartered Accountants

Statutory Auditors

71 New Dover Road,

Canterbury, Kent, CT1 3DZ

17 September 2019

M Minus

FOLKESTONE HARBOUR COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2018

	Note	2018 £000	2017 £000
Turnover		498	414
Cost of sales		(419)	(422)
Gross profit/(loss)		<u>79</u>	<u>(8)</u>
Administrative expenses		(552)	(215)
Operating (loss)	4	<u>(473)</u>	<u>(223)</u>
Impairment provision	5	(287)	(2,734)
(Loss) on ordinary activities before taxation		<u>(760)</u>	<u>(2,957)</u>
Tax on ordinary activities		-	-
(Loss) on ordinary activities after taxation		<u>(760)</u>	<u>(2,957)</u>
Profit brought forward		11,212	14,169
Profit carried forward		<u>£10,452</u>	<u>£11,212</u>

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BALANCE SHEET AS AT 31ST DECEMBER 2018

	Note	2018 £000	2017 £000
Fixed assets			
Tangible assets	6	404	72
Current assets			
Debtors	7	19,938	20,743
Cash at bank and in hand		18	23
		<u>19,956</u>	<u>20,766</u>
Creditors			
- Amounts falling due within one year	8	(9,908)	(9,626)
Net current assets		<u>10,048</u>	<u>11,140</u>
Total assets less current liabilities		10,452	11,212
Creditors			
- Amounts falling due after more than one year		-	-
Net assets		<u>£10,452</u>	<u>£11,212</u>
Capital and reserves			
Called- up share capital	9	-	-
Profit and loss account		10,452	11,212
Shareholders' funds		<u>£10,452</u>	<u>£11,212</u>

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A – small entities.

These financial statements were approved at a meeting of the Board of Directors held on 13-9-19



Sir Roger De Haan Director

Company Number 2447559

FOLKESTONE HARBOUR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2018

1. General Information

Folkestone Harbour Company Limited is a private company limited by shares incorporated in England and Wales in the United Kingdom, registration number 02447559. The address of the registered office is provided in the Director's Report.

The financial statements have been presented in £ sterling and rounded to the nearest thousand.

2. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

The Company met the small company criteria and therefore these financial statements were prepared in accordance with applicable law and Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice applicable to Smaller Entities). The Company has taken advantage of the exemptions under Section 1A of FRS 102 in respect of the preparation of a Cash Flow Statement and related notes and a Statement of Changes in Equity.

The financial statements are prepared on a going concern basis, under the historical cost convention.

Key sources of estimation uncertainty within these financial statements are:

- i) 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 increase in the impairment provision of £287,000 (2017: £2.7 million increase). Should there be a further significant movement in UK real estate pricing, then a further adjustment of the loan may be necessary.
- ii) during the year, the Company capitalised purchase costs of an outdoor cinema screen and related infrastructure. These assets have been depreciated in the financial statements at 33.33% of cost, on the basis that they have an estimated useful life of 3 years.

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(b) Turnover

Turnover is measured at the fair value of the consideration received, or receivable, net of VAT and discount. Turnover from rents, parking and port dues is recognised when the outcome of a transaction can be estimated reliably.

(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.

Motor Vehicle	25%
Plant, Machinery & Equipment	20% & 33.33%
Fixtures and Fittings	15% & 33.33%

(d) Tax

Current tax represents the amount of tax payable or receivable in respect of the taxable profit (or loss) for the current or past periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in the respect of all timing differences, with certain exceptions. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only 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 balance sheet date that are expected to apply to the reversal of timing differences.

(e) Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses or as a separate item if the amount is material.

FOLKESTONE HARBOUR COMPANY LIMITED

(f) Going Concern

The accounts have been prepared on a going concern basis which the director considers appropriate for the following reasons.

The director intends to ensure that for a period of at least 12 months from the date of the approval of these accounts, sufficient funds are provided to the company by way of support from the parent undertaking.

The director has also confirmed that he does not intend that the company will be required to repay any of the debts owed to him, or the parent undertaking or fellow subsidiary undertakings for a period of 12 months from the date of approval of these accounts.

The director is the sole shareholder of the group which contains all the undertakings referred to in this note.

3. Ultimate Parent Undertaking

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

4. Auditors' remuneration

During the year, auditors' remuneration (including expenses and non-cash benefits) amounted to £3,408 (2017 £3,110)

5. Impairment Provision

As outlined in note 1 there has been an increase in the impairment provision made against the amount due from Folkestone Harbour (1) Limited of £287,000 (2017: £2.7 million increase).

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6. Tangible Fixed Assets

	Plant, Machinery & Equipment £000	Fixtures & Fittings £000	Motor Vehicle £000	Total £000
Cost at 1 st January 2018	246	60	-	306
Additions	443	20	7	470
Cost as 31 st December 2018	689	80	7	776
Depreciation at 1 st January 2018	175	59	-	234
Charge for the year	129	7	2	138
Depreciation at 31 st December 2018	304	66	2	372
Net book value 31 st December 2018	385	14	5	404
Net book value 31 st December 2017	71	1	-	72

7. Debtors

	2018 £000	2017 £000
Trade debtors	29	21
Prepayments and accrued income	49	10
Amount due from other group undertakings	19,860	20,712
	19,938	20,743

Of the amount due from other group undertakings, £19,860,040 (2017: £20,712,175) is due for repayment on demand. The amounts due from other group undertakings are stated net of impairment provisions. Refer to note 10 for further details.

8. Creditors: amounts falling due within one year

	2018 £000	2017 £000
Trade creditors	74	39
Accruals and deferred income	95	48
Amount due to other group undertakings	411	211
Director's loan account	6,753	6,753
Loan from parent undertaking	2,575	2,575
	£9,908	£9,626

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The director's loan and the loan due to the parent undertaking are repayable on demand. Both loans are interest free and are secured by way of fixed and floating charges over the assets of the company.

9. Called Up Share Capital

	2018	2017
	£	£
Authorised: 100 ordinary shares £1 each	100	100
Allotted, called up and fully paid: 2 ordinary shares of £1 each	2	2

10. Related party disclosures

The company has a loan of £29,391,963 due from Folkestone Harbour (1) Limited. An increase in the impairment provision of £287,124 (2017: £2,733,987 increase) was charged to the profit and loss account during the year. The balance outstanding at 31st December 2018 after deducting impairment provisions was £19,383,709 (2017: £19,670,834).

The company has a loan due from Folkestone Harbour Limited Partnership of £476,331 (2017: £1,041,341). During the year, there were repayments of £565,010 (2017: £50,000).

As at 31st December 2018 the company had a loan due to Folkestone Harbour Holdings Limited of £2,575,177 (2017: £2,575,177).

As at 31st December 2018 the company had a loan due to the director of £6,753,069 (2017: £6,753,069).

As at 31st December 2018 the company had an outstanding balance due to Folkestone Harbour Limited Partnership of £410,865 (2017: £210,832). During the year there was a charge from Folkestone Harbour Limited Partnership in relation to management charges of £148,832 (2017: £129,472)

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