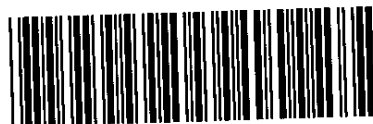


FOLKESTONE HARBOUR HOLDINGS LIMITED
DIRECTOR'S REPORT AND ACCOUNTS

31 DECEMBER 2018

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 2018.

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 loss for the year amounted to £326,554 (2017: loss £3,098,290) which has been transferred to reserves. The loss arises from the impairment provisions made in respect of loans due from group undertakings. The director has reviewed the recoverability of these loans with regard to the net asset position of each of the subsidiaries. The subsidiaries have considered the current uncertainty in the UK property market when preparing their financial statements.

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 1A of FRS 102 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

STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE DIRECTOR'S 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;
- 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.

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

Opinion

We have audited the financial statements of Folkestone Harbour Holdings Limited ("the company") for the year ended 31 December 2018, 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 2018 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.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the recoverability of amounts due from subsidiaries, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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
- 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.

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

Directors' responsibilities

As explained more fully in their statement set out on page 2, 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: 06 August 2019

FOLKESTONE HARBOUR HOLDINGS LIMITED**Profit and loss account for the year ended 31 December 2018**

	Note	2018 £	2017 £
Administrative expenses		(2,021)	(34,208)
Interest receivable	2	120	14
Impairment of loans	11	(324,653)	(3,064,096)
Loss on ordinary activities before taxation	3	(326,554)	(3,098,290)
Taxation	4	-	-
Loss on ordinary activities after taxation	9	(326,554)	(3,098,290)

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 8 to 14 form part of these financial statements.

FOLKESTONE HARBOUR HOLDINGS LIMITED
Balance sheet as at 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Investments	5	4,940,883	4,940,883
Current assets			
Cash at bank and in hand		149,794	21,812
Debtors	6	47,777	37,249
Amounts due from subsidiary undertakings	11	51,335,481	46,049,894
		<u>51,533,052</u>	<u>46,108,955</u>
Creditors			
- amounts falling due within one year	7	<u>(65,380,388)</u>	<u>(59,629,737)</u>
Net current liabilities		(13,847,336)	(13,520,782)
Net liabilities		<u>(8,906,453)</u>	<u>(8,579,899)</u>
Capital and reserves			
Called-up share capital	8	2,800,002	2,800,002
Profit and loss account	9	(11,706,455)	(11,379,901)
Shareholder's deficit	10	<u>(8,906,453)</u>	<u>(8,579,899)</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 5 August 2019

RM De Haan
Director
Company Registration Number: 5124490

The notes on pages 8 to 14 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.

b) Critical accounting judgements and key sources of estimation uncertainty

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. The subsidiaries have considered the current uncertainty in the UK property market when preparing their financial statements. This review has given rise to an increase of impairment totalling £325,653 in the year (2017 impairment charge: £3.064 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 (2017: no impairment).

c) Expenses

All expenses are accounted for on an accruals basis

d) Interest Receivable

Interest receivable and similar income include interest receivable on bank deposits and is recognised in the period to which it relates.

e) Investments

Investments are held at cost less any provision for impairment.

f) Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

g) Trade and other receivables

Trade and other receivables are stated at their nominal value.

h) Trade and other payables

Trade and other payables are stated at their nominal value.

FOLKESTONE HARBOUR HOLDINGS LIMITED
Notes to the financial statements continued

i) Going concern

Notwithstanding net current liabilities of £13,847,336 as at 31 December 2018 and a loss for the year then ended of £326,554, the financial statements have been prepared on a going concern basis which the director considers to be appropriate for the following reasons.

The director has assessed the funding requirements for a period of 12 months from the date of approval of these financial statements which indicates that, taking account of reasonably possible downsides, the company will have sufficient funds, through funding from its immediate shareholder Roger De Haan, to meet its liabilities as they fall due for that period. This assessment is dependent on Roger De Haan not seeking repayment of the amounts currently due to him, which at 31 December 2018 amounted to £63,543,073, and providing additional financial support during that period. Roger De Haan has indicated his intention to continue to make available such funds as are needed by the company, and that he does not intend to seek repayment of the amounts due at the balance sheet date, for a period of 12 months from the date of approval of the accounts. As with any company placing reliance on a shareholder 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.

Consequently, the director is confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore has prepared the financial statements on a going concern basis.

