

FP NEWHAVEN TWO LIMITED

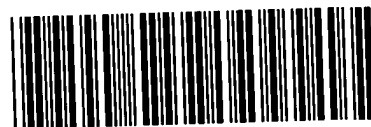
REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 DECEMBER 2015

Registered number: SC208821

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FP NEWHAVEN TWO LIMITED

**REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2015**

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FP NEWHAVEN TWO LIMITED

COMPANY INFORMATION

DIRECTORS

C.G. Hammond
S.R. Paterson

COMPANY SECRETARY

Pamela Smyth

REGISTERED OFFICE

1 Prince of Wales Dock
Leith
Edinburgh
EH6 7DX

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Atria One
144 Morrison Street
Edinburgh
EH3 8EX

FP NEWHAVEN TWO LIMITED

REPORT OF THE DIRECTORS

The Directors present their report and the audited accounts of FP Newhaven Two Limited (registered number SC208821) for the year ended 31 December 2015. This report has been prepared in accordance with the special provisions relating to small companies within part 15 of the Companies Act 2006.

Principal Activities

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 investment. During the year the Company continued to invest in its property portfolio at Western Harbour with the Scottish Futures Trust under the National Housing Trust Scheme. The Directors intend to continue with this activity in the forthcoming year.

Principal Risks and Uncertainties

The Directors of Forth Ports Limited manage the Group's risks at a Group level, rather than at an individual Company level. Some of the specific risks relating to the Company are discussed within the Accounting Policies. 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 £392k (2014 - £303k). A dividend of £nil was paid during the year (2014 - £nil). The Directors propose that the loss for the year be transferred from reserves.

Going Concern

The Directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support provided by Forth Ports Limited. The accounting policies section on page 12 provides further details.

Directors

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

C.G. Hammond
S.R. Paterson

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:

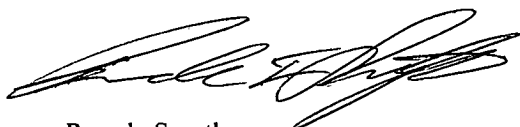
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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



Pamela Smyth
Company Secretary
22 April 2016

FP NEWHAVEN TWO LIMITED

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

Our opinion

In our opinion, FP Newhaven Two Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

FP Newhaven Two Limited's financial statements comprise:

- the balance sheet as at 31 December 2015;
- the income statement for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended;
- the accounting policies; and
- the notes to the financial statements, which include other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter 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.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

FP NEWHAVEN TWO LIMITED

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

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Report of the Directors; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

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) ("ISAs (UK & 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.

FP NEWHAVEN TWO LIMITED

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

What an audit of financial statements involves

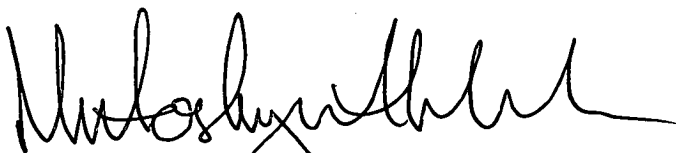
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Report and Accounts to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



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

22 April 2016

FP NEWHAVEN TWO LIMITED

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £000	2014 £000
Operating profit	1	-	-
Finance costs	2	(491)	(386)
Loss before tax		(491)	(386)
Taxation	4	99	83
Loss for the year		(392)	(303)

Results for the year are attributable solely to continuing operations.

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 31 DECEMBER 2015

	Note	2015 £000	2014 £000
ASSETS			
Non-current assets			
Investment property	5	4,347	1,658
		<u>4,347</u>	<u>1,658</u>
Current assets			
Inventories	6	-	1,449
Trade and other receivables	7	-	1
Cash and cash equivalents	8	1	1
		<u>1</u>	<u>1,451</u>
Total assets		<u>4,348</u>	<u>3,109</u>
LIABILITIES			
Current liabilities			
Trade and other payables	9	(7,937)	(6,306)
Total liabilities		<u>(7,937)</u>	<u>(6,306)</u>
Total assets less total liabilities		<u>(3,589)</u>	<u>(3,197)</u>
EQUITY			
Ordinary shares	10	-	-
Accumulated losses		(3,589)	(3,197)
Total equity		<u>(3,589)</u>	<u>(3,197)</u>

The accounts on pages 8 to 19 were approved and authorised for issue by the Board of Directors on 22 April 2016 and signed on its behalf by:



S.R. Paterson
Director

FP NEWHAVEN TWO LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Ordinary Shares £000	Accumulated Losses £000	Total Equity £000
Balance at 1 January 2014	0	(2,894)	(2,894)
Loss for the year and total comprehensive expense	-	(303)	(303)
Balance at 31 December 2014	0	(3,197)	(3,197)
Loss for the year and total comprehensive expense	-	(392)	(392)
Balance at 31 December 2015	<u>0</u>	<u>(3,589)</u>	<u>(3,589)</u>

FP NEWHAVEN TWO LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £000	2014 £000
Cash flows used in operating activities			
Net cash used in operating activities	11	(26)	(11)
Net cash used in operating activities		(26)	(11)
Cash flows used in investing activities			
Purchase of investment property		(130)	(58)
Net cash used in investing activities		(130)	(58)
Cash flows from financing activities			
Loan from intermediate parent company		156	70
Net cash generated from financing activities		156	70
Net increase in cash and cash equivalents		-	1
Cash and cash equivalents at start of year		1	-
Cash and cash equivalents at end of year	8	1	1

FP NEWHAVEN TWO LIMITED

ACCOUNTING POLICIES

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

Basis of Preparation

The 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 as modified by the revaluation of investment properties at fair value through the Income Statement.

