

**FOLKESTONE HARBOUR (1) LIMITED**

**DIRECTOR'S REPORT AND ACCOUNTS**

**31 DECEMBER 2019**

**Company Registration Number: 5972492**



## **FOLKESTONE HARBOUR (1) LIMITED**

### **Directors' report**

Directors: Sir Roger De Haan  
Trevor Minter (appointed 6 May 2020)  
Luke Bain (appointed 6 May 2020)

Secretary: Richard Fraser

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

Company number: 5972492

The directors submit their report together with the audited accounts of the company for the year ended 31 December 2019.

### **Principal activities and review of business**

The company is a limited partner in Folkestone Harbour Limited Partnership, a partnership set up to redevelop Folkestone harbour and foreshore area. Its partnership share is 48.163%. The partnership has completed much of the initial ground works and place-making for the site and is now progressing with plans for the construction phase, including selecting of a main contractor to deliver the first plot. A key source of estimation uncertainty within these financial statements surrounds the carrying value of the company's investment in Folkestone Harbour Limited Partnership. The partnership has considered the current uncertainty in the UK property market when valuing its inventory.

### **Directors**

Sir Roger De Haan remained the sole director of the company throughout the year. On 6 May 2020 the company appointed Trevor Minter and Luke Bain as directors.

### **Results and dividends**

The loss for the period amounted to £573,845 (2018 – loss £293,231) and has been transferred to reserves. No dividend is payable. The loss arises from the increase in impairment provisions.

### **COVID-19**

The directors have considered the impact of the COVID-19 pandemic on the company, further details of which can be found in the accounting policy 1(h). Based on their assessments and having regard to the resources available to the company, 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.

### **Director Interests**

R M De Haan owns the whole of the issued share capital of the immediate parent undertaking, Folkestone Harbour Holdings Limited.

## **FOLKESTONE HARBOUR (1) LIMITED**

### **Directors' report continued**

#### **Disclosure of information to auditor**

The directors who held office at the date of approval of this directors' report confirm that, so far as they 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 a directors to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

#### **Auditor**

MHA MacIntyre Hudson have expressed their willingness to continue in office as auditor and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

#### **Small Company Exemption**

The above report has been prepared in accordance with the special provisions of Section 1A of FRS 102 relating to small companies.

By order of the board



R J Fraser  
Secretary

Registered Office  
Strand House  
Pilgrims way  
Monks Horton  
Ashford  
Kent  
TN25 6DR

**FOLKESTONE HARBOUR (1) LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE**  
**DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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 they have elected to prepare the financial statements 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).

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 or 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 estimates that are reasonable and prudent;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOLKESTONE HARBOUR (1) LIMITED**

### **Opinion**

We have audited the financial statements of Folkestone Harbour (1) Limited (the 'company') for the year ended 31 December 2019 which comprise the profit and loss account, balance sheet and 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 2019 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 (UK) 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 directors have 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.

### **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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOLKESTONE HARBOUR (1) LIMITED**

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 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.

### **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.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOLKESTONE HARBOUR (1) LIMITED**

### **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: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). 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.



**Duncan Cochrane-Dyet BSc BFP FCA (Senior Statutory Auditor)  
for and on behalf of MHA MacIntyre Hudson**

Chartered Accountants  
Statutory auditors  
Victoria Court  
17-21 Ashford Road  
Maidstone  
ME14 5DA

Date: 12 November 2020

**FOLKESTONE HARBOUR (1) LIMITED**  
**Profit and loss account for the year ended 31 December 2019**

	Note	2019 £	2018 £
Administrative expenses		(500)	(1,534)
Impairment of investment	4	(573,345)	(291,697)
<b>Loss on ordinary activities before taxation</b>	2	<b>(573,845)</b>	<b>(293,231)</b>
Taxation	3	-	-
<b>Loss on ordinary activities after taxation</b>		<b>(573,845)</b>	<b>(293,231)</b>

Continuing operations

All activities are continuing.

Other comprehensive income

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

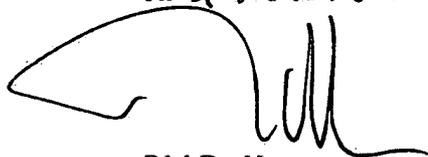
The notes on pages 9 to 12 form part of these financial statements.

