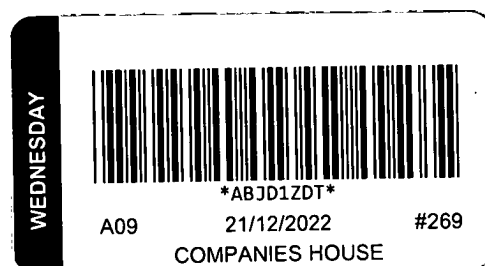


FOLKESTONE HARBOUR HOLDINGS LIMITED
DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 2021

Company Registration Number: 5124490



FOLKESTONE HARBOUR HOLDINGS LIMITED

Directors' report

Directors: Sir Roger De Haan
Lady Alison De Haan
Martin Hart
Paul Hudson

Secretary: Richard Fraser (resigned 15 October 2021)
Luke Bain (appointed 15 October 2021)

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

Company number: 5124490

The directors submit their report together with the audited accounts for the year ended 31 December 2021.

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 £4,928,698 (2020: £322,014) which has been transferred to reserves. The loss arises primarily from the impairment provisions made in respect of loans due from group undertakings. The directors have 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.

Directors

All directors listed were directors of the company throughout the year.

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

MHA MacIntyre Hudson 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.

FOLKESTONE HARBOUR HOLDINGS LIMITED

Directors' report

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



L J Bain

Secretary

Registered Office

Strand House

Pilgrims Way

Monks Horton

Ashford

Kent

TN25 6DR

05/12/2022

STATEMENT OF DIRECTOR'S 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 HOLDINGS LIMITED

Opinion

We have audited the financial statements of Folkestone Harbour Holdings Limited (the 'Company') for the year ended 31 December 2021, which comprise the Profit and Loss Account, the Balance Sheet and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Directors' Report. We have nothing to report in respect of the following matters in relation to which 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 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' exemptions in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

Responsibilities of directors

As explained more fully in the Directors' Responsibilities 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for 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 the directors 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 HOLDINGS LIMITED

Auditor's responsibilities for the audit of the financial statements

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 an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Enquiry of management around actual and potential litigation and claims; and
- Reviewing minutes of meetings of those charged with governance.

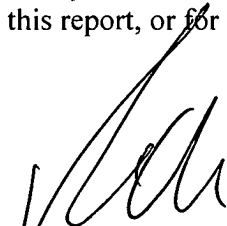
Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

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

Use of our report

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.



Duncan Cochrane-Dyet BSc BFP FCA, Senior Statutory Auditor

for and on behalf of

MHA MacIntyre Hudson

Statutory Auditor

Maidstone

United Kingdom

Date: 15 December 2022

FOLKESTONE HARBOUR HOLDINGS LIMITED**Profit and loss account for the year ended 31 December 2021**

	Note	2021 £	2020 £
Administrative expenses		(32,020)	(19,896)
Interest receivable	2	53	903
Impairment of loans	11	(4,896,731)	(303,021)
Loss on ordinary activities before taxation	3	(4,928,698)	(322,014)
Taxation	4	-	-
Loss on ordinary activities after taxation	9	(4,928,698)	(322,014)

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.

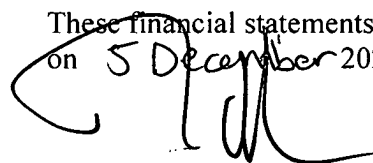
The notes on pages 10 to 16 form part of these financial statements.

FOLKESTONE HARBOUR HOLDINGS LIMITED
Balance sheet as at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	5	4,940,883	4,940,883
Current assets			
Cash at bank and in hand		1,482,007	550,445
Debtors	6	62,513	37,609
Amounts due from subsidiary undertakings	11	75,097,419	62,114,151
		<u>76,641,939</u>	<u>62,702,205</u>
Creditors			
- amounts falling due within one year	7	<u>(96,397,268)</u>	<u>(77,528,836)</u>
Net current liabilities		(19,755,329)	(14,826,631)
Net liabilities		<u>(14,814,446)</u>	<u>(9,885,748)</u>
Capital and reserves			
Called-up share capital	8	2,800,004	2,800,004
Profit and loss account	9	(17,614,450)	(12,685,752)
Shareholder's deficit	10	<u>(14,814,446)</u>	<u>(9,885,748)</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 and in accordance with the provisions of FRS 102 section 1A – small entities.

These financial statements were approved by the Directors
on 5 December 2022 and signed on their behalf by:



RM De Haan
Director
Company Registration Number: 5124490

The notes on pages 10 to 16 form part of these financial statements.

