

FOLKESTONE HARBOUR (3) LIMITED
DIRECTOR'S REPORT AND ACCOUNTS

31 DECEMBER 2007

Company Registration Number: 6044105

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23/08/2008

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FOLKESTONE HARBOUR (3) 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 from its date of incorporation on 8 January 2007 to 31 December 2007

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 15%. During the period, the company made an initial cash capital contribution to the partnership of £7,552,480, funded by way of loan from its parent undertaking.

Change of name

On 2nd March 2007, the company changed its name from Precis (2670) Limited to Folkestone Harbour (3) Limited

Directors

Roger De Haan was appointed a director on 23 February 2007. Peregrine Secretarial Services Limited was appointed a director on 8 January 2007 and resigned on 23 February 2007.

Secretary

Richard Fraser was appointed as the company secretary on 23 February 2007. Office Organization and Services Limited was appointed as secretary on 8 January 2007 and resigned on 23 February 2007.

Results and dividends

The loss for the period amounted to £417,132 and has been transferred to reserves.

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 were appointed as auditors to the company during the period
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 Part VII of the Companies Act 1985 relating to small companies

By order of the board



R J Fraser
Secretary

22/7/08

Registered Office
125 Sandgate High Street
Folkestone
Kent
CT20 3BZ

FOLKESTONE HARBOUR (3) 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)

The financial statements are required by law to 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 proper accounting records that 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 1985. 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 AUDITORS' REPORT TO THE MEMBERS OF FOLKESTONE HARBOUR (3) LIMITED

We have audited the financial statements of Folkestone Harbour (3) Limited for the period ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's 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's 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's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the director and auditors

The director's responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 3.

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. We also report to you whether in our opinion the information given in the Director's Report is consistent with the financial statements.

In addition we 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 the director's remuneration and other transactions is not disclosed.

We read the Director's 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. It also includes an assessment of the significant estimates and judgments made by the director 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 UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its loss for the period then ended,

- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Director s Report is consistent with the financial statements

KPMG LLP

23 July 2008

KPMG LLP
Chartered Accountants
Registered Auditor
8 Salisbury Square
London
EC4Y 8BB

FOLKESTONE HARBOUR (3) LIMITED

Profit and loss account for the period 8 January 2007 to 31 December 2007

	Note	2007 £
Administrative expenses		(513)
Interest receivable	2	657
Interest payable	3	(417,276)
Loss on ordinary activities before taxation	4	<u>(417,132)</u>
Taxation	5	-
Loss on ordinary activities after taxation		<u>(417,132)</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

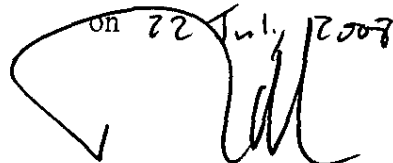
FOLKESTONE HARBOUR (3) LIMITED
Balance sheet as at 31 December 2007

	Note	2007 £
Fixed assets		
Investments	6	7,552,480
Current assets		
Cash at bank and in hand		<u>646</u>
		646
Creditors		
- amounts falling due within one year	7	(500)
Net current assets		<u>146</u>
Creditors		
- amounts falling due after more than one year	8	(7,969,756)
Net liabilities		<u>(417,130)</u>
Capital and reserves		
Called-up share capital	9	2
Profit and loss account	10	(417,132)
Shareholders' deficit	11	<u>(417,130)</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 by the Director

on 22 July 2008



RM De Haan
Director

FOLKESTONE HARBOUR (3) 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

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 will continue to make available such funds as are needed by the company and in particular will not 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	Interest receivable	2007
		£
	Bank deposit interest receivable	<u>657</u>
3	Interest payable	2007
		£
	Interest on loan from parent undertaking	<u>417,276</u>
	Interest on the loan is rolled up into the loan balance	
4	Loss on ordinary activities before taxation	2007
		£
	Is stated after charging -	
	Audit fees	<u>500</u>

FOLKESTONE HARBOUR (3) LIMITED
Notes to the financial statements

5	Tax on loss on ordinary activities	2007
		£
	Current tax	<u>-</u>
	Reconciliation of Current Tax charge	
	Pre-tax losses at 30%	(125,140)
	Tax on share of partnership result	(11,405)
	Group relief	<u>136,545</u>
		<u>-</u>

6	Investment	2007
		£
	Acquired during the period	<u>7,552,480</u>

The investment comprises a 15% partnership share in Folkestone Harbour Limited Partnership

7	Creditors	2007
	- amounts falling due within one year	£
	Accruals	<u>500</u>

8	Creditors	2007
	- amounts falling due after more than one year	£
	Loan from parent undertaking	<u>7,969,756</u>

The loan from the parent undertaking falls due for repayment on 15 March 2017 or such earlier date as the parties may agree Interest is payable at the six month rate for LIBOR plus 1 5%

9	Called up share capital	2007
		£
	Authorised	
	100 ordinary shares of £1 each	<u>100</u>
	Allotted and fully paid	
	Issued during the period –2 ordinary shares of £1 each	<u>2</u>
	At 31 December 2007	<u>2</u>

FOLKESTONE HARBOUR (3) LIMITED
Notes to the financial statements

10	Profit and loss account	2007
		£
	At 8 January 2007	-
	Loss for the period	(417,132)
	At 31 December 2007	<u>(417,132)</u>
11	Reconciliation of movement in shareholders' deficit	2007
		£
	Total recognised gains and losses relating to the period	(417,132)
	Share capital issued during the period	2
	Shareholder's funds brought forward	-
	Shareholder's deficit carried forward	<u>(417,130)</u>

12 Related party disclosures

During the period, the company entered into the following transactions with various entities which are 100% controlled by Roger De Haan. The company received a loan during the period from its parent undertaking, Folkestone Harbour Holdings Limited amounting to £7,552,480. Interest payable on the loan during the period amounted to £417,276 and this amount has been added to the loan, leaving a closing balance of £7,969,756. The company invested £7,552,480 to acquire a 15% interest in Folkestone Harbour Limited Partnership.

13 Controlling interest

The ultimate controlling shareholder is Roger De Haan.