

FOLKESTONE HARBOUR HOLDINGS LIMITED

DIRECTOR'S REPORT AND ACCOUNTS

31 DECEMBER 2016

Company Registration Number: 5124490

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FOLKESTONE HARBOUR HOLDINGS 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: 5124490

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

Principal activities and review of business

The Company acts as a holding company to companies which own the land and harbour situated at Folkestone seafront.

Results and dividends

The profit for the year amounted to £6,351,049 (2015 : £10,611,334) which has been transferred to reserves. The large surplus arises from the part release of impairment provisions made in prior years.

Director

R M De Haan was the sole director serving throughout the year. He owns the whole of the issued share capital of the company.

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.

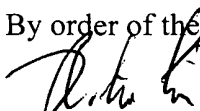
Auditor

KPMG LLP has 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.

By order of the board


R J Fraser
Secretary

31/8/17

Registered Office

Strand House
Pilgrims Way
Monks Horton
Ashford
Kent
TN25 6DR

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 HOLDINGS LIMITED

We have audited the financial statements of Folkestone Harbour Holdings Limited for the year ended 31 December 2016 set out on pages 5 to 12. 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 2, 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 HOLDINGS 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 HOLDINGS LIMITED**Profit and loss account for the year ended 31 December 2016**

	Note	2016 £	2015 £
Administrative expenses		(16,916)	(24,233)
Interest receivable	2	55	72
Release of impairment of loans	11	6,367,910	10,635,495
Profit on ordinary activities before taxation	3	6,351,049	10,611,334
Taxation	4	-	-
Profit on ordinary activities after taxation	9	6,351,049	10,611,334

Continuing operations

All activities are continuing.

Other comprehensive income

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

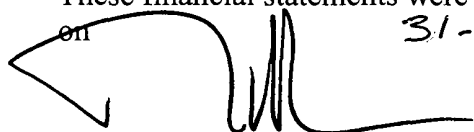
The notes on pages 7 to 12 form part of these financial statements.

FOLKESTONE HARBOUR HOLDINGS LIMITED
Balance sheet as at 31 December 2016

	Note	2016 £	2015 £
Fixed assets			
Investments	5	4,939,883	4,939,883
Current assets			
Cash at bank and in hand		53,778	14,950
Debtors	6	28,215	35,704
Amounts due from subsidiary undertakings	11	38,388,990	27,721,080
		<u>38,470,983</u>	<u>27,771,734</u>
Creditors			
- amounts falling due within one year	7	<u>(48,892,475)</u>	<u>(44,544,275)</u>
Net current liabilities		(10,421,492)	(16,772,541)
Net liabilities		<u>(5,481,609)</u>	<u>(11,832,658)</u>
Capital and reserves			
Called-up share capital	8	2,800,002	2,800,002
Profit and loss account	9	(8,281,611)	(14,632,660)
Shareholder's deficit	10	<u>(5,481,609)</u>	<u>(11,832,658)</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: 5124490

The notes on pages 7 to 12 form part of these financial statements.

FOLKESTONE HARBOUR HOLDINGS 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 recoverability of the loan balances due from group undertakings as stated in note 11. The director has reviewed the recoverability of these loans with regard to the net asset position of each of the subsidiaries. This review has given rise to a release of the impairment charge totalling £6,367,910 in the year (2015 release: £5.70 million). Should there be a further significant movement in UK real estate pricing, which impacts the financial position of the subsidiaries, then a further impairment or impairment release of the loan balances may be necessary. The director has also reviewed the carrying value of the company's investment in its subsidiary undertakings with regards to the financial position of the subsidiaries. This review resulted in no impairment adjustment (2015 release: £4.94 million).

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 its director. The director has indicated that for at least 12 months from the date of approval of these financial statements he 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.

FOLKESTONE HARBOUR HOLDINGS LIMITED
Notes to the financial statements continued

2	Interest receivable	2016	2015
		£	£
	Bank deposit interest	55	72
		<u>55</u>	<u>72</u>

3	Profit on ordinary activities before taxation	2016	2015
		£	£
	Is stated after charging:-		
	Audit fees	<u>3,965</u>	<u>3,965</u>

The auditor also received £13,300 for tax services (2015: £15,100).

The director received no remuneration for his services to the company either in the current or prior year.

4	Tax on profit on ordinary activities	2016	2015
		£	£
	Current tax	-	-
	Profit on ordinary activities before taxation	6,351,049	10,611,334
	Reconciliation of Current Tax charge:		
	UK corporation tax rate of 20.00% (2015: 20.25%)	1,270,210	2,148,795
	Non-taxable (income)/expense	(1,273,582)	(2,153,687)
	Unrelieved losses	3,372	4,892
	Group relief	<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
	Total non-utilised tax losses		
	At 1 January	<u>127,031</u>	<u>102,870</u>
	At 31 December	<u>143,891</u>	<u>127,031</u>

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 HOLDINGS LIMITED
Notes to the financial statements continued

5 Investments

	Folkestone Harbour Company Limited	Folkestone Harbour (1) Limited	Folkestone Harbour (2) Limited	Folkestone Harbour (3) Limited	Folkestone Harbour (4) Limited	Folkestone Harbour GP Limited	Total
	£	£	£	£	£	£	£
Cost							
1 Jan 2016	4,939,873	2	2	2	2	2	4,939,883
Change in the year	-	-	-	-	-	-	-
31 Dec 2016	4,939,873	2	2	2	2	2	4,939,883
Impairment							
1 Jan 2016	-	-	-	-	-	-	-
Change in the year	-	-	-	-	-	-	-
31 Dec 2016	-	-	-	-	-	-	-
Impaired Cost as at							
31 Dec 2016	4,939,873	2	2	2	2	2	4,939,883
Impaired Cost as at							
31 Dec 2015	4,939,873	2	2	2	2	2	4,939,883

The director has reviewed the value of the company's 100% investment in Folkestone Harbour Company Limited, the net assets of which have increased to £14.2 million in the year. As such there are no indications to suggest the investment needs to be impaired.

