

Folkestone Harbour Company Limited

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2004**

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



Folkestone Harbour Company Limited

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Folkestone Harbour Company Limited

DIRECTOR'S REPORT

The director presents the report and the audited financial statements for the year ended 31st December 2004.

1. 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.

2. Review of the business

The company was purchased on 25th August 2004 by Precis (2430) Ltd, and is now a wholly owned subsidiary of that company. The company changed its name from Folkestone Properties Limited to Folkestone Harbour Company Limited on 26th October 2004.

A loss after taxation of £212,086 (2003 : £268,000) has been made by the company during the year.

The director does not recommend a dividend for the year (2003 : nil).

Since the date of transfer of ownership, a considerable amount of repair and improvement work has been carried out at the port and it is anticipated that this will help to generate new business and improve the profitability of the port.

3. Directors

The directors who served throughout the year were as follows:

D G Benson	(resigned 24 th August 2004)
D G Carpenter	(resigned 24 th August 2004)
W P Rann	(resigned 24 th August 2004)
R M De Haan	(appointed 24 th August 2004)

R M De Haan owns 100% of the share capital of Precis (2430) Ltd which is the parent company of Folkestone Harbour Company Ltd.

4. Auditors

Spain Brothers and Co have agreed to act as auditors of the company. A resolution confirming their appointment will be submitted at the annual general meeting.

Folkestone Harbour Company Limited

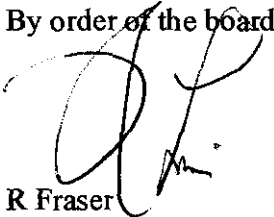
5. Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the surplus or deficit 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 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.

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 safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



R Fraser
Company Secretary
Registered Office
125 Sandgate High Street
Folkestone
Kent
CT20 3BZ

Date : 28th October 2005

Folkestone Harbour Company Limited

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

FOR THE YEAR ENDED 31ST DECEMBER 2004.

We have audited the financial statements of the Company for the year ended 31st December 2004 set out on pages 5 to 14. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 8&9.

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

The directors responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 to you 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 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 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

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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 of the state of the Company's affairs at 31st December 2004 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.



Spain Brothers and Co
Folkestone
Chartered Accountants
& Registered Auditors

29 Manor Road
Folkestone
Kent
CT20 2SE

31st October 2005

Folkestone Harbour Company Limited

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2004

	Note	2004 £000	2003 £000
Turnover		495	362
Cost of sales		(338)	(460)
		<hr/>	<hr/>
Gross profit/(loss)		157	(98)
Administrative expenses		(190)	(149)
		<hr/>	<hr/>
Operating loss	4.	(33)	(247)
Interest receivable		6	-
Interest payable and similar charges	5.	(126)	(156)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(153)	(403)
Tax on ordinary activities	6.	(59)	135
		<hr/>	<hr/>
Loss on ordinary activities after taxation		(212)	(268)
Retained loss brought forward		(517)	(249)
		<hr/>	<hr/>
Retained loss carried forward		(729)	(517)
		<hr/> <hr/>	<hr/> <hr/>


All activities are from continuing operations

Folkestone Harbour Company Limited

BALANCE SHEET AS AT 31ST DECEMBER 2004

	Notes	£000	2004 £000	£000	2003 £000
FIXED ASSETS					
Tangible assets	7.		5,091		5,126
CURRENT ASSETS					
Debtors	8.	186		123	
Cash at bank and in hand		462		-	
		<u>648</u>		<u>123</u>	
CREDITORS: amounts falling due within one year	9.	(100)		(548)	
NET CURRENT ASSETS/(LIABILITIES)			<u>548</u>		<u>(425)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>5,639</u>		<u>4,701</u>
CREDITORS: amounts falling due after more than one year	10.		(6,368)		(5,218)
			<u>(729)</u>		<u>(517)</u>
CAPITAL AND RESERVES					
Called up share capital	12.		-		-
Profit and loss account			(729)		(517)
Equity shareholders' deficit			<u>(729)</u>		<u>(517)</u>

These financial statements were approved at a meeting of the Board of Directors held on 28th October 2005



R. M. De Haan **Director**

Folkestone Harbour Company Limited

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS DEFICIT

YEAR ENDED 31ST DECEMBER 2004

	2004	2003
	£000	£000
Opening shareholders deficit	(517)	(249)
Loss for the year	(212)	(268)
	-----	-----
Closing shareholders deficit	(729)	(517)
	=====	=====

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2004	2003
	£000	£000
Loss for the year	(212)	(268)
	-----	-----
Total losses recognised relating to the year	(212)	(268)
	=====	=====

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2004

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

The turnover comprises income from rents and port and traffic dues. Turnover is stated net of Valued 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. Expenditure includes own work carried out and where applicable 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.

