

Folkestone Harbour Company Limited

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2006**

**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 St, Folkestone, Kent CT20 3BZ

The director presents his report and the audited financial statements for the year ended 31st December 2006

Principal activities

The company owns 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 Costs totalling £281,445 (2005 £809,825) were incurred during the year connected with a project to re-develop the harbour area.

A loss after taxation of £661,765 (2005 £1,114,506) was incurred during the year and transferred to reserves

Subsequent to the year end all of the land and buildings owned by the company were sold to Folkestone Harbour (1) Limited for a consideration of £24.25 million On the same date the company entered into an agreement with the new owner to lease back the assets sold

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 Precis (2430) Ltd, the parent undertaking of Folkestone Harbour Company Ltd On 2nd March 2007 Precis (2430) Ltd changed its name to Folkestone Harbour (Holdings) Ltd

Auditors

Spain Brothers & Co has 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 period 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 directors are 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 1985. 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 Part VII of the Companies Act 1985 relating to small companies

By order of the board



R Fraser

Company Secretary

Registered Office

125 Sandgate High Street
Folkestone
Kent

CT20 3BZ

Date . 29th October 2007

Folkestone Harbour Company Limited

INDEPENDENT REPORT OF THE AUDITORS TO THE MEMBERS OF FOLKESTONE HARBOUR COMPANY LIMITED

FOR THE YEAR ENDED 31ST DECEMBER 2006.

We have audited the financial statements of the Company for the year ended 31st December 2006 which comprises the Profit and Loss Account, Balance Sheet and related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company 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 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 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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

- 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 and in our opinion as to whether the information in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, 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 is not disclosed.

We read the Directors Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

Folkestone Harbour Company Limited

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

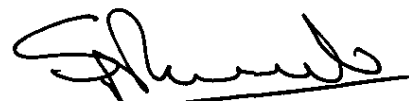
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

OPINION

In our opinion the financial statements

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31st December 2006 and of its loss for the year then ended
- And have been properly prepared in accordance with the Companies Act 1985

In our opinion the information given in the Director's Report is consistent with the financial statements



Spain Brothers & Co
Folkestone
Chartered Accountants
& Registered Auditors

29-12-2007

29 Manor Road
Folkestone
Kent
CT20 2SE

Folkestone Harbour Company Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2006

	Note	2006 £000	2005 £000
Turnover		433	580
Cost of sales		(594)	(516)
		-----	-----
Gross (loss)/profit		(161)	64
Administrative expenses		(220)	(375)
		-----	-----
Operating loss	4	(381)	(311)
Interest receivable		-	7
		-----	-----
Loss on ordinary activities before taxation		(381)	(304)
Tax on ordinary activities	5	-	-
		-----	-----
Loss on ordinary activities after taxation		(381)	(304)
Extraordinary charges	13	(281)	(810)
		-----	-----
		(662)	(1,114)
Loss brought forward		(1,843)	(729)
		-----	-----
Loss carried forward		(2,505)	(1,843)
		=====	=====

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 loss for the above two years

Folkestone Harbour Company Limited

BALANCE SHEET AS AT 31ST DECEMBER 2006

	Notes	2006 £000	2005 £000
FIXED ASSETS			
Tangible assets	6	5,352	5,465
CURRENT ASSETS			
Stock		1	-
Debtors	7	99	154
Cash at bank and in hand		37	42
		<u>137</u>	<u>196</u>
CREDITORS: amounts falling due within one year	8	(110)	(95)
		<u>27</u>	<u>101</u>
NET CURRENT ASSETS			
TOTAL ASSETS LESS CURRENT LIABILITIES		5,379	5,566
CREDITORS: amounts falling due after more than one year	9	(7,884)	(7,409)
		<u>(2,505)</u>	<u>(1,843)</u>
CAPITAL AND RESERVES			
Called up share capital	10	-	-
Profit and loss account	12	(2,505)	(1,843)
Equity shareholder's deficit		<u>(2,505)</u>	<u>(1,843)</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

These financial statements were approved at a meeting of the Board of Directors held on 29th October 2007

 **R. M. De Haan** Director

Folkestone Harbour Company Limited

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2006

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

(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 33%
Fixtures and Fittings	33 33%
Freehold buildings	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

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(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

(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 the continuing financial support of the director and parent undertaking.

