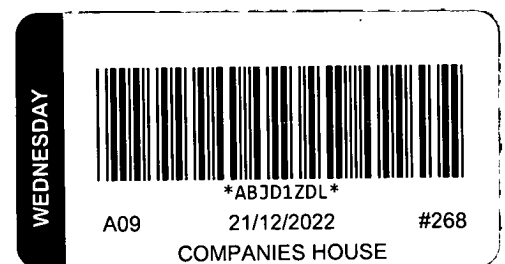


Folkestone Harbour Company Limited

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2021



Company Number 2447559
Incorporated in England and Wales

FOLKESTONE HARBOUR COMPANY LIMITED

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FOLKESTONE HARBOUR COMPANY LIMITED

DIRECTORS' REPORT

Directors: Sir Roger De Haan
Trevor Minter
Luke Bain
Thomas Miller
Paulo Kingston-Correia (appointed 13 January 2021)

Secretary: Richard Fraser (resigned 15 October 2021)
Luke Bain (appointed 15 October 2021)

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

The directors present their report and the audited financial statements for the year ended 31st December 2021.

Principal activities

The company operates the seaport and inner harbour at Folkestone, and receives port dues, parking fees, income from commercial lettings and other ancillary activities.

Review of the business

In recent years, the company has made considerable investment in developing the commercial activities at Folkestone Harbour. Although, progress was effectively halted by the arrival of the Covid-19 outbreak, trading has picked up considerably over the summer of 2021.

A loss after taxation of £4.8 million (2020: £0.89 million) arose during the year and was transferred to reserves. One of the reasons for the loss was the inclusion of an impairment provision of £4,366,000 (2020: £270,000) in respect of a debt due from a fellow subsidiary undertaking.

Directors

Sir Roger De Haan, Trevor Minter, Luke Bain & Thomas Miller were directors of the Company throughout the year.
Paulo Kingston-Correia was appointed as a director on 13 January 2021.

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 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 directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with 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 of the profit and 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 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; 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 Section 42 of the Harbours Act 1964 (as amended) which requires the financial statements to be properly prepared in accordance 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.

FOLKESTONE HARBOUR COMPANY LIMITED

Disclosure of Information to Auditors

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

- As far as the directors are aware, there is no relevant audit information of which the company's auditor is unaware; and
- The directors have taken all the steps that they ought to have taken as directors in order to make themselves 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



Luke Bain

Company Secretary

12/12/2022

Registered Office

Strand House,
Pilgrims Way,
Monks Horton,
Ashford

Kent
TN25 6DR

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 2021 which comprise the profit and loss account, 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 2021, 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 and Harbours Act 1964, as amended by the Transport Act 1981

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

FOLKESTONE HARBOUR COMPANY LIMITED

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual 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 themselves. 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 and Harbours Act 1964, as amended by the Transport Act 1981

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 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 Directors' Report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as amended by the Transport Act 1981 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 directors were not entitled to prepare the financial statements in accordance with 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.

FOLKESTONE HARBOUR COMPANY LIMITED

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 3, 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. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Enquiry of management around actual and potential litigation and claims; and
- Reviewing minutes of meetings of those charged with governance.

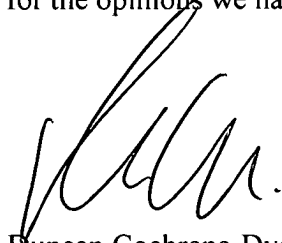
Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

FOLKESTONE HARBOUR COMPANY LIMITED

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 and Harbours Act 1964 as amended by the Transport Act 1981. 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.



Duncan Cochrane-Dyet BSc BFP FCA (Senior Statutory Auditor)
For and on behalf of MHA MacIntyre Hudson
Statutory Auditor
Maidstone
United Kingdom

Date: 15 December 2022

FOLKESTONE HARBOUR COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2021

	Note	2021 £000	2020 £000
Turnover		1,151	410
Cost of sales		(889)	(219)
Gross profit		262	191
Administrative expenses		(712)	(815)
Operating (loss)	4	(450)	(624)
Impairment provision	5	(4,366)	(270)
(Loss) on ordinary activities before taxation		(4,816)	(894)
Tax on ordinary activities		-	-
(Loss) on ordinary activities after taxation		(4,816)	(894)
Profit brought forward		8,507	9,401
Profit carried forward		3,691	8,507

Continuing operations

All operations are ongoing.

Other comprehensive income

The Company has no other comprehensive income other than the amounts shown above.

The notes on pages 11 to 15 form part of these financial statements.