2	Interest receivable	2018	2017
		£	£
	Bank deposit interest	120	14
		<u>120</u>	<u>14</u>
3	Profit on ordinary activities before taxation	2018	2017
		£	£
	Is stated after charging:-		
	Audit fees	260	3,965
		<u>260</u>	<u>3,965</u>

The auditor also received £1,000 for tax services (2017: £23,641).

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

FOLKESTONE HARBOUR HOLDINGS LIMITED
Notes to the financial statements continued

4	Tax on profit on ordinary activities	2018	2017
		£	£
	Current tax	-	-
	Loss on ordinary activities before taxation	(326,554)	(3,098,290)
	Reconciliation of Current Tax charge:		
	UK corporation tax rate of 19.00% (2017: 19.00%)	(62,045)	(588,675)
	Non-taxable impairment/(release of impairment)	61,684	582,178
	Unrelieved losses	361	6,497
	Group relief	-	-
		<u>-</u>	<u>-</u>
	Total non-utilised tax losses		
	At 1 January	153,863	119,668
	At 31 December	<u>155,763</u>	<u>153,863</u>

UK corporation tax rate remained at 19% (effective 1 April 2018). Further reductions 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	FHDG Limited	Total
Cost								
1 Jan 2018	4,939,873	2	2	2	2	2	1,000	4,940,883
Change in the year	-	-	-	-	-	-	-	-
31 Dec 2018	4,939,873	2	2	2	2	2	1,000	4,940,883
Impairment								
1 Jan 2018	-	-	-	-	-	-	-	-
Change in the year	-	-	-	-	-	-	-	-
31 Dec 2018	-	-	-	-	-	-	-	-
Impaired Cost as at								
31 Dec 2018	4,939,873	2	2	2	2	2	1,000	4,940,883
Impaired Cost as at								
31 Dec 2017	4,939,873	2	2	2	2	2	1,000	4,940,883

The director has reviewed the value of the company's 100% investment in Folkestone Harbour Company Limited, the net assets of which have decreased to £10.5 million in the year. As such there are no indications to suggest the investment needs to be impaired.

FOLKESTONE HARBOUR HOLDINGS LIMITED
Notes to the financial statements continued

6 Debtors

	2018	2017
	£	£
Due from subsidiary undertakings (see note 11)	27,500	23,085
Due from Folkestone Harbour Limited Partnership (see note 11)	20,277	14,164
Social security and other taxes	-	-
	<u>47,777</u>	<u>37,249</u>

7 Creditors

	2018	2017
- amounts falling due within one year	£	£
Trade creditors	-	6,960
Accruals	37,315	29,704
Loan from director	<u>65,343,073</u>	<u>59,593,073</u>
	<u>65,380,388</u>	<u>59,629,737</u>

The loan from the director 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(h). The loan is secured by way of a debenture over the assets of the company.

8 Called up share capital

	2018	2017
	£	£
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

	2018	2017
	£	£
At 1 st January	(11,379,901)	(8,281,611)
Loss for the year	(326,554)	(3,098,290)
At 31 December	<u>(11,706,455)</u>	<u>(11,379,901)</u>

10 Reconciliation of movement in shareholder's deficit

	2018	2017
	£	£
Total Comprehensive Loss relating to the period	(326,554)	(3,098,290)
Shareholder's deficit brought forward	(8,579,899)	(5,481,609)
Shareholder's deficit carried forward	<u>(8,906,453)</u>	<u>(8,579,899)</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 2017 £	Movement in the year £	Impairment Provision £	Loan Receivable 31 December 2018 £
Folkestone Harbour Company Ltd	2,575,177	-	-	2,575,177
Folkestone Harbour (1) Ltd	418,361	-	(6,107)	412,254
Folkestone Harbour (2) Ltd	10,101,884	-	(152,944)	9,948,940
Folkestone Harbour (3) Ltd	6,059,093	-	(92,380)	5,966,713
Folkestone Harbour (4) Ltd	4,776,313	-	(73,163)	4,703,150
Folkestone Harbour LP	22,115,000	5,610,240	-	27,725,240
Folkestone Harbour (GP) Ltd	4,066	-	(59)	4,007
	<u>46,049,894</u>	<u>5,610,240</u>	<u>(324,653)</u>	<u>51,335,481</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 £5,819, Folkestone Harbour (2) Limited of £5,252, Folkestone Harbour (3) Limited of £5,252, Folkestone Harbour (4) Limited of £5,752, Folkestone Harbour (GP) Limited of £5,425 and Folkestone Harbour LP of £20,277.

