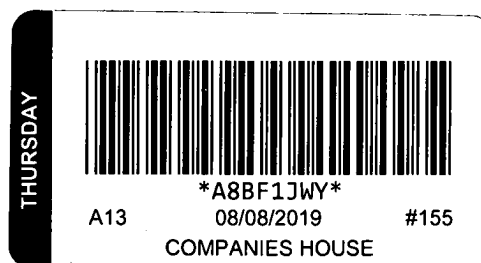


FOLKESTONE HARBOUR (4) LIMITED
DIRECTOR'S REPORT AND ACCOUNTS

31 DECEMBER 2018

Company Registration Number: 6044788



FOLKESTONE HARBOUR (4) 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: 6044788

The director submits his 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 a limited partner in Folkestone Harbour Limited Partnership, a partnership set up to redevelop Folkestone harbour. Its partnership share is 11.827%. 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.

Director

Sir Roger De Haan remained the sole director of the company throughout the year.

Results and dividends

The loss for the period amounted to £73,163 (2017 loss - £685,967) and has been transferred to reserves. No dividend is payable. The loss arises from the increase in impairment provisions.

Director Interests

Sir R M De Haan owns the whole of the issued share capital of the immediate parent undertaking, Folkestone Harbour Holdings Limited.

Disclosure of information to auditor

The 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 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.

FOLKESTONE HARBOUR (4) LIMITED

Director's report continued

By order of the board

A handwritten signature in black ink, appearing to read 'R J Fraser', is written over the printed name and title.

R J Fraser
Secretary

Registered Office

Strand House
Pilgrims Way
Monks Horton
Ashford
Kent
TN25 6DR

FOLKESTONE HARBOUR (4) LIMITED
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 (4) LIMITED

Opinion

We have audited the financial statements of Folkestone Harbour (4) 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 carrying value 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 (4) 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 (4) 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 (4) LIMITED**Profit and loss account for the year ended 31 December 2018**

	Note	2018 £	2017 £
Administrative expenses		(1,533)	(433)
Impairment of investment	4	(71,630)	(685,534)
Loss on ordinary activities before taxation	2	(73,163)	(685,967)
Taxation	3	-	-
Loss on ordinary activities after taxation		(73,163)	(685,967)

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 12 form part of these financial statements.

FOLKESTONE HARBOUR (4) LIMITED
Balance sheet as at 31 December 2018

	Note	2018 £	2017 £
Fixed assets			
Investment	4	4,709,272	4,780,902
Current assets			
Cash at bank and in hand		380	380
		<u>380</u>	<u>380</u>
Creditors			
- Amounts falling due within one year	5	(7,224,050)	(7,222,517)
Net current liabilities		<u>(7,223,670)</u>	<u>(7,222,137)</u>
Net liabilities		<u>(2,514,398)</u>	<u>(2,441,235)</u>
Capital and reserves			
Called-up share capital	6	2	2
Profit and loss account	7	(2,514,400)	(2,441,237)
Shareholder's deficit	8	<u>(2,514,398)</u>	<u>(2,441,235)</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: 6044788

The notes on pages 9 to 12 form part of these financial statements.

FOLKESTONE HARBOUR (4) 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 Director has reviewed the carrying cost of this investment against estimates of net realisable value (NRV). The Director has arrived at NRV by valuing the investment at an amount equivalent to the company's share of net assets of the partnership. This has given rise to a decrease in value of £71,630 (2017 decrease - £685,534). 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 £7,223,670 as at 31 December 2018, and a loss for the year then ended of £73,163, the financial statements have been prepared on a going concern basis which the director considers to be appropriate for the following reasons.

The director considers 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 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 £7,217,548, 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

FOLKESTONE HARBOUR (4) LIMITED
Notes to the financial statements continued

h) Going concern continued

of the accounts. As with any company placing reliance on other group entities 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	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. The director received no remuneration for his services to the company in either the current year or the prior year.

3	Tax on profit on ordinary activities	2018	2017
		£	£
	Current tax	-	-
	Loss on ordinary activities before taxation	(73,163)	(685,967)
	Reconciliation of Current Tax charge:		
	UK corporation tax rate of 19.00% (2017: 19.00%)	(13,901)	(130,334)
	Tax on share of partnership result	(9,117)	(15,332)
	Group relief	-	-
	Unrelieved losses	9,408	15,415
	Non-taxable impairment/(release of impairment)	13,610	130,251
		-	-
	Total non-utilised tax losses		
	At 1 January	152,757	71,625
	At 31 December	202,273	152,757

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.

A deferred tax asset has not been recognised in respect to tax losses as there is insufficient evidence about when the losses will be utilised.

FOLKESTONE HARBOUR (4) LIMITED
Notes to the financial statements continued

4 Investment

Cost:	£
At 1 January 2018	5,954,877
Additions	-
At 31 December 2018	<u>5,954,877</u>
Impairment losses:	
At 1 January 2018	(1,173,975)
Charge in the year	(71,630)
At 31 December 2018	<u>(1,245,605)</u>
Net book amount at 31 December 2018	<u>4,709,272</u>
Net book amount at 31 December 2017	<u>4,780,902</u>

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

The investment comprises an 11.827% partnership share in Folkestone Harbour Limited Partnership.

5 Creditors	2018	2017
- amounts falling due within one year	£	£
Amount due to parent undertaking	5,752	4,869
Amount due to Folkestone Harbour Limited Partnership	750	100
Loan from parent undertaking	<u>7,217,548</u>	<u>7,217,548</u>
	<u>7,224,050</u>	<u>7,222,517</u>

The details regarding the amounts outstanding are set out in note 9. 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).

6 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>

FOLKESTONE HARBOUR (4) LIMITED
Notes to the financial statements continued

7	Profit and loss account	2018	2017
		£	£
	At 1 January	(2,441,237)	(1,755,270)
	Loss for the year	(73,163)	(685,967)
	At 31 December	<u>(2,514,400)</u>	<u>(2,441,237)</u>
8	Reconciliation of movement in shareholder's deficit	2018	2017
		£	£
	Total Comprehensive Loss relating to the year	(73,163)	(685,967)
	Shareholder's deficit brought forward	(2,441,235)	(1,755,268)
	Shareholder's deficit carried forward	<u>(2,514,398)</u>	<u>(2,441,235)</u>

9 Related party disclosures

The company has an outstanding loan payable to its parent undertaking, Folkestone Harbour Holdings Limited amounting to £7,217,548 (2017-£7,217,548) and a further amount payable on current account of £5,752 (2017-£4,869). The company has an 11.827% interest in Folkestone Harbour Limited Partnership to whom it owes £750 (2017: £100).

All of the entities referred to in this section are ultimately controlled by Sir Roger De Haan, their registered address is Strand House, Pilgrims Way, Monks Horton, Ashford, Kent TN25 6DR.

10 Controlling interest

The ultimate controlling shareholder is Sir Roger De Haan. The immediate and ultimate parent company is Folkestone Harbour Holdings Limited.

11 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.