

FP NEWHAVEN TWO LIMITED
REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2011
Registered Number: SC208821

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FP NEWHAVEN TWO LIMITED

**REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2011**

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FP NEWHAVEN TWO LIMITED

COMPANY INFORMATION

DIRECTORS

C.G. Hammond
S.R. Paterson

COMPANY SECRETARY

Morag McNeill

REGISTERED OFFICE

1 Prince of Wales Dock
Leith
EDINBURGH EH6 7DX

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Erskine House
68-73 Queen Street
EDINBURGH EH2 4NH

FP NEWHAVEN TWO LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and the audited accounts of the Company for the year ended 31st December 2011.

Principal Activities and Business Review

The Company is a wholly owned subsidiary of Edinburgh Forthside Holdings Limited (which is owned by Forth Ports Limited) and is a company incorporated and domiciled in Scotland. The Company's principal activity is property development. The Directors intend to continue with this activity in the forthcoming year.

Company Registration

The Company is registered in Scotland as number SC208821.

Principal Risks and Uncertainties

The Directors of Forth Ports Limited manage the Group's risks at group level, rather than at an individual Company level. For this reason, the Company's Directors believe that a discussion of the Group's risks would not be appropriate for an understanding of the development, performance or position of FP Newhaven Two Limited's business. The principal risks and uncertainties of the Forth Ports Limited Group, which include those of the Company, are discussed in the Group's annual report which does not form part of this report.

Results and Dividend

The loss for the year after taxation amounted to £232,939 (2010 - £205,644). The Directors propose that no dividend be paid (2010 - £nil). The Directors propose that the loss for the year be transferred from reserves.

Directors

The Directors of the Company who were in office during the year and up to the date of signing the accounts were:-

C.G. Hammond

S.R. Paterson (*appointed 6th April 2011*)

W.W. Murray (*retired 6th May 2011*)

N.J. Thompson (*resigned 12th May 2011*)

FP NEWHAVEN TWO LIMITED

REPORT OF THE DIRECTORS (continued)

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Report of the Directors 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 the Directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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:

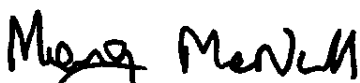
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable IFRS's as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The 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 also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditors and Disclosure of Information to Auditors

Each Director, as at the date of this report, has confirmed that, insofar as they are aware, there is no relevant audit information (that is, information needed by the Company's auditors in connection with preparing their report) of which the Company's auditors are unaware and they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

BY ORDER OF THE BOARD



Morag McNeill
Company Secretary

26 April 2012

FP NEWHAVEN TWO LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FP NEWHAVEN TWO LIMITED

We have audited the financial statements of FP Newhaven Two Limited for the year ended 31st December 2011 which comprise the Income Statement, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows, the Accounting Policies and related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

Respective Responsibilities of Directors and Auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the Audit of the Financial Statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the FP Newhaven Two Limited Directors' Report for the year ended 31st December 2011 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31st December 2011 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

FP NEWHAVEN TWO LIMITED

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FP NEWHAVEN TWO LIMITED (continued)**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Mark Hoskyns-Abraham (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Edinburgh

26 April 2012

FP NEWHAVEN TWO LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 2011**

	Notes	2011 £	2010 £
Administrative expenses		(4,001)	(4,016)
Operating loss	2	(4,001)	(4,016)
Finance income	3	3	3
Finance costs	4	(312,926)	(281,604)
Loss before tax		(316,924)	(285,617)
Taxation	6	83,985	79,973
Loss for the year attributable to equity shareholders		(232,939)	(205,644)

The Company has no comprehensive income or expense other than those included in the Income Statement above and therefore no separate Statement of Comprehensive Income has been presented.