12 Controlling interest

The ultimate controlling shareholder is Sir 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 losses for the year were as follows:

	Capital & reserves	Loss for the year
	£	£
Folkestone Harbour Company Limited	10,452,008	(760,151)
Folkestone Harbour (1) Limited	(10,221,103)	(293,231)
Folkestone Harbour (2) Limited	(5,307,571)	(152,944)
Folkestone Harbour (3) Limited	(3,187,194)	(92,380)
Folkestone Harbour (4) Limited	(2,514,398)	(73,163)
Folkestone Harbour (GP) Limited	(8,184)	(1,593)

All entities are registered in the UK at Strand House, Pilgrims Way, Monks Horton, Ashford, Kent, TN25 6DR, 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.

15 Subsequent Events Note

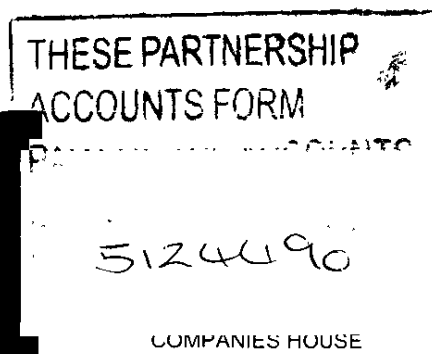
The Company has evaluated events from 31 December 2018 through to the date the financial statements were issued. There were no subsequent events that need disclosure.

FOLKESTONE HARBOUR LIMITED PARTNERSHIP

FINANCIAL STATEMENTS

31 DECEMBER 2018

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 2018.

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 £605,646 (2017 – loss £5,796,346) and has been transferred to partners' capital accounts.

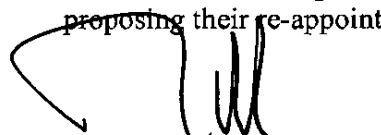
The General Partner has considered the current uncertainty in the UK property market when reviewing the inventory for impairment.

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 a 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:

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 Section 1A of 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.

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 2018 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 2018 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, 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 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.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the carrying value of inventory, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors of the general partner have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those

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

risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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 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
- 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 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 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.

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

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: 06 August 2019

FOLKESTONE HARBOUR LIMITED PARTNERSHIP
Profit and loss account for the year ended 31 December 2018

	Note	2018 £	2017 £
Turnover	2	166,438	155,175
Cost of sales		-	-
Inventory impairment	1	<u>(199,948)</u>	<u>(5,126,112)</u>
Gross loss		(33,510)	(4,970,937)
Administrative expenses		<u>(574,245)</u>	<u>(826,041)</u>
Operating loss		(607,755)	(5,796,978)
Interest receivable	3	2,109	632
Loss for the financial year before distributions	4	<u>(605,646)</u>	<u>(5,796,346)</u>
Distributions		-	-
Decrease in net assets attributable to the partners from operations		<u>(605,646)</u>	<u>(5,796,346)</u>

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 9 to 13 form part of these financial statements.

FOLKESTONE HARBOUR LIMITED PARTNERSHIP
Balance sheet as at 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	6	3,672	18,078
Current assets			
Debtors	7	649,263	709,561
Inventory	8	73,825,092	65,811,672
Cash at bank and in hand		268,030	2,529,404
		<u>74,742,385</u>	<u>69,050,637</u>
Creditors			
- amounts falling due within one year	9	<u>(34,928,081)</u>	<u>(28,645,093)</u>
Net current assets		39,814,304	40,405,544
Net assets attributable to partners		<u>39,817,976</u>	<u>40,423,622</u>

Represented by:

Partners' funds classified as a liability under FRS 102

Partners' loans	<u>39,817,976</u>	<u>40,423,622</u>
Loans and other debts due to partners	<u>39,817,976</u>	<u>40,423,622</u>

These financial statements were approved by

R M De Haan on 5 August 2019



For and on behalf of Folkestone Harbour (GP) Limited

The notes on pages 9 to 13 form part of these financial statements.