2. Ultimate Parent Undertaking

The immediate and ultimate parent undertaking is Folkestone Harbour Holdings Limited (formerly Precis (2430) Ltd), a company controlled by the director, R De Haan

Folkestone Harbour Company Limited

3. Directors and Employees

No payments were made to the director for his services to the company for the year (2005 £nil)

Employee costs for the year were as follows

	2006	2005
	£000	£000
Wages and salaries	263	248
Social security costs	27	25
Health care and other benefits	16	8
Other pension costs	28	31
	----	----
	334	312
	====	====
Average number of employees (excluding directors)	10	10
	====	====

4. Operating Loss

The operating loss is stated after charging

	2006	2005
	£000	£000
Depreciation of	114	131
Audit fee	2	2
Demolition and development costs	-	84
	====	====

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5. Tax (charge)/credit on loss on ordinary activities

	2006 £000	2005 £000
Current taxation		
UK Corporation tax 30%	-	-
	-----	-----
	-	-
Deferred taxation		
	-	-
	-----	-----
	-	-
	=====	=====

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

	2006 £000	2005 £000
Loss on ordinary activities before taxation	(381)	(304)
	-----	-----
Tax on loss before tax at the standard UK rate	114	91
Factors effecting the tax credit for the period		
Non relievable losses	(114)	(91)
	-----	-----
Current tax for the year	-	-
	=====	=====

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6. Tangible Fixed Assets

	Plant and Machinery	Fixtures & Fittings	Vehicles	Freehold Land & Buildings	Total
	£000	£000	£000	£000	£000
Cost at 1 st January 2006	485	60	30	5,691	6,266
Additions	-	1	-	-	1
Cost at 31 st December 2006	485	61	30	5,691	6,267
Depreciation at 1 st January 2006	113	20	27	641	801
Charge for the year	79	9	2	24	114
Depreciation at 31 st December 2006	192	29	29	665	915
Net book value 31 st December 2006	293	32	1	5,026	5,352
Net book value 31 st December 2005	372	40	3	5,050	5,465

Included within land and buildings is land valued at £4,976,000 (2005 £4,976,000) which is not depreciated

7. Debtors

	2006 £000	2005 £000
Trade debtors	54	98
Other debtors and prepayments	43	55
Amounts owed by parent undertaking	2	1
	99	154

8. Creditors: amounts falling due within one year

	2006 £000	2005 £000
Bank overdraft	2	5
Trade creditors	50	38
Accruals and deferred income	44	38
Other creditors	14	14
	110	95

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

	2006 £000	2005 £000
Director's loan account	6,359	6,359
Amount due to parent undertaking	1,525	1,050
	-----	-----
	7,884	7,409
	=====	=====

The director's loan account is interest free and has no defined terms for repayment. Neither the director nor the parent undertaking anticipate repayment within the next 12 months.

10. Called Up Share Capital

	2006 £	2005 £
Authorised 100 ordinary shares £1 each	100	100
	=====	=====
Allotted, called up and fully paid 2 ordinary shares of £1 each	2	2
	=====	=====

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11. Related party disclosures

The company has taken advantage conferred by paragraph 3 (c) of the Financial Reporting Standard 8 "Related Party Disclosures" not to disclose transactions with group entities. As disclosed in note 9, the director Roger De Haan has an outstanding interest free loan as at 31st December 2006 amounting to £6,358,578 (2005 £6,358,578)

12. Shareholder's Funds

	2006 £000	2005 £000
Opening shareholder's deficit	(1,843)	(729)
Loss for the year	(662) -----	(1,114) -----
Closing shareholder's deficit	(2,505) =====	(1,843) =====

13. Extraordinary Charges

	2006 £000	2005 £000
Harbour development costs	281 =====	810 =====

14. Post Balance Sheet Events

On 16th March 2007 the company sold land and buildings to Folkestone Harbour Company (1) Limited for the sum of £24.25 million. On the same date the company entered into an agreement with the new owner to lease back the assets sold. On the same day, the company sold copyright and its intellectual property rights in respect of plans to redevelop Folkestone Harbour to Folkestone Harbour (GP) Ltd for a consideration of £1.1 million. The company and Folkestone Harbour (GP) Ltd form part of the same group of companies.