

FOLKESTONE HARBOUR (GP) LIMITED
DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 2017

Company Registration Number: 6044108



FOLKESTONE HARBOUR (GP) LIMITED

Directors' report

Directors: Sir Roger De Haan
Paul Hudson
Susan Young
Paul Ellis
Martin Hart

Secretary: Richard Fraser

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

Company number: 6044108

The directors submit their report together with the audited accounts of the company for the year ended 31 December 2017.

Principal activities and review of business

The company is the general partner of Folkestone Harbour Limited Partnership, a partnership set up to redevelop Folkestone harbour. Its partnership share is 0.01%. The partnership has completed much of the initial ground works and place-making for the site and is now progressing with plans for the construction phase.

Directors

Sir Roger De Haan was a director of the company throughout the year. The company appointed Paul Hudson and Susan Young as a non executive directors on 1 August 2017, Martin Hart as non executive directors on 23 September 2017 and Paul Ellis as non executive director on 1 November 2017.

Results and dividends

The loss for the year amounted to £1,013 (2016 - £804 profit) and has been transferred to reserves. No dividend is payable.

Directors Interests

Sir Roger 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 directors who held office at the date of approval of this director's 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 a directors to make themselves 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.

FOLKESTONE HARBOUR (GP) LIMITED

Directors' report continued

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



R J Fraser
Secretary

Registered Office

Strand House
Pilgrims Way
Monks Horton
Ashford
Kent
TN25 6DR

31 July 2018

FOLKESTONE HARBOUR (GP) 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 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 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
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; 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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOLKESTONE HARBOUR (GP) LIMITED

Opinion

We have audited the financial statements of Folkestone Harbour (GP) Limited ("the company") for the year ended 31 December 2017, which comprise the profit and loss account, balance sheet and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards applicable to smaller entities, including Section 1A of FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; 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 are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard, and the provisions available for small entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

Directors' report

The directors are responsible for the directors' report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the directors' report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; 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

Under the Companies Act 2006 we are required 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOLKESTONE HARBOUR (GP) LIMITED

- 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 exemption in preparing the directors' report and take advantage of the small companies exemption from the requirement to prepare a strategic report.

We have nothing to report these respects.

Directors' responsibilities

As explained more fully in their 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; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



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

Date: 3 August 2018

FOLKESTONE HARBOUR (GP) LIMITED**Profit and loss account for the year ended 31 December 2017**

	Note	2017 £	2016 £
Turnover	2	41,643	-
Cost of sales		-	-
Gross profit		41,643	-
Administrative expenses		(42,076)	(400)
(Impairment)/release of impairment of investments	5	(580)	1,204
(Loss)/profit on ordinary activities before taxation	3	(1,013)	804
Taxation	4	-	-
(Loss)/profit on ordinary activities after taxation	8	(1,013)	804

Continuing operations

All activities are continuing.

Other comprehensive income

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

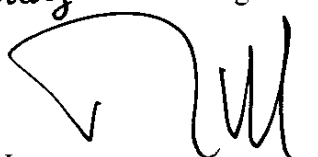
The notes on pages 8 to 11 form part of these financial statements.

FOLKESTONE HARBOUR (GP) LIMITED**Balance sheet as at 31 December 2017**

	Note	2017 £	2016 £
Fixed assets			
Investments	5	4,046	4,626
Current assets			
Debtors	6	8,535	-
Cash at bank and in hand		20	20
		<u>8,555</u>	<u>20</u>
Creditors			
- Amounts falling due within one year	7	(19,192)	(10,224)
		<u>(10,637)</u>	<u>(10,204)</u>
Net current liabilities			
		<u>(10,637)</u>	<u>(10,204)</u>
Net liabilities		<u>(6,591)</u>	<u>(5,578)</u>
Capital and reserves			
Called-up share capital	8	2	2
Profit and loss account	9	(6,593)	(5,580)
Shareholder's deficit	10	<u>(6,591)</u>	<u>(5,578)</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 directors on *31 July* 2018 and signed on their behalf by:


RM De Haan
Director
Company Registration Number: 6044108

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

FOLKESTONE HARBOUR (GP) LIMITED

Notes to the financial statements

1 Accounting policies

a) Accounting convention

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 a decrease in value of £580 (2016 increase - £1,204). 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 directors believe 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 continue 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 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.

2 Turnover

Turnover comprises of charges to Folkestone Harbour Limited Partnership relating to the reimbursement of remuneration paid to the non executive directors. This charge is in accordance with the Partnership Agreement.