FP NEWHAVEN TWO LIMITED

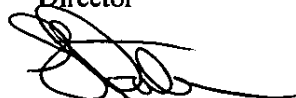
BALANCE SHEET AS AT 31ST DECEMBER 2011

	Notes	2011 £	2010 £
ASSETS			
Current assets			
Inventories	7	2,801,090	2,801,090
Trade and other receivables	8	7	7
Cash and cash equivalents	9	948	229
Total assets		2,802,045	2,801,326
LIABILITIES			
Current liabilities			
Trade and other payables	10	(5,160,764)	(4,927,106)
Total liabilities		(5,160,764)	(4,927,106)
Total assets less total liabilities		(2,358,719)	(2,125,780)
SHAREHOLDERS' DEFICIT			
Ordinary shares	11	2	2
Retained loss		(2,358,721)	(2,125,782)
Total shareholders' deficit		(2,358,719)	(2,125,780)

The accounts on pages 7 to 17 were authorised and approved for issue by the Board of Directors on
26 April 2012 and signed on its behalf by:



C.G. Hammond
 Director



S.R. Paterson
 Director

FP NEWHAVEN TWO LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST DECEMBER 2011**

	Ordinary Shares £	Retained Loss £	Total Deficit £
Balance at 1st January 2010	2	(1,920,138)	(1,920,136)
Loss for the year and total comprehensive expense	-	<u>(205,644)</u>	<u>(205,644)</u>
Balance at 31 st December 2010	2	(2,125,782)	(2,125,780)
Loss for the year and total comprehensive expense	-	<u>(232,939)</u>	<u>(232,939)</u>
Balance at 31 st December 2011	<u>2</u>	<u>(2,358,721)</u>	<u>(2,358,719)</u>

Included within the retained deficit are non-distributable unrealised property gains of £892,131 from 2005.

FP NEWHAVEN TWO LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST DECEMBER 2011**

	Notes	2011 £	2010 £
Cash flows from operating activities			
Cash used in operating activities	12	(4,801)	(4,246)
Interest paid		(287,483)	(287,362)
Interest received		3	3
Net cash used in operating activities		(292,281)	(291,605)
Cash flows from financing activities			
Loan from ultimate parent company		293,000	291,000
Net cash generated from financing activities		293,000	291,000
Net increase/(decrease) in cash and cash equivalents		719	(605)
Cash and cash equivalents at start of year		229	834
Cash and cash equivalents at end of year	9	948	229

FP NEWHAVEN TWO LIMITED

ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST DECEMBER 2011

The principal accounting policies adopted in the preparation of these accounts are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Basis of Preparation

These accounts have been prepared in accordance with EU Endorsed International Financial Reporting Standards (IFRS) and IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The accounts have been prepared on the going concern basis under the historical cost convention. A summary of the more important accounting policies is set out below, together with an explanation of where changes have been made to previous policies on the adoption of new accounting standards in the year, if applicable.

The preparation of accounts in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the accounts and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

The Directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of the ultimate parent company Forth Ports Limited. The Directors have received confirmation that Forth Ports Limited intend to support the Company for at least one year after these financial statements are signed.

New Accounting Standards

Any amendments to published standards effective in the year, standards early adopted, standards, amendments and interpretations effective in the year but not relevant, interpretations to existing standards not yet effective and not early adopted, and interpretations to existing standards not yet effective and not relevant to the Company are disclosed in the accounts of Forth Ports Limited.

Revenue Recognition

Revenue represents the income earned from sale of property and is stated net of value added tax.

Profits and losses arising on the sale of sites or completed developments are recognised when contracts for sale have been exchanged and all material conditions have been satisfied. The Board will have due regard to all the circumstances of any individual transaction in determining whether or not any conditions are material or have been satisfied.

Where sites or completed developments are sold to joint ventures or associates, profits are only recognised in proportion to third parties interests in those entities. The remaining profits are recognised when the sites or completed developments are sold by the joint ventures or associates to unrelated parties.

Consideration is given to the collectability of any debt outstanding arising from the sale of sites or property developments and provisions are made where necessary. The need for such provisions is reviewed on a regular basis.