**FOLKESTONE HARBOUR (1) LIMITED**  
**Balance sheet as at 31 December 2019**

	Note	2019 £	2018 £
<b>Fixed assets</b>			
Investment	4	18,604,187	19,177,532
<b>Current assets</b>			
Debtors	5	625,007	625,000
Cash at bank and in hand		-	7
		<u>625,007</u>	<u>625,007</u>
<b>Creditors</b>			
- Amounts falling due within one year	6	(30,024,142)	(30,023,642)
		<u>(29,399,135)</u>	<u>(29,398,635)</u>
<b>Net current liabilities</b>			
		<u>(10,794,948)</u>	<u>(10,221,103)</u>
<b>Net liabilities</b>			
<b>Capital and reserves</b>			
Called-up share capital	7	2	2
Profit and loss account	8	(10,794,950)	(10,221,105)
		<u>(10,794,948)</u>	<u>(10,221,103)</u>
<b>Shareholder's deficit</b>			

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 by the Directors on *4 November* 2020 and signed on their behalf by:



RM De Haan  
 Director

Company Registration Number: 5972492

The notes on pages 9 to 13 form part of these financial statements.

**FOLKESTONE HARBOUR (1) LIMITED**  
**Notes to the financial statements**

**1 Accounting policies**

**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 for FRS 102 in respect of the preparation of a Cash Flow Statement and related notes and a Statement of Changes in Equity.

**b) Critical accounting judgements and key sources of estimation uncertainty**

A key source of estimation uncertainty within these financial statements surrounds the carrying value of the company's investment in Folkestone Harbour Limited Partnership. The partnership has considered the current uncertainty in the UK property market when valuing its inventory. The directors have reviewed the carrying cost of this investment against estimates of net realisable value (NRV). The directors have arrived at NRV by valuing the investment at an amount equivalent to the company's share of net assets of the partnership. This has given rise to a decrease in value of £573,345 (2018 decrease - £291,697). Should there be further significant movement in UK real estate pricing, then further write-downs or write-backs of the investment may be necessary.

**c) Expenses**

All expenses are accounted for on an accruals basis.

**d) Investments**

Investments are held at cost less any provision for impairment.

**e) Cash and cash equivalents**

Cash comprises cash on hand and demand deposits.

**f) Trade and other receivables**

Trade and other receivables are stated at their nominal value.

**g) Trade and other payables**

Trade and other payables are stated at their nominal value.

**h) Going concern**

Notwithstanding net current liabilities of £29,399,135 as at 31 December 2019, and a loss for the year then ended of £573,845, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The directors consider that the company will have sufficient funds, through funding from its immediate parent company, Folkestone Harbour Holdings Limited, to meet its liabilities as they fall due in the 12 months from the date of approval of these financial statements.

This assessment is dependent on Folkestone Harbour Company Limited and Folkestone Harbour Holdings Limited not seeking repayment of the amounts currently due to them, which at 31 December 2019 amounted to £29,391,963 and £625,110 respectively. It is also dependent on Folkestone Harbour Holdings Limited providing additional financial support during that period. The lenders have indicated that they do not intend to seek repayment of the amounts due at the balance sheet date, for a period of 12 months from the date of approval

**FOLKESTONE HARBOUR (1) LIMITED**  
**Notes to the financial statements continued**

**h) Going concern continued**

from the date of approval of the accounts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

The COVID-19 pandemic and the ensuing economic shutdown has not had a significant impact on the company's operations. In response to the COVID-19 pandemic, the directors have performed a robust analysis of forecast future cash flows taking into account the potential impact on the business of possible future scenarios arising from the impact of COVID-19. This analysis also considers the effectiveness of available measures to assist in mitigating the impact of COVID-19.

Based on these assessments 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.

<b>2</b>	<b>Loss on ordinary activities before taxation</b>	<b>2019</b>	<b>2018</b>
		£	£
	Is stated after charging:-		
	Audit fees	500	1,500

There were no other fees charged by the auditor in either the current year or the prior year. The directors have received no remuneration for their services to the company in either the current year or the prior year.

<b>3</b>	<b>Tax on profit on ordinary activities</b>	<b>2019</b>	<b>2018</b>
		£	£
	Current tax	-	-
	Reconciliation of Current Tax charge:		
	Loss on ordinary activities before taxation	(573,845)	(293,231)
	UK corporation tax rate of 19.00% (2018:19.00%)	(109,031)	(55,714)
	Tax on share of partnership result	(48,764)	(37,125)
	Group relief	-	-
	Unrelieved losses	48,859	37,417
	Non-taxable impairment/(release of impairment)	108,936	55,422
	Total non-utilised tax losses		
	At 1 January	1,321,750	1,133,425
	At 31 December	1,578,904	1,321,750

**FOLKESTONE HARBOUR (1) LIMITED**  
**Notes to the financial statements continued**

**3 Tax on profits on ordinary activities continued**

UK corporation tax rate remained at 19% (effective 1 April 2019). Corporation tax rates will remain at 19% for the financial years starting 1 April 2020 and 1 April 2021, as substantively enacted on 17 March 2020.