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

	Partner loans 2018 £	Total funds 2018 £	Partner loans 2017 £	Total funds 2017 £
Net assets attributable to the partners at 1 January	40,423,622	40,423,622	46,219,968	46,219,968
Decrease in net assets attributable to the partners from operations	(605,646)	(605,646)	(5,796,346)	(5,796,346)
Net assets attributable to the partners at 31 December	<u>39,817,976</u>	<u>39,817,976</u>	<u>40,423,622</u>	<u>40,423,622</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 9 to 13 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.

b) Critical accounting judgements and key sources of estimation uncertainty

A key source of estimation uncertainty within these financial statements surrounds the carrying value of inventory. The Directors of the General Partner have reviewed the carrying costs of inventory against estimates of net realisable value (NRV). The Directors have arrived at NRV taking account of an estimate of cash flows projected to arise from the realisation of inventory having obtained external advice and considered the current uncertainty in the UK property market. This has given rise to a £199,948 increase in the impairment (2017 - £5,126,112). Should there be further significant movement in UK real estate pricing, then further write-downs or write-backs of inventory may be necessary

c) 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.

d) Expenses

All expenses are accounted for on an accruals basis.

e) Interest Receivable

Interest receivable and similar income include interest receivable on bank deposits and is recognised in the period to which it relates.

f) 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.

FOLKESTONE HARBOUR LIMITED PARTNERSHIP

Notes to the financial statements continued

g) 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

h) Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

i) Trade and other receivables

Trade and other receivables are stated at their nominal value.

j) Trade and other payables

Trade and other payables are stated at their nominal value.

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

	2018	2017
	£	£
Bank deposit interest receivable	2,109	632
Other interest	-	-
	<u>2,109</u>	<u>632</u>

4 Loss for the financial period before distributions

	2018	2017
	£	£
Is stated after charging:		
Audit fees	<u>17,770</u>	<u>4,635</u>

Other non-audit fees of £26,633 (2017: £23,400) were paid to the auditor for services relating to tax advice.

FOLKESTONE HARBOUR LIMITED PARTNERSHIP
Notes to the financial statements continued

5 Staff costs

Employee costs for the year were as follows:

	2018	2017
	£	£
Wages and salaries	237,381	422,409
Social security costs	21,180	49,347
Health care and other benefits	1,835	1,862
Other pension costs	22,173	21,470
	<u>282,569</u>	<u>495,088</u>

The average number of employees during the year was 8 (2017: 6).

6 Tangible fixed assets

	Fixtures & Fittings	Motor Vehicles	Total
	£	£	£
Cost:			
At 1 January 2018	33,202	41,815	75,017
Additions in year	1,967	-	1,967
Disposals in year	-	(41,815)	(41,815)
At 31 December 2018	<u>35,169</u>	<u>-</u>	<u>35,169</u>
Aggregate depreciation:			
At 1 January 2018	(29,063)	(27,876)	(56,939)
Charge for the year	(2,434)	-	(2,434)
Disposals in year	-	27,876	27,876
At 31 December 2018	<u>(31,497)</u>	<u>-</u>	<u>(31,497)</u>
Net book amount - 31 December 2018	<u>3,672</u>	<u>-</u>	<u>3,672</u>
Net book amount - 31 December 2017	<u>4,139</u>	<u>13,939</u>	<u>18,078</u>

7 Debtors

	2018	2017
	£	£
Prepayments	9,453	70,030
Trade debtors	7,758	6,716
Other debtors	56,808	26,746
Other taxes and social security	160,729	394,837
Amounts due from other group undertakings	414,515	211,232
	<u>649,263</u>	<u>709,561</u>

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

FOLKESTONE HARBOUR LIMITED PARTNERSHIP

Notes to the financial statements continued

8	Inventory	2018	2017
		£	£
	Land held for development	73,825,092	65,811,672

As explained in note 1 there has been an increase in the impairment of £199,948 (2017: £5,126,112), arising from a review of the impairment provision.

9	Creditors	2018	2017
	- amounts falling due within one year	£	£
	Accruals and deferred income	816,705	356,982
	Other tax and social security	14,648	16,524
	Trade creditors	247,592	324,234
	Other creditors	5,002,288	4,151,848
	Amount due to group undertakings (see note 10)	20,277	14,164
	Loans from other group undertakings (see note 10)	28,201,571	23,156,341
	Loan from partner (see note 10)	625,000	625,000
		<u>34,928,081</u>	<u>28,645,093</u>

Included within other creditors is an amount of £5,000,000 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 and 2018, 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, £27,725,240 (2017: £22,115,000) 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 (2017- £625,000).

The partnership owes £476,331 to Folkestone Harbour Company Limited by way of an interest free loan (2017- £1,041,341). The partnership charged Folkestone Harbour Company Limited £129,284 in respect of management of the harbour (2017 - £112,655).

