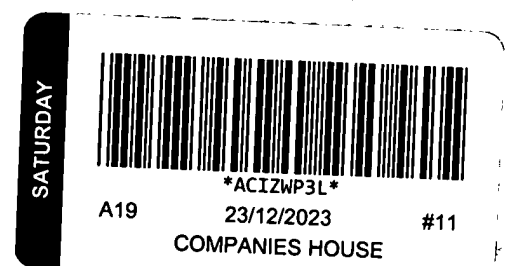


FOLKESTONE HARBOUR (1) LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 2022

Company Registration Number: 5972492



FOLKESTONE HARBOUR (1) LIMITED

Directors' report

Directors: Sir Roger De Haan
Trevor Minter (resigned 7th August 2023)
Luke Bain

Secretary: Luke Bain

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 2022.

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 is now progressing with construction of the first phase. 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, Trevor Minter and Luke Bain were directors of the company throughout the year.

Results and dividends

The profit for the period amounted to £2,297,130 (2021 – £4,463,102 loss) and has been transferred to reserves. No dividend is payable. The profit arises primarily from the release of impairment provisions.

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 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 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.

This report was approved by the board and signed on its behalf.



L J Bain
Secretary

14 December 2023

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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'..

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; 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 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.

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 2022, which comprise the Profit and Loss Account, the Balance Sheet and the related notes, 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 2022 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 United Kingdom, including the Financial Reporting Council'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.

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 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

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 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. 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.

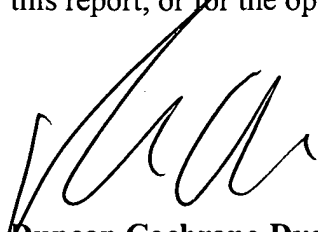
Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOLKESTONE HARBOUR (1) 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. 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

Statutory Auditor

Maidstone

United Kingdom

Date: *21 December 2023*

MHA is the trading name of MacIntyre Hudson LLP, a limited liability partnership in England and Wales (registered number OC312313)

FOLKESTONE HARBOUR (1) LIMITED
Profit and loss account for the year ended 31 December 2022

	Note	2022 £	2021 £
Administrative expenses		(1,250)	(600)
Release/(impairment) of investment	4	2,298,380	(4,462,502)
Profit/(Loss) on ordinary activities before taxation	2	<u>2,297,130</u>	<u>(4,463,102)</u>
Taxation	3	-	-
Profit/(Loss) on ordinary activities after taxation		<u>2,297,130</u>	<u>(4,463,102)</u>

Continuing operations

All activities are continuing.

Other comprehensive income

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

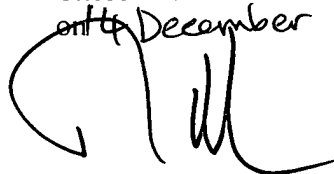
The notes on pages 10 to 13 form part of these financial statements.

FOLKESTONE HARBOUR (1) LIMITED
Balance sheet as at 31 December 2022

	Note	2022 £	2021 £
Fixed assets			
Investment	4	16,165,294	13,866,914
Current assets			
Debtors	5	625,000	625,000
Cash at bank and in hand		7	7
		<u>625,007</u>	<u>625,007</u>
Creditors			
- Amounts falling due within one year	6	(30,026,525)	(30,025,275)
Net current liabilities		<u>(29,401,518)</u>	<u>(29,400,268)</u>
Net liabilities		<u>(13,236,224)</u>	<u>(15,533,354)</u>
Capital and reserves			
Called-up share capital	7	2	2
Profit and loss account	8	(13,236,226)	(15,533,356)
Shareholder's deficit	9	<u>(13,236,224)</u>	<u>(15,533,354)</u>

These financial statements have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies and in accordance with the provisions FRS 102 section 1A – small entities.

These financial statements were approved by the Directors on ~~14~~ December 2023 and signed on their behalf by:



RM De Haan
Director
Company Registration Number: 5972492

The notes on pages 10 to 13 form part of these financial statements.