FOLKESTONE HARBOUR HOLDINGS LIMITED

Notes to the financial statements

1 Accounting policies

a) General information

Folkestone Harbour Holdings Limited is a private company limited by shares and incorporated in England and Wales within the United Kingdom. The address of the registered office is Strand House, Pilgrims Way, Monks Horton, Ashford, Kent TN25 6DR. The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £1.

b) 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.

c) 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 directors have 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 in impairment totalling £4,896,731 in the year (2020 impairment charge: £303,021). 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 directors have 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 (2020: no impairment).

e) Expenses

All expenses are accounted for on an accruals basis

f) Interest receivable

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

g) Investments

Investments are held at cost less any provision for impairment.

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.

FOLKESTONE HARBOUR HOLDINGS LIMITED

Notes to the financial statements continued

j) Trade and other payables

Trade and other payables are stated at their nominal value.

i) Going concern

Notwithstanding net current liabilities of £19,755,329 as at 31 December 2021 the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons:

The directors have 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 2021 amounted to £96,343,071, 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 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.

Based on these assessments and having regard to the resources available to the entity, the directors have concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing the accounts.

2	Interest receivable	2021	2020
		£	£
	Bank deposit interest	53	903
		<u>53</u>	<u>903</u>
3	Loss on ordinary activities before taxation	2021	2020
		£	£
	Is stated after charging:-		
	Audit fees	<u>1,035</u>	<u>500</u>

The auditor also received £nil for tax services (2020: £nil).

The directors received no remuneration for their 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	2021	2020
		£	£
	Current tax	-	-

UK corporation tax rate remained at 19% (effective 1 April 2019). Corporation tax rates will remain at 19% for the financial years starting 1 April 2021, as substantively enacted on 17 March 2020. Legislation has been introduced in the Finance Bill 2021 to effect an increase in the Corporate Tax main rate to 25% for the financial year beginning 1 April 2023.

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	Folkestone Harbour & Seafront Development Co. Limited	Total
	£	£	£	£	£	£	£	£
Cost								
1 Jan 2021	4,939,873	2	2	2	2	2	1,000	4,940,883
Change in the year	-	-	-	-	-	-	-	-
31 Dec 2021	4,939,873	2	2	2	2	2	1,000	4,940,883
Impairment								
1 Jan 2021	-	-	-	-	-	-	-	-
Change in the year	-	-	-	-	-	-	-	-
31 Dec 2021	-	-	-	-	-	-	-	-
Impaired Cost as at								
31 Dec 2021	4,939,873	2	2	2	2	2	1,000	4,940,883
Impaired Cost as at								
31 Dec 2021	4,939,873	2	2	2	2	2	1,000	4,940,883

The directors have reviewed the value of the company's 100% investment in Folkestone Harbour Company Limited, the net assets of which have decreased to £8.1 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**

	2021	2020
	£	£
Due from subsidiary undertakings (see note 11)	35,698	32,698
Due from Folkestone Harbour Limited Partnership (see note 11)	26,815	2,021
Social security and other taxes	-	2,890
	<u>62,513</u>	<u>37,609</u>

7 Creditors

	2021	2020
- amounts falling due within one year	£	£
Trade creditors	15,251	-
Accruals	37,946	34,765
Amounts due to subsidiary undertakings	1,000	1,000
Loan from director	<u>96,343,071</u>	<u>77,493,071</u>
	<u>96,397,268</u>	<u>77,528,836</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. Loan advances during the year amounted to £18,850,000. 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(j). The loan is secured by way of a debenture over the assets of the company.

8 Called up share capital

	2021	2020
	£	£
Authorised		
12,000,000 ordinary shares of £1 each	<u>12,000,000</u>	<u>12,000,000</u>
Allotted and fully paid		
2,800,004 ordinary shares of £1 each	<u>2,800,004</u>	<u>2,800,004</u>

9 Profit and loss account

	2021	2020
	£	£
At 1 st January	(12,685,752)	(12,363,738)
Loss for the year	(4,928,698)	(322,014)
At 31 December	<u>(17,614,450)</u>	<u>(12,685,752)</u>

10 Reconciliation of movement in shareholder's deficit

	2021	2020
	£	£
Total Comprehensive Loss relating to the period	(4,928,698)	(322,014)
Shareholder's deficit brought forward	(9,885,748)	(9,563,734)
Shareholder's deficit carried forward	<u>(14,814,446)</u>	<u>(9,885,748)</u>