FP NEWHAVEN TWO LIMITED

ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST DECEMBER 2011 (continued)

Inventories

Property work in progress relates to expenditure on property development projects, land held for development and project work in progress and is included at cost less amounts written off which are deemed to be irrecoverable. In determining whether the carrying value is at the lower or net realisable value, a review is carried out on Western Harbour at 31st December each year. The estimated sales receipts are assessed for each development as are the existing costs and the expected costs to complete (including sales costs) which are then compared with the carrying value. Cost includes all direct expenditure and associated indirect costs and related costs of finance where appropriate. On completion, such assets are transferred to investment properties or sold to third parties.

Trade Receivables and Accrued Property Income

Trade receivables and accrued property income are carried at original invoice amount less an allowance made for impairment of these receivables. An allowance for impairment of trade receivables and accrued property income is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers. The carrying amount of the asset is reduced through the use of this impairment allowance and the amount of the loss is recognised in the Income Statement. In future years the unwinding of the discount is recognised within finance income.

Borrowing Costs

Borrowing costs are generally expensed as incurred. The Group's policy is to capitalise interest and other borrowing costs directly incurred with respect to the acquisition or development of qualifying assets. Such costs are capitalised and included in the carrying value of the assets. Capitalisation of borrowing costs commences when:

- expenditures for the asset and borrowing costs are incurred; and
- activities necessary to prepare the asset for its intended use or sale are in progress

If active development is interrupted for an extended period, capitalisation is suspended. Capitalisation ceases when the asset is substantially ready for its intended use or sale.

Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities on the balance sheet.

Trade Payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. Trade payables are not interest bearing and are stated at their nominal value.

Share Capital

Ordinary shares are classified as equity.

FP NEWHAVEN TWO LIMITED

ACCOUNTING POLICIES FOR THE YEAR ENDED 31ST DECEMBER 2011 (continued)

Current and Deferred Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the accounts. Current tax rates in the relevant jurisdiction are used in the determination of deferred income tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Financial Risk Management

Liquidity Risk

All financing arrangements are subjected to continuous management review to ensure that assets will be sufficient to satisfy financial obligations as and when they fall due.

Credit Risk

All contractual arrangements are subject to an initial assessment of credit risk. Subsequent to contract, continuous management review identifies where credit obligations have not been met, or are at risk of not being met. This management review also identifies and monitors the appropriate actions to be taken with a view to enforcing the company's rights under contract.

Market Risk

The overall objective of the Company is to secure shareholder value through the effective management and development of property assets, including acquisitions and disposals, over the long-term. Key market variables which affect this outcome include; property sales value and forecast growth, construction costs and forecast inflation, along with general macro-economic factors such as interest rates and property yields.

The impact of potential interest rate movements on costs of specific developments are monitored continuously, and consideration given to hedging interest rate risk. Assumptions on other key market variables are tested regularly, and the carrying values of the assets are re-assessed to reflect any changes which are thought likely to affect the market value at the expected point of disposal.

FP NEWHAVEN TWO LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 2011

1. Revenue

The Company had no revenue in the year (2010 - £nil).

2. Operating loss

The following items have been included in arriving at operating loss:

Services provided by the Company's auditor

During the year the Company obtained the following services from the Company's auditor at costs as detailed below:

	2011 £	2010 £
Audit services – statutory audit	<u>4,000</u>	<u>4,000</u>

3. Finance income

	2011 £	2010 £
Bank interest receivable	<u>3</u>	<u>3</u>

4. Finance costs

	2011 £	2010 £
Interest payable to ultimate parent company	<u>312,926</u>	<u>281,604</u>

Interest is charged on company borrowings at a blended rate from Group reflecting fixed Group borrowing costs plus a fixed margin of 1.5%, therefore the residual risk is such that a movement of 0.5% in LIBOR, would affect the Finance Costs in the income statement by £nil (2010 - £nil) with a corresponding effect on Retained Earnings.