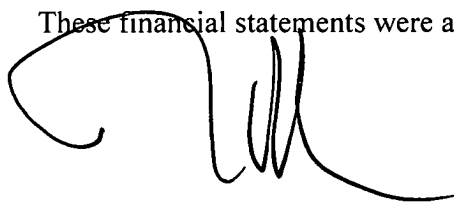
FOLKESTONE HARBOUR COMPANY LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 2021

	Note	2021 £000	2020 £000
Fixed assets			
Tangible assets	6	557	522
Current assets			
Debtors	7	14,329	18,658
Cash at bank and in hand		462	191
		<u>14,791</u>	<u>18,849</u>
Creditors			
- Amounts falling due within one year	8	(11,657)	(10,864)
Net current assets		<u>3,134</u>	<u>7,985</u>
Total assets less current liabilities		3,691	8,507
Creditors			
- Amounts falling due after more than one year		-	-
Net assets		<u>3,691</u>	<u>8,507</u>
Capital and reserves			
Called- up share capital	9	-	-
Profit and loss account		3,691	8,507
Shareholders' funds		<u>3,691</u>	<u>8,507</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 12 Dec 2022



Sir Roger De Haan Director

Company Number 2447559

The notes on pages 11 to 15 form part of these financial statements.

FOLKESTONE HARBOUR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2021

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 Directors' 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 directors have 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 £4,366,000 (2020: £270,000 increase). Should there be a further significant movement in UK real estate pricing, then a further adjustment of the loan may be necessary.

(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.

FOLKESTONE HARBOUR COMPANY LIMITED

(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 directors consider appropriate for the following reasons:

The directors intend 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 controlling director of the parent undertaking 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 controlling director of the parent undertaking is the sole shareholder of the group which contains all the undertakings referred to in this note.

Based on the above and having regard to the resources available to the entity, the Directors have concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing the accounts.

3. Operating loss

Loss on operating activities is stated after charging auditors' remuneration (including expenses and non-cash benefits) of £761 (2020 £3,315)

4. Impairment Provision

As outlined in note 2a(i) there has been an increase in the impairment provision made against the amount due from Folkestone Harbour (1) Limited of £4,366,000 (2020: £270,000 increase).

FOLKESTONE HARBOUR COMPANY LIMITED

5. Tangible Fixed Assets

	Plant, Machinery & Equipment £000	Fixtures & Fittings £000	Motor Vehicle £000	Total £000
Cost at 1 st January 2021	1,118	59	7	1,184
Additions	310	18	-	328
Disposals	-	-	-	-
Cost as 31 st December 2021	1,428	77	7	1,512
Depreciation at 1 st January 2021	615	41	6	662
Charge for the year	270	22	1	293
Disposals	-	-	-	-
Depreciation at 31 st December 2021	885	63	7	955
Net book value 31 st December 2021	543	14	-	557
Net book value 31 st December 2020	503	18	1	522

6. Debtors

	2021 £000	2020 £000
Trade debtors	24	13
Prepayments and accrued income	106	86
Other tax and social security	13	4
Amount due from group undertakings	14,186	18,555
	14,329	18,658

Of the amount due from group undertakings, £14,186,241 (2020: £18,555,064) is due for repayment on demand and is interest free. The amounts due from other group undertakings are stated net of impairment provisions. Refer to note 9 for further details.

7. Creditors: amounts falling due within one year

	2021 £000	2020 £000
Trade creditors	280	127
Accruals and deferred income	21	49
Amount due to group undertakings	38	-
Director's loan account	6,753	6,753
Loan from parent undertaking	4,565	3,935
	11,657	10,864

Of the amount due to group undertakings, £37,891 (2020: £Nil) is due for repayment on demand and is interest free.

FOLKESTONE HARBOUR COMPANY LIMITED

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.

8. Called Up Share Capital

	2021 £	2020 £
Authorised: 100 ordinary shares £1 each	100	100
Alotted, called up and fully paid: 2 ordinary shares of £1 each	2	2

9. 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 £4,366,002 (2020: £269,539 increase) was charged to the profit and loss account during the year. The balance outstanding at 31st December 2021 after deducting impairment provisions was £14,186,241 (2020: £18,552,243).

As at 31st December 2021 the company had a loan due to Folkestone Harbour Holdings Limited of £4,565,177 (2020: £3,935,177). During the year, there were further amounts loaned of £630,000.

As at 31st December 2021 the company had a loan due to Sir Roger De Haan of £6,753,069 (2020: £6,753,069).

As at 31st December 2021 the company had an outstanding balance due to Folkestone Harbour Limited Partnership of £37,891 (2020: debit balance £2,821). During the year there was a charge from Folkestone Harbour Limited Partnership in relation to management charges of £502,862 (2020: £214,459)

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