FOLKESTONE HARBOUR (1) LIMITED
Notes to the financial statements

1 Accounting policies

a) General information

Folkestone Harbour (1) Limited is a private company limited by shares and incorporated in England and Wales within the United Kingdom. The address of the registered office is Strand House, Pilgrims Way, Monks Horton, Ashford, Kent TN25 6DR.

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £1.

b) 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.

c) 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 an increase in value of £2,298,380 (2021 - £4,462,502 decrease). Should there be further significant movement in UK real estate pricing, then further write-downs or write-backs of the investment may be necessary.

d) Expenses

All expenses are accounted for on an accruals basis.

e) Investments

Investments are held at cost less any provision for impairment.

f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

g) Trade and other receivables

Trade and other receivables are stated at their nominal value.

h) Trade and other payables

Trade and other payables are stated at their nominal value.

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

i) Going concern

Notwithstanding net current liabilities of £29,401,518 as at 31 December 2022 (2021: £29,400,268) 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 2022 amounted to £29,391,963 (2021: £29,391,963) and £625,110 (2021: £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 of the accounts. Folkestone Harbour Holdings Limited has also indicated its intention to continue to make available such funds as are needed by the company for a period of 12 months 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.

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.

2	Profit/(Loss) on ordinary activities before taxation	2022	2021
		£	£
	Is stated after charging:-		
	Audit fees	1,250	567

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.

3	Tax on profit on ordinary activities	2022	2021
		£	£
	Current tax	-	-

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 2021, as substantively enacted on 17 March 2020. Legislation has been introduced in the Finance Bill 2021 to effect an increase in the Corporate Tax main rate to 25% for the financial year beginning 1 April 2023.

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.

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

4 Investment

Cost:	£
At 1 January 2022	24,250,010
Additions	-
At 31 December 2022	<u>24,250,010</u>
Impairment losses:	
At 1 January 2022	(10,383,096)
Charge in the year	<u>2,298,380</u>
At 31 December 2022	<u>(8,084,716)</u>
Net book amount at 31 December 2022	<u>16,165,294</u>
Net book amount at 31 December 2021	<u>13,866,914</u>

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

5 Debtors

	2022	2021
	£	£
Other debtors	-	-
Loan to Folkestone Harbour Limited Partnership (see note 10)	625,000	625,000
	<u>625,000</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

	2022	2021
- amounts falling due within one year	£	£
Amount due to parent undertaking	8,702	7,452
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>30,026,525</u>	<u>30,025,275</u>

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(i).

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

7	Called up share capital	2022	2021
	Authorised	£	£
	100 ordinary shares of £1 each	100	100
	Allotted and fully paid		
	2 ordinary shares of £1 each	2	2
8	Profit and loss account	2022	2021
		£	£
	At 1 January	(15,533,356)	(11,070,254)
	Profit/(Loss) for the year	2,297,130	(4,463,102)
	At 31 December	(13,236,226)	(15,533,356)
9	Reconciliation of movement in shareholder's deficit	2022	2021
		£	£
	Total Comprehensive Profit/(Loss) relating to the year	2,297,130	(4,463,102)
	Shareholder's deficit brought forward	(15,533,354)	(11,070,252)
	Shareholder's deficit carried forward	(13,236,224)	(15,533,354)
10	Related party disclosures		
	The company has an outstanding loan payable to its parent undertaking, Folkestone Harbour Holdings Limited amounting to £625,110 (2021-£625,110) and a further amount due on inter company current account of £8,702 (2021-£7,452). A loan of £29,391,963 (2021-£29,391,963) is payable to Folkestone Harbour Company Limited, a fellow subsidiary undertaking. The company has a loan of £625,000 (2021-£625,000) receivable from and an amount payable of £750 (2021: £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	Subsequent events		
	The Company has evaluated events from 31 December 2022 through to the date the financial statements were issued. There were no subsequent events that need disclosure.		