

Folkestone Harbour Company Limited

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2015

Company Number **2447559**
Incorporated in England and Wales



FOLKESTONE HARBOUR COMPANY LIMITED

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FOLKESTONE HARBOUR COMPANY LIMITED

DIRECTOR'S REPORT

Director: Sir Roger De Haan

Secretary: Richard Fraser

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

The director presents his report and the audited financial statements for the year ended 31st December 2015.

Principal activities

The company operates the seaport and inner harbour at Folkestone, and receives port dues, parking fees and rental income from the port and harbour operations.

Review of the business

The Company continued to operate the harbour commercially during the year.

A profit after taxation of £5.2 million (2014 : £0.9 million loss) arose during the year and was transferred to reserves. The profit was due primarily to a partial release of a debt impairment provision.

Directors

Sir Roger De Haan was the sole director who served throughout the year

Sir Roger De Haan owns 100% of the share capital of Folkestone Harbour Holdings Limited, the parent undertaking of Folkestone Harbour Company Limited.

Independent Auditors

On 1st June 2015 our auditors Spain Brothers Folkestone merged with MHA MacIntyre Hudson LLP, trading under the name MHA MacIntyre Hudson. MHA MacIntyre Hudson LLP have expressed their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

FOLKESTONE HARBOUR COMPANY LIMITED

Statement of director's responsibilities

The director is responsible for preparing the directors 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 the director has prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 Section 1A The Financial Standard Applicable in the UK and Republic of Ireland (FRS 102).

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 and 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 judgements and accounting estimates that are reasonable and prudent;
- State whether applicable United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- Notify its shareholders in writing about the use of the disclosure exemptions, if any, of FRS 102 used in the preparation of 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 is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of Information to Auditors

The report must contain a statement to the effect that, in the case of the director at the time when the report is approved, the following applies:

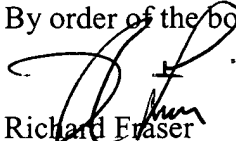
- As far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- The director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Small Company Exemption

This 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.

FOLKESTONE HARBOUR COMPANY LIMITED

By order of the board



Richard Fraser
Company Secretary

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

FOLKESTONE HARBOUR COMPANY LIMITED

Independent Auditor's Report to the Members of Folkestone Harbour Company Limited

We have audited the financial statements of Folkestone Harbour Company Limited for the year ended 31st December 2015 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 Directors' 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

FOLKESTONE HARBOUR COMPANY LIMITED

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 31st December 2015, and of its profit/(loss) for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice [applicable to Smaller Entities]; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

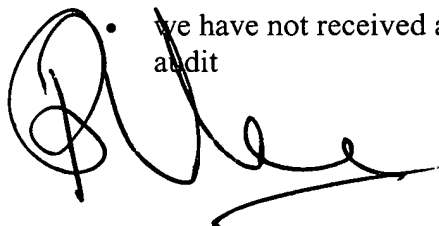
Opinion on other matter prescribed by the Companies Act 2006

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

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 of the information and explanations we require for our audit



F. Peter Cheney F.C.A (Senior Statutory Auditor)
For and on behalf of MHA MacIntyre Hudson
Chartered Accountants
Statutory Auditors
29 Manor Road,
Folkestone,
Kent.
CT20 2SE

13/6/2016

FOLKESTONE HARBOUR COMPANY LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 2015

	Note	2015 £000	2014 £000
Turnover		395	335
Cost of sales		(166)	(161)
Gross profit		<hr/> 229	<hr/> 174
Administrative expenses		(122)	(216)
Operating profit/(loss)		<hr/> 107	<hr/> (42)
Impairment provision	4	5,083	(918)
Profit/(loss) on ordinary activities before taxation		<hr/> 5,190	<hr/> (960)
Tax on ordinary activities		-	-
Profit/(loss) on ordinary activities after taxation		<hr/> 5,190	<hr/> (960)
Profit brought forward		3,273	4,233
Profit carried forward		<hr/> £8,463	<hr/> £3,273

FOLKESTONE HARBOUR COMPANY LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 2015

	Note	2015 £000	2014 £000
Fixed assets			
Tangible assets	5	3	18
Current assets			
Debtors	6	17,868	12,774
Cash at bank and in hand		73	1
		<u>17,941</u>	<u>12,775</u>
Creditors			
- Amounts falling due within one year	7	(9,481)	(42)
Net current assets		<u>8,460</u>	<u>12,733</u>
Total assets less current liabilities		8,463	12,751
Creditors			
- Amounts falling due after more than one year	8	-	(9,478)
Net assets		<u>£8,463</u>	<u>£3,273</u>
Capital and reserves			
Called- up share capital	9	-	-
Profit and loss account		8,463	3,273
Shareholders' funds		<u>£8,463</u>	<u>£3,273</u>

These financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

These financial statements were approved at a meeting of the Board of Directors held on 13 June 2016.

Sir Roger De Haan Director



Company Number 2447559

FOLKESTONE HARBOUR COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2015

1. Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 Section 1A in these financial statements.

(a) Basis of Preparation

The financial statements are prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 Section 1A requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

In the transition to FRS102 from old UK GAAP, the Company has made no measurement and recognition adjustments. As such, no equity reconciliations between UK GAAP and FRS102 at the transition and comparative dates have been presented.

The Company considered the effect of the transitional arrangements of FRS 102 on the interest free loans as disclosed in notes 6 and 8. Under FRS 102 borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, borrowings are stated at amortised cost using the effective interest method, less any impairment losses. As stated in notes 6 to 8, with effect from 1 January 2015 the loans were made repayable on demand and are therefore held at par. The Company has not restated the 31 December 2014 position to impute a market rate of interest on the loans prior to the variation of the loan agreements. The Company considered that such an adjustment would not be beneficial to the users of these financial statements because the adjustment would be recognised and immediately released in the two periods being presented in these financial statements. The carried forward profit and loss account reserve would be unchanged as currently presented at 31 December 2015.