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

3	Profit on ordinary activities before taxation	2017	2016
		£	£
	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.

Remuneration in respect of the non executive directors was as follows:

	2017	2016
	£	£
Emoluments	37,500	-

All remuneration paid related to the current year.

4	Tax on profit on ordinary activities	2017	2016
		£	£
	Current tax	-	-
	Profit/(loss) on ordinary activities before taxation	(1,013)	804
	Reconciliation of Current Tax charge:		
	UK corporation tax rate of 19.00% (2016:20.00%)	(192)	161
	Unrelieved losses	95	85
	Tax on share of partnership result	(13)	(5)
	Non-taxable impairment/(release of impairment)	110	(241)
		-	-
	Total non-utilised tax losses		
	At 1 January	2,573	2,150
	At 31 December	3,075	2,573

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

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

5 Investments

Cost:	£
At 1 January 2017 -Investment in partnership	5,035
-Investment in subsidiary undertakings	4
Additions	-
At 31 December 2017	<u>5,039</u>
Impairment losses:	
At 1 January 2017	(413)
Charge for the year	(580)
At 31 December 2017	<u>(993)</u>
Net book amount at 31 December 2017	<u>4,046</u>
Net book amount at 31 December 2016	<u>4,626</u>

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

The partnership investment comprises a 0.01% partnership share in Folkestone Harbour Limited Partnership. The investment in subsidiary undertakings represents an investment of £2 in each of Folkestone Harbour Nominee (1) Limited and Folkestone Harbour Nominee (2) Limited. Both subsidiaries are wholly owned, are registered in England at Strand House, Pilgrims Way, Monks Horton, Ashford, Kent, TN25 6DR , and did not trade during the year.

6 Debtors	2017	2016
- amounts falling due within one year	£	£
Other debtors	8,535	-
	<u>8,535</u>	<u>-</u>
7 Creditors	2017	2016
- amounts falling due within one year	£	£
Accruals	8,535	-
Amount due to parent undertaking	4,542	4,109
Amount due to subsidiary undertakings	4	4
Loan from parent undertaking	6,111	6,111
	<u>19,192</u>	<u>10,224</u>

The details regarding the amounts outstanding are set out in note 10. 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).

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

8	Called up share capital	2017	2016
		£	£
	Authorised		
	100 ordinary shares of £1 each	100	100
	Allotted and fully paid		
	2 ordinary shares of £1 each	2	2
9	Profit and loss account	2017	2016
		£	£
	At 1 January	(5,580)	(6,384)
	(Loss)/profit for the period	(1,013)	804
	At 31 December	(6,593)	(5,580)
10	Reconciliation of movement in shareholder's deficit	2017	2016
		£	£
	Total Comprehensive Income relating to the year	(1,013)	804
	Shareholder's deficit brought forward	(5,578)	(6,382)
	Shareholder's deficit carried forward	(6,591)	(5,578)
11	Related party disclosures		
	The company has an outstanding loan payable to its parent undertaking, Folkestone Harbour Holdings Limited amounting to £6,111 due within one year (2016-£6,111) and a further amount payable on current account of £4,542 (2016-£4,109,). The company has a 0.01% interest in Folkestone Harbour Limited Partnership. All of the entities referred to in this section are ultimately controlled by Roger De Haan.		
12	Controlling interest		
	The ultimate controlling shareholder is Sir Roger De Haan. The immediate and ultimate parent company is Folkestone Harbour Holdings Limited.		
13	Exemption from Group Financial Statements		
	The company controls Folkestone Harbour Limited Partnership, as General Partner, and has taken advantage of the exemption within section 398 of Part 15 of the Companies Act 2006 to dispense with the requirement to prepare consolidated financial statements. The statutory financial statements of Folkestone Harbour Limited Partnership are appended to these financial statements.		

FOLKESTONE HARBOUR LIMITED PARTNERSHIP

FINANCIAL STATEMENTS

31 DECEMBER 2017

Registration Number: LP11912



FOLKESTONE HARBOUR LIMITED PARTNERSHIP
Report of the General Partner

Introduction

Folkestone Harbour (GP) Limited ("the General Partner") presents the financial statements for Folkestone Harbour Limited Partnership ("the Partnership") for the year ended 31 December 2017.

Principal activities and review of business

The Partnership was established to acquire and redevelop property situated at Folkestone harbour and the Folkestone foreshore area. During the past year, considerable progress has been made in preparing the site for construction work.

