

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

**31 DECEMBER 2008**

**Company Registration Number: 6044105**



## **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 for the year ended 31 December 2008.

### **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 year the partnership has continued the process of reviewing its redevelopment options whilst at the same time proceeding with a number of essential on-site surveys. In the light of the severe downturn experienced in UK, and the consequent effect on the partnership, an investment impairment charge amounting to £6.5 million has been charged to the profit and loss account. This reduces the value of the company's investment to an amount equivalent to its share of the net assets of the partnership.

### **Directors**

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

### **Results and dividends**

The loss for the period amounted to £7,136,209 (2007-£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 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

27/8/09

**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 year ended 31 December 2008 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 2008 and of its loss for the year 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*

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

*21 August 2009*

**FOLKESTONE HARBOUR (3) LIMITED****Profit and loss account for the year ended 31 December 2008**

			<b>8 January to 31 December 2007</b>
	<b>Note</b>	<b>2008 £</b>	<b>£</b>
Administrative expenses		(516)	(513)
Impairment of investment	6	(6,542,743)	-
Interest receivable	2	-	657
Interest payable	3	(592,950)	(417,276)
<b>Loss on ordinary activities before taxation</b>	4	<b>(7,136,209)</b>	<b>(417,132)</b>
Taxation	5	-	-
<b>Loss on ordinary activities after taxation</b>		<b>(7,136,209)</b>	<b>(417,132)</b>

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

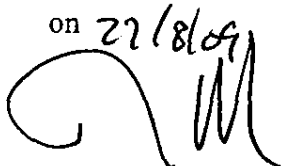
**FOLKESTONE HARBOUR (3) LIMITED**  
**Balance sheet as at 31 December 2008**

	Note	2008 £	2007 £
<b>Fixed assets</b>			
Investments	6	1,009,737	7,552,480
<b>Current assets</b>			
Cash at bank and in hand		<u>130</u>	<u>646</u>
		130	646
<b>Creditors</b>			
- amounts falling due within one year	7	(500)	(500)
<b>Net current assets</b>		<u>(370)</u>	<u>146</u>
<b>Creditors</b>			
- amounts falling due after more than one year	8	(8,562,706)	(7,969,756)
<b>Net liabilities</b>		<u>(7,553,339)</u>	<u>(417,130)</u>
<b>Capital and reserves</b>			
Called-up share capital	9	2	2
Profit and loss account	10	(7,553,341)	(417,132)
<b>Shareholders' deficit</b>	11	<u>(7,553,339)</u>	<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 22/8/09



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.

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 impairment totalling £6.5 million. Should there be further significant decline in UK real estate pricing, then a further write-down 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 Interest receivable

	2008	2007
	£	£
Bank deposit interest receivable	-	657

#### 3 Interest payable

	2008	2007
	£	£
Interest on loan from parent undertaking	592,950	417,276

Interest on the loan is rolled up into the loan balance

**FOLKESTONE HARBOUR (3) LIMITED****Notes to the financial statements**

<b>4</b>	<b>Loss on ordinary activities before taxation</b>	<b>2008</b>	<b>2007</b>
		£	£
	Is stated after charging:-		
	Audit fees	500	500
		<hr/>	<hr/>
<b>5</b>	<b>Tax on loss on ordinary activities</b>	<b>2008</b>	<b>2007</b>
		£	£
	Current tax	-	-
		<hr/>	<hr/>
	Reconciliation of Current Tax charge:		
	Pre-tax losses at 28.5% (2007:30%)	(2,033,820)	(125,140)
	Tax on share of partnership result	(23)	(11,405)
	Non-deductible expense (impairment)	1,864,682	-
	Group relief	169,161	136,545
		<hr/>	<hr/>
		-	-
		<hr/>	<hr/>
<b>6</b>	<b>Investment</b>		
	Cost:	£	
	At 1 January 2008	7,552,480	
	Additions	-	
	At 31 December 2008	<hr/>	
		7,552,480	
	Impairment losses:		
	At 1 January 2008		
	Charge for the year	(6,542,743)	
	At 31 December 2008	<hr/>	
		(6,542,743)	
	Net book amount at 31 December 2008	<hr/>	
		1,009,737	
	Net book amount at 31 December 2007	<hr/>	
		7,552,480	
	The reason for the impairment charge is explained in note 1.		
	The investment comprises a 15% partnership share in Folkestone Harbour Limited Partnership.		
<b>7</b>	<b>Creditors</b>	<b>2008</b>	<b>2007</b>
	- amounts falling due within one year	£	£
	Accruals	500	500
		<hr/>	<hr/>
<b>8</b>	<b>Creditors</b>	<b>2008</b>	<b>2007</b>
	- amounts falling due after more than one year	£	£
	Loan from parent undertaking	8,562,706	7,969,756
		<hr/>	<hr/>

**FOLKESTONE HARBOUR (3) LIMITED****Notes to the financial statements**

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%.

<b>9</b>	<b>Called up share capital</b>	<b>2008</b>	<b>2007</b>
		£	£
	<b>Authorised</b>		
	100 ordinary shares of £1 each	100	100
		<hr/>	<hr/>
	<b>Allotted and fully paid</b>		
	2 ordinary shares of £1 each	2	2
		<hr/>	<hr/>
<b>10</b>	<b>Profit and loss account</b>	<b>2008</b>	<b>2007</b>
		£	£
	At 1 January	(417,132)	-
	Loss for the year	(7,136,209)	(417,132)
	At 31 December	<hr/> (7,553,341) <hr/>	<hr/> (417,132) <hr/>
<b>11</b>	<b>Reconciliation of movement in shareholders' deficit</b>	<b>2008</b>	<b>2007</b>
		£	£
	Total recognised gains and losses relating to the year	(7,136,209)	(417,132)
	Share capital issued during the year	-	2
	Shareholder's funds brought forward	(417,130)	-
	Shareholder's deficit carried forward	<hr/> (7,553,339) <hr/>	<hr/> (417,130) <hr/>

**12 Related party disclosures**

The company has an outstanding loan payable to its parent undertaking, Folkestone Harbour Holdings Limited amounting to £8,562,206 (2007-£7,969,756). Interest payable on the loan during the year amounted to £592,950 (2007-£417,276) and this amount has been added to the loan. The company has a 15% interest in Folkestone Harbour Limited Partnership. All of the entities referred to in this section are ultimately controlled by Roger De Haan.

**13 Controlling interest**

The ultimate controlling shareholder is Roger De Haan.