A key source of estimation uncertainty within these financial statements surrounds the carrying value of the loan balance due from Folkestone Harbour (1) Limited, a fellow subsidiary undertaking. The director has reviewed the carrying value of this loan against the estimates of net realisable value (NRV). The director has arrived at NRV by valuing the recoverable loan amount equivalent to the relevant proportion of the net assets of Folkestone Harbour (1) Limited. This has given rise to a positive movement in the impairment provision of £5.1 million (2014:negative £0.9 million). Should there be a further significant movement in UK real estate pricing, then a further adjustment of the loan may be necessary.

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(b) Turnover

Turnover is measured at the fair value of the consideration received or receivable net of VAT and discount. The policy adopted for the recognition of the turnover is as follows.

When the outcome of a transaction can be estimated reliably, turnover from rents, parking and port dues are recognised by reference to the stage of completion at the balance sheet date.

(c) Tangible Fixed Assets

Tangible fixed assets are included in the balance sheet at historical cost, net of any provision for impairment.

Depreciation is provided on the cost of the assets in use on the straight line method so as to write off the assets over their useful economic lives. The principal rates used (per annum) are set out below.

Plant and Machinery	20%
Fixtures and Fittings	15% & 33.33%

(d) Tax

Current tax represents the amount of tax payable or receivable in respect of the taxable profit (or loss) for the current or past periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequences of transactions and events recognised in the financial statements of current and previous periods. It is recognised in the respect of all timing differences, with certain exceptions. Timing differences are differences between taxable profits and total comprehensive income as stated in the financial statements that arise from the inclusion of income and expense in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences.

(e) Cash Flow Statement

The company has taken advantage of the exemption from preparing a cash flow statement under the terms of section 1.12 of FRS 102 The Financial Reporting Standard on the grounds that it is a small company.

(f) Leased Assets

Operating lease rentals are charged to the Profit and Loss Account on a straight line basis over the period of the lease.

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(g) Debtors and creditors receivable/payable within one year

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses or as a separate item if the amount is material.

2. Ultimate Parent Undertaking

The immediate and ultimate parent undertaking is Folkestone Harbour Holdings Limited, a company controlled by the director, Sir Roger De Haan.

3. Auditors remuneration

During the year, auditors remuneration (including expenses and non-cash benefits) amounted to £2,900 (2014 £3,600)

4. Impairment Provision

As outlined in note 1 there has been a write-back to the impairment provision made against the amount due from Folkestone Harbour (1) Limited of £5.1 million (2014: £0.9 million write-off).

5. Tangible Fixed Assets

	Plant & machinery £000	Fixtures & Fittings £000	Total £000
Cost at 1 st January 2015	158	67	225
Additions	1	-	1
Disposals	-	-	-
Cost as 31 st December 2015	159	67	226
Depreciation at 1 st January 2015	141	66	207
Charge for the year	16	-	16
Disposals	-	-	-
Depreciation at 31 st December 2015	157	66	223
Net book value 31 st December 2015	2	1	3
Net book value 31 st December 2014	17	1	18

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6. Debtors

	2015	2014
	£000	£000
Trade debtors	13	12
Prepayments and accrued income	44	34
Amounts owed by parent undertaking	-	-
Amount due from other group undertakings	17,811	12,728
	<u>17,868</u>	<u>12,774</u>

Of the amount due from other group undertakings, £17,810,868 (2014: £11,636,828) is due for repayment on demand. The amounts due from other group undertakings are stated net of impairment provisions. Refer to note 10 for further details.

7. Creditors: amounts falling due within one year

	2015	2014
	£000	£000
Trade creditors	3	21
Accruals and deferred income	20	16
Other tax and social security	10	5
Amount due to other group undertakings	40	-
Director's loan account	6,753	-
Loan from parent undertaking	2,655	-
	<u>9,481</u>	<u>42</u>

The director's loan and the loan due to the parent undertaking are repayable on demand. Both loans are interest free and are secured by way of fixed and floating charges over the assets of the company .

8. Creditors: amounts falling due after more than one year

	2015	2014
	£000	£000
Director's loan account	-	6,753
Loan from parent undertaking	-	2,725
	<u>-</u>	<u>9,478</u>

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9. Called Up Share Capital

	2015	2014
	£	£
Authorised: 100 ordinary shares £1 each	100	100
Allotted, called up and fully paid: 2 ordinary shares of £1 each	2	2

10. Related party disclosures

The company has a loan of £29,391,963 due from Folkestone Harbour (1) Limited. A write-back to the impairment provision of £5,082,699 (2014:£918,023 write off) was credited to the profit and loss account during the year. The balance outstanding at 31st December 2015 after deducting impairment provisions was £16,719,527 (2014: £11,636,828). The company has a loan due from Folkestone Harbour Limited Partnership of £1,091,341 (2014:£1,091,341)

As at 31st December 2015 the company had a loan due to Folkestone Harbour Holdings Limited of £2,655,177 (2014 : £2,725,177). During the year there were repayments of £90,000 (2014 : £nil) and Folkestone Harbour Holdings Limited made a new advance of £20,000 (2014 : £nil) .

As at 31st December 2015 the company had a loan due to the director of £6,753,069 (2014: £6,753,069).

As at 31st December 2015 the company had an outstanding balance due to Folkestone Harbour (GP) Limited of £39,882 (2014 : £423 receivable).

All of the entities referred to in this note are controlled by a common shareholder.