A deferred tax asset has not been recognised in respect to tax losses as there is insufficient evidence about when the losses will be utilised.

**4 Investment**

Cost:	£
At 1 January 2019	24,250,010
Additions	-
At 31 December 2019	<u>24,250,010</u>
Impairment losses:	
At 1 January 2019	(5,072,478)
Charge in the year	<u>(573,345)</u>
At 31 December 2019	<u>(5,645,823)</u>
Net book amount at 31 December 2019	<u>18,604,187</u>
Net book amount at 31 December 2018	<u>19,177,532</u>

The reason for the impairment charge is explained in note 1(b).  
The investment comprises a 48.163% partnership share in Folkestone Harbour Limited Partnership.

**5 Debtors**

	2019	2018
	£	£
Other debtors	7	-
Loan to Folkestone Harbour Limited Partnership (see note 10)	625,000	625,000
	<u>625,007</u>	<u>625,000</u>

Although the loan is repayable on demand, the directors do not anticipate repayment during the next twelve months.

**6 Creditors**

	2019	2018
	£	£
- amounts falling due within one year		
Amount due to parent undertaking	6,319	5,819
Amount due to Folkestone Harbour Limited Partnership	750	750
Loan from other group undertaking	29,391,963	29,391,963
Loan from parent undertaking	625,110	625,110
	<u>30,024,142</u>	<u>30,023,642</u>

**FOLKESTONE HARBOUR (1) LIMITED**  
**Notes to the financial statements continued**

**6 Creditors continued**

The loans are repayable on demand and are therefore classified as creditors falling due within one year. The details regarding the amounts outstanding are set out in note 10. They are also interest free. The lenders have indicated that they do not intend to demand repayment within the next 12 months, as set out in note 1(h).

<b>7</b>	<b>Called up share capital</b>	<b>2019</b>	<b>2018</b>
	Authorised	£	£
	100 ordinary shares of £1 each	100	100
	<b>Allotted and fully paid</b>		
	2 ordinary shares of £1 each	2	2
<b>8</b>	<b>Profit and loss account</b>	<b>2019</b>	<b>2018</b>
		£	£
	At 1 January	(10,221,105)	(9,927,874)
	Loss for the year	(573,845)	(293,231)
	At 31 December	(10,794,950)	(10,221,105)
<b>9</b>	<b>Reconciliation of movement in shareholder's deficit</b>	<b>2019</b>	<b>2018</b>
		£	£
	Total Comprehensive Loss relating to the year	(573,845)	(293,231)
	Shareholder's deficit brought forward	(10,221,103)	(9,927,872)
	Shareholder's deficit carried forward	(10,794,948)	(10,221,103)

**10 Related party disclosures**

The company has an outstanding loan payable to its parent undertaking, Folkestone Harbour Holdings Limited amounting to £625,110 (2018-£625,110) and a further amount due on inter company current account of £6,319 (2018-£5,819). A loan of £29,391,963 (2018-£29,391,963) is payable to Folkestone Harbour Company Limited, a fellow subsidiary undertaking. The company has a loan of £625,000 (2018-£625,000) receivable from and an amount payable of £750 (2018: £750) to Folkestone Harbour Limited Partnership. The company has a 48.163% interest in Folkestone Harbour Limited Partnership. All of the entities referred to in this section are ultimately controlled by Roger De Haan, their registered address is Strand House, Pilgrims Way, Monks Horton, Ashford, Kent TN25 6DR.

**11 Controlling interest**

The ultimate controlling shareholder is Sir Roger De Haan. The immediate and ultimate parent company is Folkestone Harbour Holdings Limited.

**FOLKESTONE HARBOUR (1) LIMITED**  
**Notes to the financial statements continued**

**12 Subsequent Events Note**

The Company has evaluated events from 31 December 2019 through to the date the financial statements were issued. There were no subsequent events that need disclosure. The directors have considered the potential impact of COVID-19 as part of their evaluation of subsequent events.