FOLKESTONE HARBOUR HOLDINGS LIMITED

Notes to the financial statements continued

11 Related party disclosures

The company has loan arrangements with the entities set out below. All entities fall within a group which is wholly owned by the company. All entities are registered in the UK. 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 2020 £	Movement in the year £	Impairment Provision £	Loan Receivable 31 December 2021 £
Folkestone Harbour Company Ltd	3,935,177	630,000	-	4,565,177
Folkestone Harbour (1) Ltd	394,570	-	(92,945)	301,625
Folkestone Harbour (2) Ltd	9,507,669	-	(2,316,954)	7,190,715
Folkestone Harbour (3) Ltd	5,701,536	-	(1,390,412)	4,311,124
Folkestone Harbour (4) Ltd	4,493,847	-	(1,096,421)	3,397,426
Folkestone Harbour LP	38,075,240	17,250,000	-	55,325,240
Folkestone Harbour (GP) Ltd	6,112	-	-	6,112
	<u>62,114,151</u>	<u>17,880,000</u>	<u>(4,896,732)</u>	<u>75,097,419</u>

All of the above loans are repayable on demand and interest free. In addition to the above loan agreements, the company has provided working capital advances to Folkestone Harbour (1) Limited of £7,452, Folkestone Harbour (2) Limited of £6,885, Folkestone Harbour (3) Limited of £6,885, Folkestone Harbour (4) Limited of £7,385, Folkestone Harbour (GP) Limited of £7,091 and Folkestone Harbour LP of £26,815. Amounts were owed to a Company Director at the year end as disclosed in note 7.

12 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

13 Financial Information about Subsidiary Undertakings

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

	Capital & reserves	Profit/(loss) for the year
	£	£
Folkestone Harbour Company Limited	3,690,532	(4,816,562)
Folkestone Harbour (1) Limited	(15,533,356)	(4,463,102)
Folkestone Harbour (2) Limited	(8,065,795)	(2,316,953)
Folkestone Harbour (3) Limited	(4,842,783)	(1,390,412)
Folkestone Harbour (4) Limited	(3,820,122)	(1,096,421)
Folkestone Harbour (GP) Limited	31,844	12,781

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.

14 Subsequent events

The Company has evaluated events from 31 December 2021 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 2021

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 2021.

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, progress has continued on the construction of the first phase and designs for the remaining phases in the masterplan have been commissioned and are in progress.

Results for the year

The loss for the year amounted to £9,265,415 (2020 – £570,503 loss) and has been transferred to partners' capital accounts.

Disclosure of information to auditor

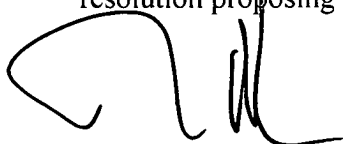
The directors of the General Partner confirm that, so far as they are aware, there is no relevant audit information of which the Partnership's auditor is unaware; and the directors have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Partnership's auditor is aware of that information.

Small qualifying partnership

In preparing this report the directors of the General Partner have taken advantage of the small qualifying partnerships' regime exemptions provided by the Companies Act 2006 as applied to qualifying partnerships.

Auditor

MHA MacIntyre Hudson 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: 5 December 2022

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 2021, which comprise the Profit and Loss Account, the Balance Sheet, Statement of Changes in Net Assets attributable to the partners and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 as applied to qualifying partnerships.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the qualifying partnership in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusion relating to going concern

In auditing the financial statements, we have concluded that the members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the qualifying partnership's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the members with respect to going concern are described in the relevant sections of this report.

Other information

The members are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditor's Report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006 as applied to qualifying partnerships

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the General Partner's Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the General Partner's Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of our knowledge and understanding of the qualifying partnership and its environment obtained in the course of the audit, we have not identified material misstatements in the general partner's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 as applied to qualifying partnerships 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 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 members were not entitled to prepare the financial statements in accordance with the small qualifying partnerships regime and take advantage of the small qualifying partnerships' regime exemptions in preparing the general partner's report and from the requirement to prepare a strategic report.

Responsibilities of members

As explained more fully in the General Partner's Responsibilities Statement set out on page 2, the members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

In preparing the financial statements, the members are responsible for 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 the members either intend to liquidate the qualifying partnership or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an Auditor's Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Enquiry of management around actual and potential litigation and claims; and
- Reviewing minutes of meetings of those charged with governance.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

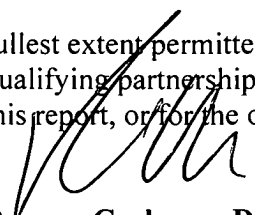
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's Report.

