

FOLKESTONE HARBOUR (2) LIMITED
DIRECTOR'S REPORT AND ACCOUNTS

31 DECEMBER 2012

Company Registration Number: 6044095



FOLKESTONE HARBOUR (2) LIMITED

Director's report

Director R M De Haan CBE DL

Secretary R J Fraser

Registered Office Strand House, 125 Sandgate High St, Folkestone, Kent CT20 3BZ

The director submits his report together with the audited accounts of the company for the year ended 31 December 2012

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. Its partnership share is 25%. During the year the partnership continued the process of creating a redevelopment plan for the harbour site and a planning application has now been submitted.

Directors

Roger De Haan remained the sole director of the company throughout the year.

Results and dividends

The profit for the period amounted to £296,571 (2011 loss - £267,915) and has been transferred to reserves. No dividend is payable.

Director Interests

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

Disclosure of information to auditors

The director who held office at the date of approval of this director's report confirms that, so far as he is aware, there is no relevant audit information of which the company's auditors are unaware, and the director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

KPMG LLP have expressed their willingness to continue in office as auditors 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 415A of Part 15 of the Companies Act 2006 relating to small companies.

By order of the board

A handwritten signature in black ink, appearing to read 'R J Fraser'.

R J Fraser
Secretary

20/9/13

Registered Office
125 Sandgate High Street
Folkestone
Kent
CT20 3BZ

FOLKESTONE HARBOUR (2) LIMITED
STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE
DIRECTOR'S REPORT AND THE FINANCIAL STATEMENTS

The director is responsible for preparing the Director's Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law he has elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

Under company law the director must not approve the financial statements unless he is 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 director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK 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 director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He has general responsibility for taking such steps as are reasonably open to him 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 (2) LIMITED

We have audited the financial statements of Folkestone Harbour (2) Limited for the year ended 31 December 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

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

Respective responsibilities of directors and auditor

As explained more fully in the Director's Responsibilities Statement set out on page 3, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOLKESTONE
HARBOUR (2) LIMITED continued**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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



Shaun Kirby (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square,
London, E14 5GL

Date 2/9/13

FOLKESTONE HARBOUR (2) LIMITED**Profit and loss account for the year ended 31 December 2012**

	Note	2012 £	2011 £
Administrative expenses		(425)	(460)
Release/(impairment) of investment	4	296,996	(267,455)
Profit/(loss) on ordinary activities before taxation	2	<u>296,571</u>	<u>(267,915)</u>
Taxation	3	-	-
Profit/(loss) on ordinary activities after taxation		<u>296,571</u>	<u>(267,915)</u>

Continuing operations

All activities are continuing

Total recognised gains and losses

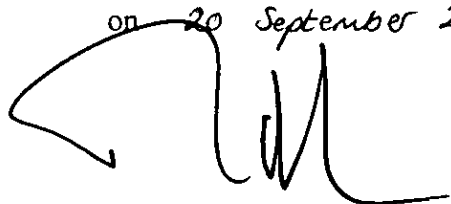
The Company has no recognised gains or losses other than the amounts shown above

FOLKESTONE HARBOUR (2) LIMITED
Balance sheet as at 31 December 2012

	Note	2012 £	2011 £
Fixed assets			
Investments	4	973,973	676,977
Current assets			
Cash at bank and in hand		514	539
		<u>514</u>	<u>539</u>
Creditors			
- Amounts falling due within one year	5	(2,403)	(2,003)
Net current liabilities		<u>(1,889)</u>	<u>(1,464)</u>
Creditors			
- Amounts falling due after more than one year	6	(15,256,511)	(15,256,511)
Net liabilities		<u>(14,284,427)</u>	<u>(14,580,998)</u>
Capital and reserves			
Called- up share capital	7	2	2
Profit and loss account	8	(14,284,429)	(14,581,000)
Shareholders' deficit	9	<u>(14,284,427)</u>	<u>(14,580,998)</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