The partnership owes £27,725,240 to Folkestone Harbour Holdings Limited by way of an interest free loan (2017- £22,115,000) and £20,277 (2017: £14,164) as a current liability. The partnership is owed £750 (2017: £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 £650 (2017 - £nil) by Folkestone Harbour (GP) Limited.

FOLKESTONE HARBOUR LIMITED PARTNERSHIP

Notes to the financial statements continued

The partnership is owed £410,865 (2017 owed: £210,832) by Folkestone Harbour Company Limited.

15 Subsequent Events Note

The General Partner has evaluated events from 31 December 2018 through to the date the financial statements were issued. There were no subsequent events that need disclosure.

FOLKESTONE HARBOUR (GP) LIMITED
DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 2018

Company Registration Number: 6044108

FOLKESTONE HARBOUR (GP) LIMITED

Directors' report

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

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 2018.

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. 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 partnership has considered the current uncertainty in the UK property market when valuing its inventory.

Directors

Sir Roger De Haan, Paul Hudson, Susan Young, Paul Ellis and Martin Hart were directors of the company throughout the year. The company appointed Lady Alison De Haan as a director on 11 September 2018 and Joshua De Haan on 13 November 2018.

Results and dividends

The loss for the year amounted to £1,593 (2017 - £1,013 loss) 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.

FOLKESTONE HARBOUR (GP) LIMITED

Directors' report continued

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' 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 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.

Small Company Exemption

The above report has been prepared in accordance with the special provisions of Section 1A of FRS 102 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

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;
- 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.

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 2018, 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 2018 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.

The impact of uncertainties due to the UK exiting the European Union on our audit

Uncertainties related to the effects of Brexit are relevant to understanding our audit of the financial statements. All audits assess and challenge the reasonableness of estimates made by the directors, such as the valuation of investments, and related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment and the company's future prospects and performance.

Brexit is one of the most significant economic events for the UK, and at the date of this report its effects are subject to unprecedented levels of uncertainty of outcomes, with the full range of possible effects unknown. We applied a standardised firm-wide approach in response to that uncertainty when assessing the company's future prospects and performance. However, no audit should be expected to predict the unknowable factors or all possible future implications for a company and this is particularly the case in relation to Brexit.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

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 a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model, including the impact of Brexit, and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

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

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

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
- 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.

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

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: 06 August 2019

FOLKESTONE HARBOUR (GP) LIMITED**Profit and loss account for the year ended 31 December 2018**

	Note	2018 £	2017 £
Turnover	2	132,922	41,643
Cost of sales		-	-
Gross profit		<hr/> 132,922	<hr/> 41,643
Administrative expenses		(134,455)	(42,076)
Impairment of investments	5	(60)	(580)
Loss on ordinary activities before taxation	3	<hr/> (1,593)	<hr/> (1,013)
Taxation	4	-	-
Loss on ordinary activities after taxation	9	<hr/> (1,593)	<hr/> (1,013)

Continuing operations

All activities are continuing.

Other comprehensive income

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

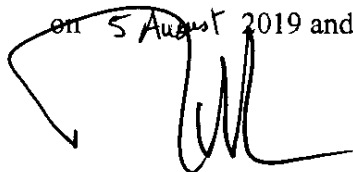
The notes on pages 9 to 13 form part of these financial statements.

FOLKESTONE HARBOUR (GP) LIMITED
Balance sheet as at 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Investments	5	3,986	4,046
Current assets			
Debtors	6	42,675	8,535
Cash at bank and in hand		20	20
		<u>42,695</u>	<u>8,555</u>
Creditors			
- Amounts falling due within one year	7	(54,865)	(19,192)
Net current liabilities		<u>(12,170)</u>	<u>(10,637)</u>
Net liabilities		<u>(8,184)</u>	<u>(6,591)</u>
Capital and reserves			
Called-up share capital	8	2	2
Profit and loss account	9	(8,186)	(6,593)
Shareholder's deficit	10	<u>(8,184)</u>	<u>(6,591)</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 5 August 2019 and signed on their behalf by:



RM De Haan
 Director
 Company Registration Number: 6044108

The notes on pages 9 to 13 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.