Use of our report

This report is made solely to the qualifying partnership's partners, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 as applied to qualifying partnerships. Our audit work has been undertaken so that we might state to the qualifying partnership's partners those matters we are required to state to them in an Auditor's Report and for no other purpose. To the

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

fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the qualifying partnership and the qualifying partnership's partners, as a body, for our audit work, for this report, or for the opinions we have formed.



Duncan Cochrane-Dyet BSc BFP FCA, Senior Statutory Auditor
for and on behalf of
MHA MacIntyre Hudson
Statutory Auditor
Maidstone
United Kingdom

Date: 15 December 2022

FOLKESTONE HARBOUR LIMITED PARTNERSHIP
Profit and loss account for the year ended 31 December 2021

	Note	2021	2020
		£	£
Turnover	2	543,247	231,849
Cost of sales		-	0
Inventory impairment	1b/8	(8,860,424)	(34,805)
Gross profit		<u>(8,317,177)</u>	<u>197,044</u>
Administrative expenses		(948,284)	(768,966)
Operating profit/(loss)		<u>(9,265,461)</u>	<u>(571,922)</u>
Interest receivable	3	46	1,419
Profit/(loss) for the financial year before distributions	4	<u>(9,265,415)</u>	<u>(570,503)</u>
Distributions		-	-
Increase/(decrease) in net assets attributable to the partners from operations		<u>(9,265,415)</u>	<u>(570,503)</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 10 to 14 form part of these financial statements.

FOLKESTONE HARBOUR LIMITED PARTNERSHIP
Balance sheet as at 31 December 2021

	Note	2021 £	2020 £
Fixed assets			
Tangible assets	6	154,093	171,301
Current assets			
Debtors	7	208,331	61,684
Inventory	8	89,869,841	81,683,180
Cash at bank and in hand		565,462	1,247,518
		<u>90,643,634</u>	<u>82,992,382</u>
Creditors			
- amounts falling due within one year	9	<u>(62,006,096)</u>	<u>(45,106,637)</u>
Net current assets		<u>28,637,538</u>	<u>37,885,745</u>
Net assets attributable to partners		<u>28,791,631</u>	<u>38,057,046</u>

Represented by:

Partners' funds classified as a liability under FRS 102

Partners' loans	<u>28,791,631</u>	<u>38,057,046</u>
Loans and other debts due to partners	<u>28,791,631</u>	<u>38,057,046</u>

The financial statements have been prepared in accordance with the provisions applicable to entities subject to the small qualifying partnerships' regime, provided by the Companies Act 2006 as applied to qualifying partnerships, and in accordance with the provisions of FRS 102 section 1A – small entities.

These financial statements were approved by
R M De Haan on 5 December 2022

For and on behalf of Folkestone Harbour (GP) Limited

The notes on pages 10 to 14 form part of these financial statements.

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

	Partner loans 2021 £	Total funds 2021 £	Partner loans 2020 £	Total funds 2020 £
Net assets attributable to the partners at 1 January	38,057,046	38,057,046	38,627,549	38,627,549
Decrease in net assets attributable to the partners from operations	(9,265,415)	(9,265,415)	(570,503)	(570,503)
Net assets attributable to the partners at 31 December	<u>28,791,631</u>	<u>28,791,631</u>	<u>38,057,046</u>	<u>38,057,046</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 10 to 14 form part of these financial statements.

FOLKESTONE HARBOUR LIMITED PARTNERSHIP

Notes to the financial statements

1 Accounting policies

a) General information

Folkestone Harbour Limited Partnership is a qualifying partnership registered in England and Wales within the United Kingdom. The address of the registered office is Strand House, Pilgrims Way, Monks Horton, Ashford, Kent TN25 6DR.

The financial statements are presented in sterling which is the functional currency of the company and rounded to the nearest £1.

b) 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.

The directors of the General Partner have prepared the financial statements on the going concern basis as they consider that the partnership will have sufficient funding to enable it to meet its obligations for a period of at least 12 months from the date of approval of these accounts. The directors have reached this conclusion after considering two factors. First, they have received assurances from its lenders (which are all entities within the same group) that they do not intend to demand repayment of their loans within the next 12 months. Second, the ultimate parent entity and its shareholder have indicated that they intend to provide sufficient funding to enable the partnership to meet its obligations for a period of at least 12 months from the date of approval of these accounts.

Based on these assessments and having regard to the resources available to the entity, the directors of the General Partner have concluded that there is no material uncertainty and that they can continue to adopt the going concern basis in preparing the accounts.

c) 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, considered the current uncertainty in the UK property market and applying a discount rate of 10.5%. This has given rise to a £8,860,424 increase in the impairment (2020 - £34,805 increase). Should there be further significant movement in UK real estate pricing, then further write-downs or write-backs of inventory may be necessary.