Vehicles	20% to 33.33%
Plant and Machinery	14% to 20%
Fixtures and Fittings	10% to 20%
Freehold land and 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 cashflow statement under the terms of FRS 1 (Cash Flow Statements) on the grounds that it is a small company.

The ultimate holding company Precis (2430) Ltd also qualifies as a small company.

(f) Leased assets

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

Assets acquired under finance leases and hire purchase contracts of a similar nature are included in the Balance Sheet at their equivalent capital value less accumulated depreciation. The corresponding obligations under these leases are included as creditors. The interest element of these obligations is charged to the Profit and Loss Account on a straight line basis over the life of each agreement.

(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.

2. Ultimate Parent Company

The immediate and ultimate parent company is Precis (2430) Ltd, a company controlled by the director, R De Haan.

3. Information Regarding Directors and Employees

No payments were made to the directors for their services to the company for the year (2003 £nil)

Employee costs for the year for the company:

	2004	2003
	£000	£000
Wages and Salaries	113	82
Social Security Costs	10	5
Other Pension Costs	4	22
	----	----
	127	109
	====	====
Average number of employees (excluding directors)	5	4
	====	====

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4. Operating Loss

The operating loss is stated after charging:	2004	2003
	£000	£000
Depreciation of owned assets	38	69
Audit fee	2	-
and crediting:		
Rates rebate	(97)	-

The audit fee for 2003 was borne by Sea Containers UK Limited

5. Interest payable and similar charges	2004	2003
	£000	£000
Interest payable on bank loans	126	152
Amortisation of prepaid loan arrangement cost	-	4
	<u>126</u>	<u>156</u>

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

	2004	2003
	£000	£000
Current taxation:		
UK Corporation tax 30%	-	120
Group Relief 30%	1	-
	<u>1</u>	<u>120</u>
Deferred taxation	(60)	-
Adjustments for prior periods	-	15
	<u>(59)</u>	<u>135</u>

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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:

	2004 £000	2003 £000
Loss on ordinary activities before taxation	(153)	(403)
Tax on loss before tax at the standard UK rate	46	121
Factors effecting the tax credit for the period		
Expenses deductible for tax purposes	-	3
Depreciation in excess of capital allowances	-	(4)
Non relievable losses	(45)	-
Current tax (charge)/credit for the year	1	120

7. Tangible Fixed Assets

	Plant and Machinery £000	Fixtures & Fittings £000	Vehicles £000	Freehold Land & Buildings £000	Total £000
Cost at 1 st January 2004	46	6	54	5,787	5,893
Additions	11	2	-	-	13
Disposals	(14)	(6)	(29)	(96)	(145)
Cost at 31 st December 2004	43	2	25	5,691	5,761
Depreciation at 1 st January 2004	46	6	54	661	767
Charge for the year	1	-	-	37	38
Eliminated	(14)	(6)	(29)	(86)	(135)
Depreciation at 31 st December 2004	33	-	25	612	670
Net book value 31 st December 2004	10	2	-	5,079	5091
Net book value 31 st December 2003	-	-	-	5,126	5,126

Included within land and buildings is land valued at £4,976,000 (2003: £4,976,000) which is not depreciated.

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8. Debtors

	2004 £000	2003 £000
Trade debtors	41	58
Other debtors and prepayments	144	5
Amounts owed by parent undertaking	1	-
Deferred tax asset	-	60
	----- 186	----- 123
	=====	=====

9. Creditors: amounts falling due within one year

	2004 £000	2003 £000
Bank loans	-	368
Trade creditors	76	18
Accruals and deferred income	18	162
Other creditors	6	-
	----- 100	----- 548
	=====	=====

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

	2004 £000	2003 £000
Bank loan	-	2,537
Director's loan account	6,368	-
Amount due to parent and fellow subsidiary undertakings	-	2,681
	----- 6,368	----- 5,218
	=====	=====

The director's loan account was advanced during the year by Roger De Haan, is interest free and has no defined terms for repayment. The director does not anticipate repayment within the next 12 months.

The bank loan was fully repaid on 25th August 2004.

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11. Financial Commitments

	Other £000	Land and Buildings £000
Obligations within one year	-	4
Obligations within 2 to 5 years	-	14
Obligations after more than 5 years	-	42
	-----	-----
	-	60
	=====	=====

12. Called up Share Capital

	2004 £	2003 £
Authorised: 100 ordinary shares £1 each	100	100
	=====	=====
Allotted, called up and fully paid: 2 ordinary shares of £1 each	2	2
	=====	=====

13. 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.

14. Segmental Analysis

The Company's operations are considered to fall into one class of business.
The segmental analysis of turnover is as follows:

	£000
United Kingdom	423
Europe	72

	495
	=====

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15. Going Concern

The accounts have been prepared on a going concern basis as Mr R De Haan confirms that he does not intend to require repayment of the director's loan within the next twelve months.