6 Debtors

	2016 £	2015 £
Due from subsidiary undertakings (see note 11)	20,920	18,821
Due from Folkestone Harbour Limited Partnership (see note 11)	2,515	9,270
Social security and other taxes	4,780	7,613
	<u>28,215</u>	<u>35,704</u>

FOLKESTONE HARBOUR HOLDINGS LIMITED
Notes to the financial statements continued

7	Creditors	2016	2015
	- amounts falling due within one year	£	£
	Trade creditors	13,404	15,204
	Accruals	11,000	11,000
	Loan from director	<u>48,868,071</u>	<u>44,518,071</u>
		<u>48,892,475</u>	<u>44,544,275</u>

The loan is repayable on demand and is therefore classified as creditors falling due within one year in the current period. It is also interest free. The lender has indicated that he does not intend to demand repayment within the next 12 months, as set out in note 1(c). The loan is secured by way of a debenture over the assets of the company.

8	Called up share capital	2016	2015
		£	£
	Authorised		
	12,000,000 ordinary shares of £1 each	<u>12,000,000</u>	<u>12,000,000</u>
	Allotted and fully paid		
	2,800,002 ordinary shares of £1 each	<u>2,800,002</u>	<u>2,800,002</u>

9	Profit and loss account	2016	2015
		£	£
	At 1 st January	(14,632,660)	(25,243,994)
	Profit for the year	6,351,049	10,611,334
	At 31 December	<u>(8,281,611)</u>	<u>(14,632,660)</u>

10	Reconciliation of movement in shareholder's deficit	2016	2015
		£	£
	Total Comprehensive Income relating to the period	6,351,049	10,611,334
	Shareholder's deficit brought forward	(11,832,658)	(22,443,992)
	Shareholder's deficit carried forward	<u>(5,481,609)</u>	<u>(11,832,658)</u>

FOLKESTONE HARBOUR HOLDINGS LIMITED
Notes to the financial statements continued

11 Related party disclosures

The company has the following loan arrangements with its subsidiary undertakings, all of which are wholly owned, UK registered companies. With the exception of Folkestone Harbour Company Limited, the subsidiaries are Limited Partners in Folkestone Harbour Limited Partnership, an English Qualifying Partnership.

	Loan Receivable 31 December 2015 £	Movement in the year £	Impairment Provision £	Loan Receivable 31 December 2016 £
Folkestone Harbour Company Ltd	2,655,177	(120,000)	-	2,535,177
Folkestone Harbour (1) Ltd	355,162	-	121,345	476,507
Folkestone Harbour (2) Ltd	8,537,780	-	3,013,624	11,551,404
Folkestone Harbour (3) Ltd	5,120,977	-	1,808,001	6,928,978
Folkestone Harbour (4) Ltd	4,038,544	-	1,423,736	5,462,280
Folkestone Harbour LP	7,010,000	4,420,000	-	11,430,000
Folkestone Harbour (GP) Ltd	3,440	-	1,204	4,644
	<u>27,721,080</u>	<u>4,300,000</u>	<u>6,367,910</u>	<u>38,388,990</u>

All of the above loans are repayable on demand. In addition to the above loan agreements, the company has provided working capital advances to Folkestone Harbour (1) Limited of £4,502, Folkestone Harbour (2) Limited of £3,935, Folkestone Harbour (3) Limited of £3,935, Folkestone Harbour (4) Limited of £4,435, Folkestone Harbour (GP) Limited of £4,109 and Folkestone Harbour LP of £2,515.

12 Controlling interest

The ultimate controlling shareholder is Roger De Haan

13 Exemption from Group Financial Statements

The director has taken advantage of the exemption from preparing group accounts under section 398 of Part 15 of the Companies Act 2006.

FOLKESTONE HARBOUR HOLDINGS LIMITED
Notes to the financial statements

14 Financial Information about Subsidiary Undertakings

The aggregate capital and reserves as at the end of the financial year, and the profits for the year were as follows:

	Capital & reserves	Profit for the year
	£	£
Folkestone Harbour Company Limited	14,169,141	5,705,807
Folkestone Harbour (1) Limited	(7,135,745)	5,806,208
Folkestone Harbour (2) Limited	(3,705,107)	3,013,624
Folkestone Harbour (3) Limited	(2,224,929)	1,808,001
Folkestone Harbour (4) Limited	(1,775,268)	1,425,459
Folkestone Harbour (GP) Limited	(5,578)	804

All entities are registered in the UK and are 100% owned by the Company. Other subsidiaries did not trade during the year and the amounts are not disclosed on the grounds of their immateriality.