b) Critical accounting judgements and key sources of estimation uncertainty

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 partnership has considered the current uncertainty in the UK property market when valuing its inventory. The directors have reviewed the carrying cost of this investment against estimates of net realisable value (NRV). The directors have 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 £60 (2017 decrease - £580). Should there be further significant movement in UK real estate pricing, then further write-downs or write-backs of the investment may be necessary.

c) Expenses

All expenses are accounted for on an accruals basis.

d) Investments

Investments are held at cost less any provision for impairment.

e) Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

f) Trade and other receivables

Trade and other receivables are stated at their nominal value.

g) Trade and other payables

Trade and other payables are stated at their nominal value.

h) Going concern

Notwithstanding net current liabilities of £12,170 as at 31 December 2018, and a loss for the year then ended of £1,593, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons. The directors consider that the company will have sufficient funds, through funding from its immediate parent company, Folkestone Harbour Holdings Limited, to meet its liabilities as they fall due for in the 12 months from the date of approval of these financial statements. This assessment is dependent on Folkestone Harbour Holdings Limited not seeking repayment of the amounts currently due to it, which at 31 December 2018 amounted to £6,111 and providing additional financial support during that period. Folkestone Harbour Holdings Limited has indicated its intention to continue to make available such funds as are needed by the company, and that it does not intend to seek repayment of the amounts due at the balance sheet date, for a period of 12 months from the date of approval of the accounts. As with any company placing reliance on other group entities for financial support, the

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

h) Going concern continued

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.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

2 Turnover

Turnover comprises of charges to Folkestone Harbour Limited Partnership relating to the reimbursement of remuneration paid to the non executive directors.

3 Profit on ordinary activities before taxation

	2018 £	2017 £
Is stated after charging:-		
Audit fees	1,500	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:.

	2018 £	2017 £
Emoluments	120,000	37,500

All remuneration paid related to the current year.

4 Tax on profit on ordinary activities

	2018 £	2017 £
Current tax	-	-
Loss on ordinary activities before taxation	(1,593)	(1,013)
Reconciliation of Current Tax charge:		
UK corporation tax rate of 19.00% (2017:19.00%)	(303)	(192)
Unrelieved losses	299	95
Tax on share of partnership result	(8)	(13)
Non-taxable impairment/(release of impairment)	11	110
	-	-
Total non-utilised tax losses		
At 1 January	-	2,577
At 31 December	1,573	-

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

4 Tax on profit on ordinary activities continued

UK corporation tax rate remained at 19% (effective 1 April 2018). Further reductions to 17% (effective 1 April 2020) were substantively enacted on 6 September 2016. The impact has not yet been estimated.

5 Investments

Cost:	£
At 1 January 2018 -Investment in partnership	5,035
-Investment in subsidiary undertakings	4
Additions	-
At 31 December 2018	<u>5,039</u>
Impairment losses:	
At 1 January 2018	(993)
Charge for the year	(60)
At 31 December 2018	<u>(1,053)</u>
Net book amount at 31 December 2018	<u>3,986</u>
Net book amount at 31 December 2017	<u>4,046</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	2018	2017
- amounts falling due within one year	£	£
Other debtors	42,675	8,535
	<u>42,675</u>	<u>8,535</u>

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

7	Creditors	2018	2017
	- amounts falling due within one year	£	£
	Accruals	42,675	8,535
	Amount due to parent undertaking	5,425	4,542
	Amount due to Folkestone Harbour Limited Partnership	650	-
	Amount due to subsidiary undertakings	4	4
	Loan from parent undertaking	6,111	6,111
		<u>54,865</u>	<u>19,192</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(h).

8	Called up share capital	2018	2017
		£	£
	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>

9	Profit and loss account	2018	2017
		£	£
	At 1 January	(6,593)	(5,580)
	Loss for the period	(1,593)	(1,013)
	At 31 December	<u>(8,186)</u>	<u>(6,593)</u>

10	Reconciliation of movement in shareholder's deficit	2018	2017
		£	£
	Total Comprehensive Loss relating to the year	(1,593)	(1,013)
	Shareholder's deficit brought forward	(6,591)	(5,578)
	Shareholder's deficit carried forward	<u>(8,184)</u>	<u>(6,591)</u>

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 (2017-£6,111) and a further amount payable on current account of £5,425 (2017-£4,542,). The company has an amount payable of £650 to Folkestone Harbour Limited Partnership. 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.

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

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.

14 Subsequent Events Note

The Company has evaluated events from 31 December 2018 through to the date the financial statements were signed. There were no subsequent events that need disclosure.