The initial groundworks have been undertaken and much of the place-making activity in and around the harbour area has been completed. The previously run-down harbour arm area is now considered to be one of Folkestone's top visitor attractions. This considerable investment in place-making at the early stages of the project is helping to prepare the ground for the building development phases by making the area an attractive place for people to live, work and spend their leisure time.

Results for the year

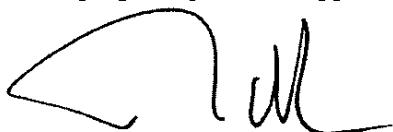
The loss for the year amounted to £5,796,346 (2016 – profit £12,056,228) and has been transferred to partners' capital accounts. The large loss arises from a charge of £5 million for impairment provision relating to the partnership's stock of land, which represents a partial reversal of the impairment credit released in the prior year.

Disclosure of information to auditor

The directors of the General Partner confirm that, so far as they are aware, there is no relevant audit information of which the Partnership'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 Partnership's auditor is aware of that information.

Auditor

KPMG LLP have expressed their willingness to continue in office as auditor. A resolution proposing their re-appointment will be made by the Partnership.



Sir Roger De Haan
Director
For and on behalf of Folkestone Harbour (GP) Limited

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

Registration number: LP11912

Date: 31 July 2018

STATEMENT OF GENERAL PARTNER'S RESPONSIBILITIES IN RESPECT OF THE GENERAL PARTNER'S REPORT AND THE FINANCIAL STATEMENTS

The general partner is responsible for preparing the General Partner's Report and the partnership financial statements in accordance with applicable law and regulations.

The Partnerships (Accounts) Regulations 2008 require the general partner to prepare financial statements for each financial year in accordance with Part 15 and Chapter 1 of Part 16 of the Companies Act 2006. Under that law the general partner has elected to prepare financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the general partner 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 partnership and of the profit or loss of the partnership for that period. In preparing these financial statements, the general partner 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;
- assess the qualifying partnership's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the qualifying partnership or to cease operations, or have no realistic alternative but to do so.

The general partner is responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the partnership and to prevent and detect fraud and other irregularities.

The general partner is responsible for the maintenance and integrity of the corporate and financial information included on the qualifying partnership's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOLKESTONE HARBOUR LIMITED PARTNERSHIP

Opinion

We have audited the financial statements of Folkestone Harbour Limited Partnership ("the qualifying partnership") for the year ended 31 December 2017 which comprise the profit and loss account, balance sheet, statement of changes in net assets attributable to the partners and related notes, including the [accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the qualifying partnership's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships by The Partnerships (Accounts) Regulations 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the qualifying partnership in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least twelve months from the date of approval of the financial statements. We have nothing to report in these respects.

General partner's report

The general partner is responsible for the general partner's report. Our opinion on the financial statements does not cover that report and we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the general partner's report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in that report;
- in our opinion the information given in the general partner's report for the financial year is consistent with the financial statements; 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

Under the Companies Act 2006 as applied to qualifying partnerships we are required 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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FOLKESTONE HARBOUR LIMITED PARTNERSHIP

- certain disclosures of members' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the general partner was not entitled to take advantage of the small companies exemption, as applied to qualifying partnerships, from the requirement to prepare a strategic report.

We have nothing to report in these respects.

General partner's responsibilities

As explained more fully in their statement set out on page 2, the general partner is responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the qualifying partnership'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 they either intend to liquidate the qualifying partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

This report is made solely to the qualifying partnership's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006, as required by regulation 4 of the Partnerships (Accounts) Regulations 2008. Our audit work has been undertaken so that we might state to the qualifying partnership'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 qualifying partnership and its members, as a body, for our audit work, for this report, or for the opinions we have formed.



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

Date: 3 August 2018

FOLKESTONE HARBOUR LIMITED PARTNERSHIP
Profit and loss account for the year ended 31 December 2017

	Note	2017 £	2016 £
Turnover	2	155,175	28,855
Cost of sales		-	-
Inventory (impairment)/reversal of impairment	1	(5,126,112)	12,284,038
Gross profit		(4,970,937)	12,312,893
Administrative expenses		(826,041)	(256,974)
Operating (loss)/profit		(5,796,978)	12,055,919
Interest receivable	3	632	309
(Loss)/profit for the financial year before distributions	4	(5,796,346)	12,056,228
Distributions		-	-
(Decrease)/increase in net assets attributable to the partners from operations		(5,796,346)	12,056,228

Continuing operations

All of the operations of the partnership are continuing.