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 as adopted by the EU 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.

Going Concern

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. None of these amendments has a material impact on these accounts.

FP NEWHAVEN TWO LIMITED

ACCOUNTING POLICIES (continued)

Borrowing Costs

Borrowing costs are generally expensed as incurred.

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 obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Share Capital

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new shares, other than in connection with business combinations, are shown in equity as a deduction, net of tax, from the proceeds.

Current and Deferred Taxation

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date in the United Kingdom where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

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 financial statements. However, the deferred income tax is not accounted for, if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

FP NEWHAVEN TWO LIMITED

ACCOUNTING POLICIES (continued)

Financial Risk Management

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.

Capital Risk Management

The Directors of Forth Ports Limited manage the group's capital risk at a group level. Their policies are discussed within the group's annual report which does not form part of this report.

FP NEWHAVEN TWO LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Operating profit

Services provided by the Company's auditor

During the year the Company obtained statutory audit services from the Company's auditor which have been paid by Forth Ports Limited.

2. Finance costs

	2015 £000	2014 £000
Interest payable to Forth Ports Limited (Note 12)	491	386

Interest is charged on Company borrowings at a fixed rate from Group reflecting fixed group borrowing costs plus a fixed margin of 1.50%, therefore, there is no residual risk from a movement of 0.5% in LIBOR.

3. Directors and employees

The Company has no employees other than Directors (2014 - none).

Directors' remuneration for services as Directors of the Company were £nil (2014 - £nil).

FP NEWHAVEN TWO LIMITED

NOTES TO THE ACCOUNTS (continued)

4. Taxation

	2015 £000	2014 £000
(a) Analysis of tax credit for the year		
Current tax - credit for the year	(99)	(83)
Taxation	<u>(99)</u>	<u>(83)</u>

The tax for the year is equal to (2014 – equal to) the standard rate of corporation tax in the UK of 20.25% (2014 – 21.50%). Any differences are explained below:

	2015 £000	2014 £000
(b) Factors affecting tax credit for the year		
Loss before tax	<u>(491)</u>	<u>(386)</u>
Loss multiplied by rate of corporation tax in the UK of 20.25% (2014: 21.50%)	<u>(99)</u>	<u>(83)</u>
Total taxation	<u><u>(99)</u></u>	<u><u>(83)</u></u>

The Finance Act 2015 set the UK corporate income tax rate for the financial year 2016 at 20%. Finance Act (No 2) 2015 set the UK corporate income tax rate for financial years 2017, 2018 and 2019 at 19%, and for financial year 2020 at 18%, which were all substantially enacted at the balance sheet date. As announced in the 2016 Budget on 16 March 2016, the intention is to reduce the corporate income tax rate from 18% to 17% from 2020, however this rate has not yet been substantively enacted.

Current tax credits have been group relieved by the availability of profits in fellow subsidiaries for the year ended 31 December 2015 and 2014.

5. Investment property

	2015 £000	2014 £000
Valuation		
At 1 January	1,658	-
Transfers	1,451	1,350
Additions	<u>1,238</u>	<u>308</u>
At 31 December	<u><u>4,347</u></u>	<u><u>1,658</u></u>

The fair value of the Company's investment property at 31 December 2015 has been arrived at on the basis of the transfer value from stock. The Directors believe that there is no difference between this and the open market value of the land.

FP NEWHAVEN TWO LIMITED

NOTES TO THE ACCOUNTS (continued)

6. Inventories

	2015 £000	2014 £000
Stock of land and work in progress	-	1,449

7. Trade and other receivables

	2015 £000	2014 £000
Other taxes	-	1

8. Cash and cash equivalents

	2015 £000	2014 £000
Cash at bank and in hand	1	1

9. Trade and other payables

	2015 £000	2014 £000
Trade payables	4	-
Accruals and deferred income	9	-
Amount due to intermediate parent company	7,924	6,306
	<u>7,937</u>	<u>6,306</u>

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

FP NEWHAVEN TWO LIMITED

NOTES TO THE ACCOUNTS (continued)

10. Ordinary Shares

	2015 £000	2014 £000
Authorised		
100"B" (2014: 100 "B") ordinary shares of £1	0	0
Ordinary shares of £1 each	0	0
Allotted and unpaid		
2"B" (2014: 2"B") ordinary shares of £1	0	0
Ordinary shares of £1 each	0	0

There is only one class of share which carries no right to fixed income.

11. Cash flow from operating activities

Reconciliation of loss before tax to net cash inflow from operating activities:

	2015 £000	2014 £000
Loss before tax	(491)	(386)
Adjustments for:		
- finance cost	491	386
Decrease/(increase) in inventories	-	(1)
Decrease in receivables	1	-
Decrease in payables	(27)	(10)
Cash used in operations	(26)	(11)

12. Related party transactions

The Company paid £491k (2014 - £386k) in interest on inter-company borrowings from Forth Ports Limited. The balance due to Forth Ports Limited at the year end was £7,924k (2014 - £6,306k).

The Company purchased land for investment property from Forth Property Developments Limited of £1,040k (2014 - £nil).

FP NEWHAVEN TWO LIMITED

NOTES TO THE ACCOUNTS (continued)

13. Ultimate parent undertaking

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 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 Otter Ports Holdings Limited and copies of the consolidated accounts may be obtained from its principal place of business at 6 St Andrews Street, London EC4A 3AE.