5. Directors and employees

The Directors received no emoluments from the Company in respect of the year ended 31st December 2011 (2010 - £ nil).

There are no other employees of the Company (2010 – nil).

FP NEWHAVEN TWO LIMITED**NOTES TO THE ACCOUNTS (continued)****6. Taxation**

	2011 £	2010 £
Analysis of tax credit for the year		
Current tax – credit for the year	<u>(83,985)</u>	<u>(79,973)</u>

The tax for the year is equal (2010 – equal) to the standard rate of corporation tax in the UK of 26.5% (2010 – 28%). The differences are explained below:-

	2011 £	2010 £
Loss before tax	<u>(316,924)</u>	<u>(285,617)</u>
Loss multiplied by rate of corporation tax in the UK of 26.5% (2010 – 28%)	<u>(83,985)</u>	<u>(79,973)</u>
Current tax credit for the year	<u>(83,985)</u>	<u>(79,973)</u>

Current tax credits have been group relieved by the availability of profits in fellow subsidiaries for the year ended 31st December 2011.

7. Inventories

	2011 £	2010 £
Stock of land and work in progress	<u>2,801,090</u>	<u>2,801,090</u>

It is estimated that of the stock and work in progress, £2,801,090 (2010 - £2,801,090) is not likely to be fully utilised within the next twelve months.

FP NEWHAVEN TWO LIMITED**NOTES TO THE ACCOUNTS (continued)****8. Trade and other receivables**

	2011	2010
	£	£
Other taxes	5	5
Amounts due from shareholders	<u>2</u>	<u>2</u>
	<u>7</u>	<u>7</u>

9. Cash and cash equivalents

	2011	2010
	£	£
Cash at bank and in hand	<u>948</u>	<u>229</u>

10. Trade and other payables

	2011	2010
	£	£
Amount due to ultimate parent company	5,156,764	4,923,106
Accruals	<u>4,000</u>	<u>4,000</u>
	<u>5,160,764</u>	<u>4,927,106</u>

Amounts due to group undertakings are payable on demand but are not expected to be fully paid during the next twelve months.

FP NEWHAVEN TWO LIMITED

NOTES TO THE ACCOUNTS (continued)

11. Ordinary Shares

	2011 £	2010 £
Authorised		
100 "B" Ordinary shares of £1 each	<u>100</u>	<u>100</u>
	<u>100</u>	<u>100</u>
Allotted and unpaid		
2 "B" Ordinary shares of £1 each	<u>2</u>	<u>2</u>
	<u>2</u>	<u>2</u>

12. Cash flow from operating activities

	2011 £	2010 £
Loss before tax	(316,924)	(285,617)
Adjustments for:		
- finance income	(3)	(3)
- finance costs	312,926	281,604
Movements in working capital:		
Decrease in payables	<u>(800)</u>	<u>(230)</u>
Cash used in operating activities	<u>(4,801)</u>	<u>(4,246)</u>

13. Related party transactions

The Company paid £312,926 (2010 - £281,604) in interest on inter-company borrowings from Forth Ports Limited. The balance due to Forth Ports Limited at the year end was £5,156,764 (2010 - £4,923,106).

14. Ultimate parent company

Edinburgh Forthside Holdings Limited is the Company's immediate holding company.

Edinburgh Forthside Holdings Limited is 100% owned by Forth Ports Limited, a company incorporated in Scotland.

Forth Ports Limited is wholly-owned and ultimately controlled by Arcus European Infrastructure Fund 1 L.P., a limited partnership incorporated in the United Kingdom and registered in England. As Arcus European Infrastructure Fund 1 L.P. does not prepare consolidated accounts for public use the next most senior parent is AEIF Luxembourg Holdings S.a.r.l. and copies of the consolidated accounts may be obtained from its principal place of business at 6 Rue Jean Monnet, Luxembourg L-2180.