These financial statements were approved by the Director
on 20 September 2013



RM De Haan
Director

FOLKESTONE HARBOUR (2) LIMITED
Notes to the financial statements

1 Accounting policies

a) Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards

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 Director has reviewed the carrying cost of this investment against estimates of net realisable value (NRV). The Director has 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 £296,996 (2011 impairment - £267,455). Should there be further significant movement in UK real estate pricing, then further write-downs or write-backs of the investment may be necessary.

b) Cash flow statement

The directors have taken advantage of the exemption available under FRS 1 (revised) from the requirement to prepare a cash flow statement on the basis that the company qualifies under the exemption for small companies.

c) Investments

Investments are held at cost less any provision for impairment.

d) Going concern

The financial statements have been prepared on the going concern basis which the director believes to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by Folkestone Harbour Holdings Limited, the company's ultimate parent. Folkestone Harbour Holdings Limited has indicated that for at least 12 months from the date of approval of these financial statements, it intends to make available such funds as are needed by the company and in particular it does not intend to seek repayment of the amounts currently made available. The director considers that this should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the director acknowledges that there can be no certainty that this support will continue although, at the date of approval of these financial statements, he has no reason to believe that it will not do so.

2 Profit/(loss) on ordinary activities before taxation	2012	2011
	£	£
Is stated after charging -		
Audit fees	400	400

FOLKESTONE HARBOUR (2) LIMITED
Notes to the financial statements

3 Tax on profit/(loss) on ordinary activities	2012	2011
	£	£
Current tax	-	-
Reconciliation of Current Tax charge		
Pre-tax profit/(losses) at 24% (2011:26%)	71,177	(69,658)
Tax on share of partnership result	(391)	2,563
Group relief	-	(2,443)
Unrelieved losses	493	-
Non-deductible (income)/expense (impairment)	(71,279)	69,538
	-	-

4 Investment	
Cost.	£
At 1 January 2012	12,587,467
Additions	-
At 31 December 2012	12,587,467
Impairment losses	
At 1 January 2012	(11,910,490)
Credit for the year	296,996
At 31 December 2012	(11,613,494)
Net book amount at 31 December 2012	973,973
Net book amount at 31 December 2011	676,977

The reason for the impairment credit is explained in note 1

The investment comprises a 25% partnership share in Folkestone Harbour Limited Partnership

5 Creditors	2012	2011
- amounts falling due within one year	£	£
Amount due to parent undertaking	2,303	1,903
Amount due to Folkestone Harbour Limited Partnership	100	100
	2,403	2,003
6 Creditors	2012	2011
- amounts falling due after more than one year	£	£
Loan from parent undertaking	15,256,511	15,256,511

The loan from the parent undertaking falls due for repayment on 15 March 2017 or such earlier date as the parties may agree. The loan is interest free.

FOLKESTONE HARBOUR (2) LIMITED
Notes to the financial statements

7	Called up share capital	2012	2011
		£	£
	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	2012	2011
		£	£
	At 1 January	(14,581,000)	(14,313,085)
	Profit/(loss) for the year	296,571	(267,915)
	At 31 December	(14,284,429)	(14,581,000)
9	Reconciliation of movement in shareholders' deficit	2012	2011
		£	£
	Total recognised gains and losses relating to the year	296,571	(267,915)
	Shareholder's deficit brought forward	(14,580,998)	(14,313,083)
	Shareholder's deficit carried forward	(14,284,427)	(14,580,998)
10	Related party disclosures		
	The company has an outstanding loan payable to its parent undertaking, Folkestone Harbour Holdings Limited amounting to £15,256,511 (2011-£15,256,511) and a further amount due on inter company current account of £2,303 (2011-£1,903) The company has a 25% interest in Folkestone Harbour Limited Partnership to whom it owes £100 (2011 £100)		
	All of the entities referred to in this section are ultimately controlled by Roger De Haan		
11	Controlling interest		
	The ultimate controlling shareholder is Roger De Haan		