Other comprehensive income

The partnership 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 LIMITED PARTNERSHIP
Balance sheet as at 31 December 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	6	18,078	31,619
Current assets			
Debtors	7	709,561	367,172
Inventory	8	65,811,672	59,490,945
Cash at bank and in hand		2,529,404	178,499
		<u>69,050,637</u>	<u>60,036,616</u>
Creditors			
- amounts falling due within one year	9	(28,645,093)	(13,848,267)
Net current assets		<u>40,405,544</u>	<u>46,188,349</u>
Net assets attributable to partners		<u>40,423,622</u>	<u>46,219,968</u>

Represented by:

Partners' funds classified as a liability under FRS 102

Partners' loans	<u>40,423,622</u>	<u>46,219,968</u>
Loans and other debts due to partners	<u>40,423,622</u>	<u>46,219,968</u>

These financial statements were approved by
R M De Haan on 31 July 2018



For and on behalf of Folkestone Harbour (GP) Limited

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

FOLKESTONE HARBOUR LIMITED PARTNERSHIP
Statement of Changes in Net Assets Attributable to the Partners

	Partner loans 2017 £	Total funds 2017 £	Partner loans 2016 £	Total funds 2016 £
Net assets attributable to the partners at 1 January	46,219,968	46,219,968	34,163,740	34,163,740
(Decrease)/increase in net assets attributable to the partners from operations	(5,796,346)	(5,796,346)	12,056,228	12,056,228
Net assets attributable to the partners at 31 December	<u>40,423,622</u>	<u>40,423,622</u>	<u>46,219,968</u>	<u>46,219,968</u>

The Partnership's contributed capital from the partners is classified as a financial liability, in accordance with FRS 102 and the terms of the instruments as set out in the Limited Partnership Agreement, and are presented as 'Net assets attributable to the partners' in the balance sheet. Distributions are presented separately in the profit and loss account.

Net assets attributable to partners' capital are carried at amortised cost consistent with other amounts classified as loans.

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

FOLKESTONE HARBOUR LIMITED PARTNERSHIP
Notes to the financial statements

1 Accounting policies

a) Basis of preparation

Under the Partnership and Unlimited Companies (Accounts) Regulations 2008, the partnership, as a qualifying partnership, is required to prepare and have audited an annual report and financial statements under Part 15 and Chapter 1 of Part 16 of the Companies Act 2006 as if the Partnership was a company formed and registered under the Companies Act.

The partnership 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 partnership 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.

A key source of estimation uncertainty within these financial statements surrounds the carrying value of inventory. The Director of the General Partner has reviewed the carrying costs of inventory against estimates of net realisable value (NRV). The Director has arrived at NRV taking account of an estimate of cash flows projected to arise from the realisation of inventory having obtained external advice. This has given rise to a decrease in value for the year of £5,126,112 (2016 increase - £12,284,038). Should there be further significant movement in UK real estate pricing, then further write-downs or write-backs of inventory may be necessary

b) Turnover

Turnover is recognised in the accounts in the period when the related goods or services are provided. Rental income is recognised on a straight-line basis over the period of the lease.

c) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and, where appropriate, provision for impairment. The cost of fixed assets is depreciated by equal instalments over their useful economic lives as follows;

Fixtures and fittings – over three years.

Motor vehicles – over three years.

d) Inventory

Inventory is included in the accounts at the lower of cost and net realisable value. Cost comprises land acquisition costs, professional fees and initial preparatory construction work.

Folkestone Harbour Limited Partnership owns the beneficial interest in the land, the legal title of which is held by Folkestone Harbour Nominee (1) Limited and Folkestone Harbour Nominee (2) Limited

FOLKESTONE HARBOUR LIMITED PARTNERSHIP
Notes to the financial statements continued

e) Interest income

Interest income is recognised in the period to which it relates.

f) Taxation

The Partnership is not a taxable entity and accordingly no provision is made in these accounts for taxation.

2 Turnover

Turnover comprises principally of rental income arising on properties let in the period prior to their re-development, management charges to Folkestone Harbour Company Limited and other ancillary income.

3 Interest receivable

	2017	2016
	£	£
Bank deposit interest receivable	632	309
Other interest	-	-
	<u>632</u>	<u>309</u>

4 Profit for the financial period before distributions

	2017	2016
	£	£
Is stated after charging:		
Audit fees	<u>4,635</u>	<u>4,635</u>

Other non-audit fees of £23,400 (2016: £134,040) were paid to the auditor for services relating to tax advice.