FOLKESTONE HARBOUR LIMITED PARTNERSHIP
Notes to the financial statements continued

d) 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.

e) Expenses

All expenses are accounted for on an accruals basis.

f) Interest Receivable

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

g) 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:

construction compound – over five years; and

all other assets – over three years.

h) Inventory

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

i) Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

j) Trade and other receivables

Trade and other receivables are stated at their nominal value.

k) Trade and other payables

Trade and other payables are stated at their nominal value.

l) Taxation

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

m) Government grants

The company receives government grants as disclosed in note 9. These grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the company will comply with conditions attaching to them and the grants will be recognised using the performance model.

FOLKESTONE HARBOUR LIMITED PARTNERSHIP
Notes to the financial statements continued

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	2021	2020
	£	£
Bank deposit interest receivable	46	1,419
Other interest	-	-
	<u>46</u>	<u>1,419</u>

4 Profit/(Loss) for the financial period before distributions	2021	2020
	£	£
Is stated after charging:		
Audit fees	<u>12,980</u>	<u>11,450</u>

Other non-audit fees of £1,096 (2020: £1,556) were paid to the auditor for services relating to payroll.

5 Staff costs

Employee costs for the year were as follows:

	2021	2020
	£	£
Wages and salaries	539,644	412,283
Social security costs	47,822	38,407
Health care and other benefits	17,089	2,017
Other pension costs	<u>39,291</u>	<u>28,877</u>
	<u>643,846</u>	<u>481,584</u>

The average number of employees during the year was 18 (2020: 17).

FOLKESTONE HARBOUR LIMITED PARTNERSHIP

Notes to the financial statements continued

6	Tangible fixed assets	Fixtures & Fittings	Total
	Cost:	£	£
	At 1 January 2021	229,911	229,911
	Additions in year	25,796	25,796
	Disposals in year	-	-
	At 31 December 2021	<u>255,707</u>	<u>255,707</u>
	Aggregate depreciation:		
	At 1 January 2021	(58,610)	(58,610)
	Charge for the year	(43,004)	(43,004)
	Disposals in year	-	-
	At 31 December 2021	<u>(101,614)</u>	<u>(101,614)</u>
	Net book amount - 31 December 2021	<u>154,093</u>	<u>154,093</u>
	Net book amount - 31 December 2020	<u>171,301</u>	<u>171,301</u>
7	Debtors	2021	2020
		£	£
	Prepayments	4,808	15,024
	Trade debtors	16,768	351
	Other debtors	192	2,087
	Other taxes and social security	145,672	41,222
	Amounts due from other group undertakings note 10	40,891	3,000
		<u>208,331</u>	<u>61,684</u>
	Amounts due from other group undertakings are interest free and repayable on demand.		
8	Inventory	2021	2020
		£	£
	Land held for development	<u>89,869,841</u>	<u>81,683,180</u>
	As explained in note 1 there has been an increase in the impairment of £8,860,424 (2020: £34,805 increase), arising from a review of the impairment provision.		
9	Creditors	2021	2020
	- amounts falling due within one year	£	£
	Accruals and deferred income	687,822	240,072
	Other tax and social security	26,855	22,014
	Trade creditors	267,185	1,101,445
	Other creditors	5,005,032	5,010,184
	Amount due to group undertakings (see note 10)	68,962	32,682
	Loans from other group undertakings (see note 10)	55,325,240	38,075,240
	Loan from partner (see note 10)	625,000	625,000
		<u>62,006,096</u>	<u>45,106,637</u>

FOLKESTONE HARBOUR LIMITED PARTNERSHIP

Notes to the financial statements continued

9 Creditors continued

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 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, £55,325,240 (2020: £38,075,240) 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 (2020- £625,000).

The partnership charged Folkestone Harbour Company Limited £502,102 in respect of management of the harbour (2020 - £208,408).

The partnership owes £55,325,240 to Folkestone Harbour Holdings Limited by way of an interest free loan (2020 - £38,075,240) and £26,815 (2020: £2,021) as a current liability.

The partnership is owed £750 (2020: £750) 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 owes £42,147 (2020: £27,839) to Folkestone Harbour (GP) Limited.

Folkestone Harbour (GP) Limited charged the partnership £157,374 (2020: £151,057) in respect of management fees.

The partnership is owed £37,891 (2020 owes: £2,821) to Folkestone Harbour Company Limited.

11 Subsequent events

The directors of the General Partner have evaluated events from 31 December 2021 through to the date the financial statements were issued. There were no subsequent events that need disclosure.