

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

31 DECEMBER 2016

Company Registration Number: 6044105

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FOLKESTONE HARBOUR (3) LIMITED

Director's report

Director: Sir Roger De Haan

Secretary: Richard Fraser

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

Company number: 6044105

The director submits his report together with the audited accounts of the company for the year ended 31 December 2016.

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%. Following the grant of planning permission last year, the business is now focusing its efforts the first stages of the redevelopment programme.

Director

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

Results and dividends

The profit for the period amounted to £1,808,001 (2015 - £1,616,337) and has been transferred to reserves. No dividend is payable. The large profit arises from the part release of prior year 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.

Disclosure of information to auditor

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 auditor is 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 auditor is aware of that information.

Auditor

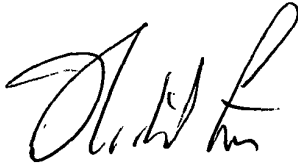
KPMG LLP have expressed their willingness to continue in office as auditor and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

Small Company Exemption

The above report has been prepared in accordance with the special provisions of Section 415A of Part 15 of the Companies Act 2006 relating to small companies.

Director's report continued

By order of the board



R J Fraser
Secretary

31/8/17

Registered Office

Strand House
Pilgrims Way
Monks Horton
Ashford
Kent
TN25 6DR

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 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 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; 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 (3) LIMITED

We have audited the financial statements of Folkestone Harbour (3) Limited for the year ended 31 December 2016 set out on pages 6 to 11. The financial reporting framework that has been applied in their preparation is 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).

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 director 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 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2016 and of its profit for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice applicable to Smaller Entities; 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 is consistent with the financial statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOLKESTONE
HARBOUR (3) LIMITED continued**

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Director's report:

- we have not identified material misstatements in that report; and
- in our opinion, that report has been prepared in accordance with the Companies Act 2006.

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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the director was not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a strategic report.



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

Date: 7/9/17

FOLKESTONE HARBOUR (3) LIMITED**Profit and loss account for the year ended 31 December 2016**

	Note	2016 £	2015 £
Administrative expenses		(433)	(433)
Release of impairment of investment	4	1,808,434	1,616,770
Profit on ordinary activities before taxation	2	<u>1,808,001</u>	<u>1,616,337</u>
Taxation	3	-	-
Profit on ordinary activities after taxation		<u>1,808,001</u>	<u>1,616,337</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 8 to 11 form part of these financial statements.

FOLKESTONE HARBOUR (3) LIMITED
Balance sheet as at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Investment	4	6,932,995	5,124,561
Current assets			
Cash at bank and in hand		19	19
		<u>19</u>	<u>19</u>
Creditors			
- Amounts falling due within one year	5	(9,157,943)	(9,157,510)
Net current liabilities		<u>(9,157,924)</u>	<u>(9,157,491)</u>
Net liabilities		<u>(2,224,929)</u>	<u>(4,032,930)</u>
Capital and reserves			
Called-up share capital	6	2	2
Profit and loss account	7	(2,224,931)	(4,032,932)
Shareholder's deficit	8	<u>(2,224,929)</u>	<u>(4,032,930)</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 31-8-17



RM De Haan
Director
Company Registration Number: 6044105

The notes on pages 8 to 11 form part of these financial statements.

FOLKESTONE HARBOUR (3) 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 of FRS 102 in respect of the preparation of a Cash Flow Statement and related notes and a Statement of Changes in Equity.

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 £1,808,434 (2015 increase - £1,616,770). 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) Investments

Investments are held at cost less any provision for impairment.

c) 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.

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

2	Profit on ordinary activities before taxation	2016	2015
		£	£
	Is stated after charging:-		
	Audit fees	400	400

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

3	Tax on profit on ordinary activities	2016	2015
		£	£
	Current tax	-	-
	Profit/(loss) on ordinary activities before taxation	1,808,001	1,616,337
	Reconciliation of Current Tax charge:		
	UK corporation tax rate of 20.00% (2015:20.25%)	361,600	327,308
	Tax on share of partnership result	(6,640)	(6,282)
	Group relief	-	-
	Unrelieved losses	6,727	6,370
	Non-taxable income	(361,687)	(327,396)
		-	-
	Total non-utilised tax losses		
	At 1 January	160,257	129,082
	At 31 December	193,888	160,257

UK corporation tax rate reduced from 21% to 20% (effective 1 April 2015). Further reductions to 19% (effective from 1 April 2017) and to 17% (effective 1 April 2020) were substantively enacted on 6 September 2016. The impact has not yet been estimated.

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

4 Investment

Cost:	£
At 1 January 2016	7,552,480
Additions	-
At 31 December 2016	<u>7,552,480</u>
Impairment losses:	
At 1 January 2016	(2,427,919)
Release in the year	<u>1,808,434</u>
At 31 December 2016	<u>(619,485)</u>
Net book amount at 31 December 2016	<u>6,932,995</u>
Net book amount at 31 December 2015	<u>5,124,561</u>

The reason for the impairment release is explained in note 1.

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

5 Creditors	2016	2015
- amounts falling due within one year	£	£
Amount due to parent undertaking	3,936	3,503
Amount due to Folkestone Harbour Limited Partnership	100	100
Loan from parent undertaking	9,153,907	9,153,907
	<u>9,157,943</u>	<u>9,157,510</u>

The details regarding the amounts outstanding are set out in note 9. The loan is repayable on demand and is therefore classified as a creditor falling due within one year in the current period. It is also interest free. The lender has indicated that it does not intend to demand repayment within the next 12 months, as set out in note 1(c).

6 Called up share capital	2016	2015
	£	£
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted and fully paid		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

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

7	Profit and loss account	2016	2015
		£	£
	At 1 January	(4,032,932)	(5,649,269)
	Profit for the year	1,808,001	1,616,337
	At 31 December	<u>(2,224,931)</u>	<u>(4,032,932)</u>

8	Reconciliation of movement in shareholder's deficit	2016	2015
		£	£
	Total Comprehensive Income relating to the year	1,808,001	1,616,337
	Shareholder's deficit brought forward	(4,032,930)	(5,649,267)
	Shareholder's deficit carried forward	<u>(2,224,929)</u>	<u>(4,032,930)</u>

9 Related party disclosures

The company has an outstanding loan payable to its parent undertaking, Folkestone Harbour Holdings Limited amounting to £9,153,907 (2015-£9,153,907) and a further amount due on inter company current account of £3,936 (2015-£3,503). The company has a 15% interest in Folkestone Harbour Limited Partnership to whom it owes £100 (2015: £100).

All of the entities referred to in this section are ultimately controlled by Roger De Haan.

10 Controlling interest

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