5 Staff costs

Employee costs for the year were as follows:

	2017	2016
	£	£
Wages and salaries	422,409	41,176
Social security costs	49,347	2,877
Health care and other benefits	1,862	2,152
Other pension costs	21,470	4,306
	<u>495,088</u>	<u>50,511</u>

The average number of employees during the year was 6 (2016: 4).

FOLKESTONE HARBOUR LIMITED PARTNERSHIP
Notes to the financial statements continued

6	Tangible fixed assets	Fixtures & Fittings	Motor Vehicles	Total
	Cost:	£	£	£
	At 1 January 2017	31,159	41,815	72,974
	Additions in year	2,043	-	2,043
	Disposals in year	-	-	-
	At 31 December 2017	<u>33,202</u>	<u>41,815</u>	<u>75,017</u>
	Aggregate depreciation:			
	At 1 January 2017	(27,417)	(13,938)	(41,355)
	Charge for the year	(1,646)	(13,938)	(15,584)
	Disposals in year	-	-	-
	At 31 December 2017	<u>(29,063)</u>	<u>(27,876)</u>	<u>(56,939)</u>
	Net book amount - 31 December 2017	<u>4,139</u>	<u>13,939</u>	<u>18,078</u>
	Net book amount - 31 December 2016	<u>3,742</u>	<u>27,877</u>	<u>31,619</u>

7	Debtors	2017	2016
		£	£
	Prepayments	70,030	16,434
	Trade debtors	6,716	7,360
	Other debtors	26,746	-
	Other taxes and social security	394,837	260,936
	Amounts due from other group undertakings	211,232	82,442
		<u>709,561</u>	<u>367,172</u>

Amounts due from other group undertakings are interest free and repayable on demand.

8	Inventory	2017	2016
		£	£
	Land held for development	<u>65,811,672</u>	<u>59,490,945</u>

As explained in note 1 there has been an decrease in the value of inventory during 2017 of £5,126,112 (2016: £12,284,038 increase), arising from a review of the impairment provision.

FOLKESTONE HARBOUR LIMITED PARTNERSHIP

Notes to the financial statements continued

9	Creditors	2017	2016
	- amounts falling due within one year	£	£
	Accruals and deferred income	356,982	142,560
	Other tax and social security	16,524	16,926
	Trade creditors	324,234	538,048
	Other creditors	4,151,848	1,877
	Amount due to group undertakings (see note 10)	14,164	2,515
	Loans from other group undertakings (see note 10)	23,156,341	12,521,341
	Loan from partner (see note 10)	625,000	625,000
		<u>28,645,093</u>	<u>13,848,267</u>

Included within other creditors is an amount of £4,149,263 relating to a government grant. The grant is intended to support the delivery of the development at Folkestone seafront. The grant, which was received in 2017, has been recognised as a liability under the performance model pending fulfilment of the conditions contained in the grant agreement.

The loans disclosed above are repayable on demand and are therefore classified as creditors falling due within one year. They are also interest free. The lenders have indicated that they do not intend to demand repayment within the next 12 months. Of the amount due to other group undertakings, £22,115,000 (2016: £11,430,000) is secured on the assets of the partnership under the terms of a loan agreement dated 13 October 2010 and amended 1 January 2015.

10 Related party disclosures

Roger De Haan, through an intermediate holding company (Folkestone Harbour Holdings Limited), owns 100% of the partner companies and Folkestone Harbour Company Limited. The partnership owes £625,000 to Folkestone Harbour (1) Limited by way of an interest free loan (2016- £625,000).

The partnership owes £1,041,341 to Folkestone Harbour Company Limited by way of an interest free loan (2016- £1,091,341). The partnership charged Folkestone Harbour Company Limited £112,655 in respect of management of the harbour (2016 - £nil).

The partnership owes £22,115,000 to Folkestone Harbour Holdings Limited by way of an interest free loan (2016- £11,430,000) and £14,164 (2016: £2,515) as a current liability.

The partnership is owed £100 (2016: £100) by each of the following companies: Folkestone Harbour (1) Limited, Folkestone Harbour (2) Limited, Folkestone Harbour (3) Limited and Folkestone Harbour (4) Limited.

The partnership is owed £210,832 (2016 owed: £82,042) by Folkestone Harbour Company Limited.